



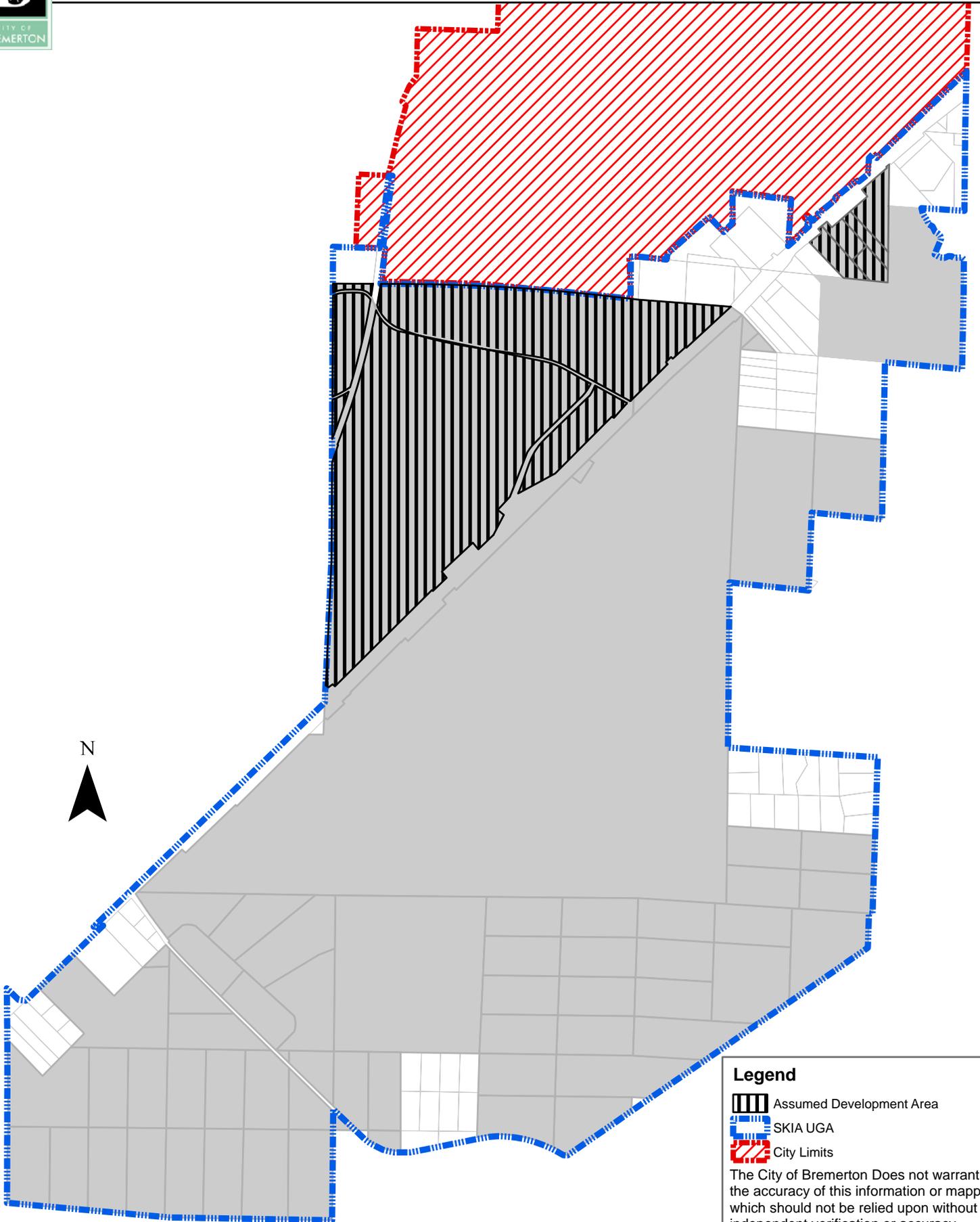
SKIA Annexation Financial Assessment  
June 2008

Part III of IV

Scenario B “High Growth”



