

# Capital Finance Report



Washington Research Council

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## \$34.3 Million Bond Issue for Police Facilities Goes to Tacoma Voters February 5

Tacoma voters will decide the fate of a \$34.3 million bond proposal for police facilities February 5 at a special election. The money would pay for construction of a new police headquarters and four neighborhood substations. If approved, the city's debt service levy rate would increase about twenty cents per \$1,000 of assessed valuation.

The proposal reflects the results of an extended community outreach process as city officials attempted to discern the public's willingness to support capital projects.

### Background

Last May, voters rejected four bond measures placed on the ballot. One of the four would have provided \$32 million for construction of a new police headquarters and conversion of an existing building to serve as a street and vehicle maintenance center. The measure received nearly 53 percent approval, short of the sixty percent required for passage of a bond issue.

(The other three proposals would have funded neighborhood and business district improvements, upgrades and renovations at Cheney Stadium and the Pantages Theater, and affordable housing programs. None of these proposals received fifty percent approval.)

Following defeat of the four measures, city officials began a sophisticated market research effort. They held a series of community workshops to learn residents' priorities. In addition, they conducted telephone and mail surveys. In the process, they tested a variety of capital projects, including most of the proposals on the May 2001 ballot.

In many respects, the opinions mirrored the election results. Police facilities received the most favorable responses, followed by neighborhood and waterfront improvements. From the forums, the city learned that a significant number of residents wanted to see an increased neighborhood presence.

In November, Elway Research, Inc. released the results of a survey conducted in late October "to assess public support to a number of capital improvements under consideration by city government officials." Elway tested fifteen different combinations of proposals that included the police administration facility and neighborhood substations, a vehicle and street maintenance facility, bicycle lanes, and improvement projects for neighborhoods, business districts, the waterfront, Cheney Stadium and the



Pantages Theater. (The survey has a margin of error of +/- 4.5% at the 95 % confidence level.)

Again, only the police administration building with neighborhood substations was seen as a “high priority” by a majority of respondents (55 percent), followed by the general neighborhood improvement package (49 percent). Waterfront improvements came in at a distant third (39 percent).

As a result of community input, the bond measure on this ballot differs in one fundamental respect from the proposal rejected last May. The earlier package of public safety and public service projects totaled \$32 million, of which \$25 million was targeted for police headquarters, \$4 million for fleet maintenance and streets and grounds maintenance, and \$3 million for a fire station.

Gone from the current proposal are the maintenance facility and fire station in the Tideflats. Instead, the proposal adds four neighborhood substations.

While the neighborhood substations are a new addition to the proposal, the desire for a new headquarters station has been around for decades.

### **Present Situation**

Currently, the Tacoma Police Department (TPD) operates from a number of locations scattered around the city.

Most employees, about 200, operate from a former State Patrol building on 38<sup>th</sup> Street. The State Patrol considered the building too small to accommodate the 50 officers operating from there. According to an audit conducted in 2001 by Carroll Buracker & Associates for the City of Tacoma, records show the building was designed for a staff of 50.

Buracker says, “Combined, the Study Team members have knowledge of more than 300 police departments in the U.S.; the 38<sup>th</sup> Street facilities for the Tacoma Police Department ranks at or near the bottom of any police facility observed in the past.”

The city moved officers to 38<sup>th</sup> Street in 1995, after a sewage leak from the jail in the County-City Building made it impossible for them to work there.

The detective bureau and police administration operate out of the County-City Building on different floors; the traffic section works out of the McKinley Hill substation; and the Special Investigations Division (SID) works from downtown office space. In addition, the department has substations at Jane Clark Playfield, at the Metro Parks Headquarters (near Cheney Field) at the Tacoma Mall, and on McKinley Hill. The parks offices are, according to the audit, “only small spaces for officers to meet with residents, complete paperwork, and use the phone.”

While the SID facility was deemed acceptable, safety and security considerations prompted Buracker to suggest a move to another location. The Buracker audit also says overcrowding makes it difficult to separate witnesses and victims for interviews and to conduct internal affairs investigations.

Patrol officers frequently have to come to the County-City Building for training, forensics, and other support activity, according to the audit.



Buracker says that the city's failure to provide adequate police facilities has contributed to morale problems in the department.

In conclusion, auditors report that the fragmentation and overcrowding inhibit good police work: "... the Tacoma Police Department facilities are substantially inadequate for the stakeholders to receive optimum return on their major Investment in police services."

## The Proposal

**Headquarters.** The centerpiece is a new 92,000 square foot headquarters to be built on Pine Street near South 38<sup>th</sup>, in the parking lot of the old Costco Building. The proposed three-story building would bring together all of the currently dispersed functions.

According to Jim Howatson, the facility "brings resources together in one centralized location so we can have more efficient decentralized service." Howatson, a TPD lieutenant, has volunteered time to the campaign for the bond issue.

He says the proposed design is nearly "ideal," drawn with an understanding of how police departments communicate most efficiently. Bringing all of the administrative, forensic and detective operations together will make it easier for the department to support patrol officers. Hence, the centralized headquarters activity facilitates efficient decentralization of operations.

The city estimates that construction of the headquarters building will cost about \$23.8 million, with an additional \$6.5 million set aside to repay the loan used to purchase the site. The city bought the property in the fall of 2000, after Costco moved.

Even with extensive renovation, the old warehouse store could not be made suitable for headquarters operations, and the cost of such renovation approximated the cost of building a new facility. In addition, by placing the headquarters building in the parking lot and retaining the existing warehouse, the city preserves the option of using the warehouse for other purposes (e.g., vehicle maintenance, street maintenance, impound) in the future.

**Neighborhoods.** In addition to the police headquarters, the bond issue would provide \$4 million for four neighborhood substations. These neighborhood facilities were not part of last year's bond measure, emerging as a priority during the city's outreach process.

Bob Sheehan, a Tacoma police sergeant with experience on the department's internal police facilities committee, says the idea "came from the community."

In the Elway survey, 63 percent of respondents indicated support for that combined the new police headquarters with neighborhood stations. They were told the package would cost property owners, on average, \$38.40 per year. When the vehicle maintenance facility was added, costs increased an average of about \$12.40 a year, and support dropped to 43 percent.

Sheehan, a former police union president, has volunteered on his own time to support the bond campaign. He believes the neighborhood substations, which



he prefers to call service centers, will enhance the department’s community policing strategy.

Specific locations for the neighborhood centers have not been identified, and Sheehan believes that community input will be an important part of that decision making. “We want the community to tell us,” he says.

The facilities, at \$1 million each, are planned to be about 3,000 square feet in size, and function like the McKinley Hill substation. McKinley, which is about 6,000 square feet and houses the traffic section, has space for training, community meetings, offices for community corrections officers, and interview rooms.

The four new centers would similarly provide space for interviews with crime victims, neighborhood meetings, and serve as the principal office for a lieutenant and two community liaison officers. In addition, the substations are expected to contain computers and other communications equipment.

TPD divides the city into four sectors. With passage of the bond issue, each sector would receive an additional station.

### Cost

If approved, the measure will add about 20 cents to the city’s property tax rate. The rate is slightly lower initially, because city staff anticipates making interest only payments in the first few years.

At 20 cents per \$1,000 of assessed valuation, the issue would cost the owner of a \$150,000 residence about \$30.

According to information distributed by the City of Tacoma, Initiative 747 and a rate reduction for Emergency Medical Services will lower the city’s tax rate by about 20 cents. Therefore, the city says, passage of this bond issue will not increase the city’s overall levy rate.

Steven A. Marcotte, assistant finance director and city treasurer, provides the following comparison:

	2001	2002 (Est.)
Voted Debt	0.2475	0.2297
EMS Levy	0.4191	0.3993
General Fund	3.5926	3.4314
Total	4.2592	4.0604

Most of the drop is attributable to Initiative 747, adopted by the voters last fall. I-747 limits the amount of property tax revenue that can be collected by state or local government. The I-747 cap holds collections to a one percent increase over the previous year, exclusive of revenues generated by new construction and improvements to existing property.

Because of the limitation, many local governments will not be able to impose taxes at the maximum statutory rate limit, or even maintain current tax rates. If they were to do so, tax collections would exceed the amount authorized under I-747.



### Property Tax Rates for Selected Washington Cities

	Bellevue	Everett	Federal Way	Seattle	Spokane	Tacoma*	Vancouver
1995	2.17	3.33	1.57	3.20	3.99	4.23	3.47
1996	2.17	3.62	1.56	3.57	4.03	3.93	3.53
1997	2.50	3.73	1.56	3.68	3.91	3.92	3.52
1998	2.07	3.73	1.55	3.69	3.75	3.80	3.27
1999	1.82	3.72	1.53	3.47	3.94	3.74	3.22
2000	1.71	3.71	1.49	3.59	4.27	3.73	3.31
2001	1.48	3.72	1.41	3.69	4.39	3.84	3.30
2002	1.39	3.72	1.38	3.32	4.27	3.66	3.36

\*Note: For comparative purposes, the Tacoma rate excludes the EMS levy.

For Tacoma, the initiative has the effect of reducing the city’s general fund property tax rate from \$3.59 to \$3.43 per thousand dollars of assessed valuation. The EMS levy rate also falls from 42 cents to 40 cents.

Over time, the effect of I-747 will compound, further reducing the city’s property tax rate.

Another anticipated rate reduction comes about in 2005, when the bonds issued for the Tacoma Dome are paid off. Debt service for the Tacoma Dome bonds added 25 cents to the city’s 2001 tax rate.

The City of Tacoma consistently has one of the higher tax rates among major Washington cities. In large measure, this is a function of the city’s relatively low per capita assessed valuation. As well, cities vary considerably in the level of services provided and their need for capital improvements, leading to some significant fluctuation in municipal taxes.

### Discussion

The proposed \$34.3 million bond issue addresses several concerns raised last year.

The city actively sought public involvement in the development of the proposal. Rather than presenting a number of competing (or complementary) proposals to the voters, city officials chose to place on the ballot a single proposal, reflecting the voters’ highest priority as determined by survey research and outreach efforts. The police headquarters, an expensive, long-lived capital facility, represents an appropriate use of debt financing. Several of the proposals on last year’s ballot – as noted at the time – were “unusual candidates” for such financing.

One consequence of Initiative 747 will be the continued decline in the ability of local governments to finance capital projects from the regular operating levy (general fund). Correspondingly, voter approval for capital projects, like the police headquarters, increasingly will be required.

No organized opposition to the measure has emerged. The voter pamphlet has no statement against the issue. And, there is little dispute about the inadequacy of existing facilities.



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