# City of Bremerton-SKIA Assumed Development Regions



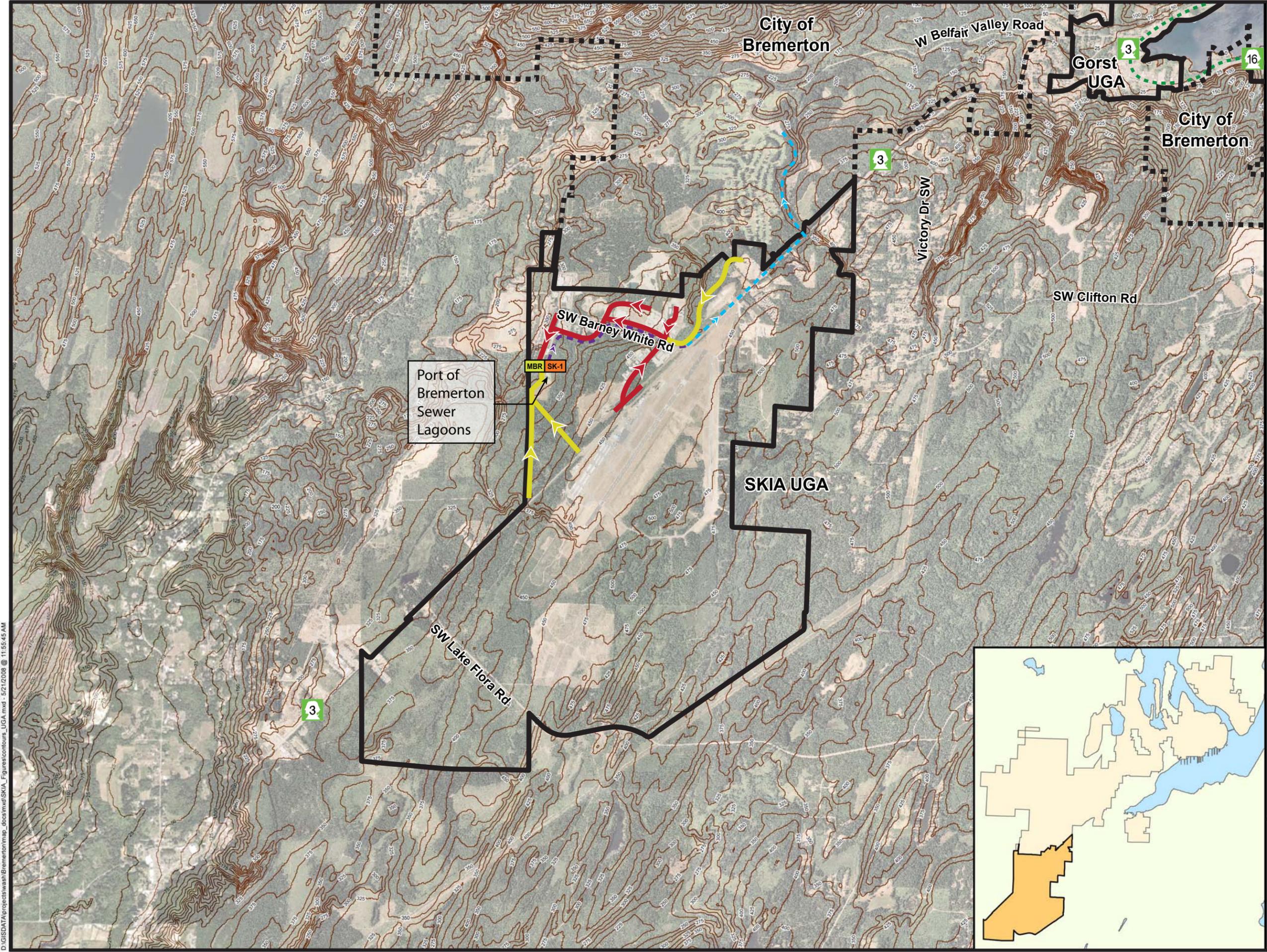
### Legend

-  Assumed Development Area
-  SKIA UGA
-  City Limits

The City of Bremerton Does not warrant the accuracy of this information or mapping, which should not be relied upon without independent verification or accuracy. The user assumes all risks related to or arising from the use of this information or mapping.  
May 28th, 2008

# SKIA HIGH GROWTH SCENARIO

FIGURE X

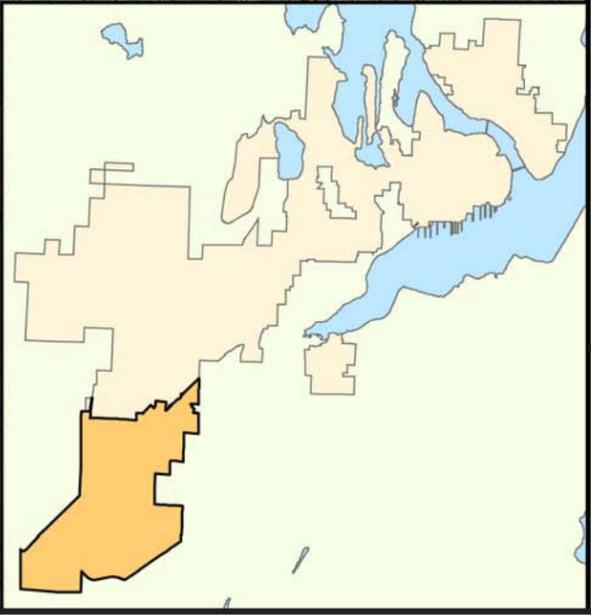


## Legend

- New 8" Gravity Main (Developer Installed)
- Existing 8" Gravity Main
- - - Existing 8" Water Line (Convert to Reuse Force Main)
- New 8" Reuse Force Main
- - - Existing Bremerton Sewer Force Main
- UGA Boundary
- City Boundary
- PS Pump Station
- MBR MBR Treatment Plant



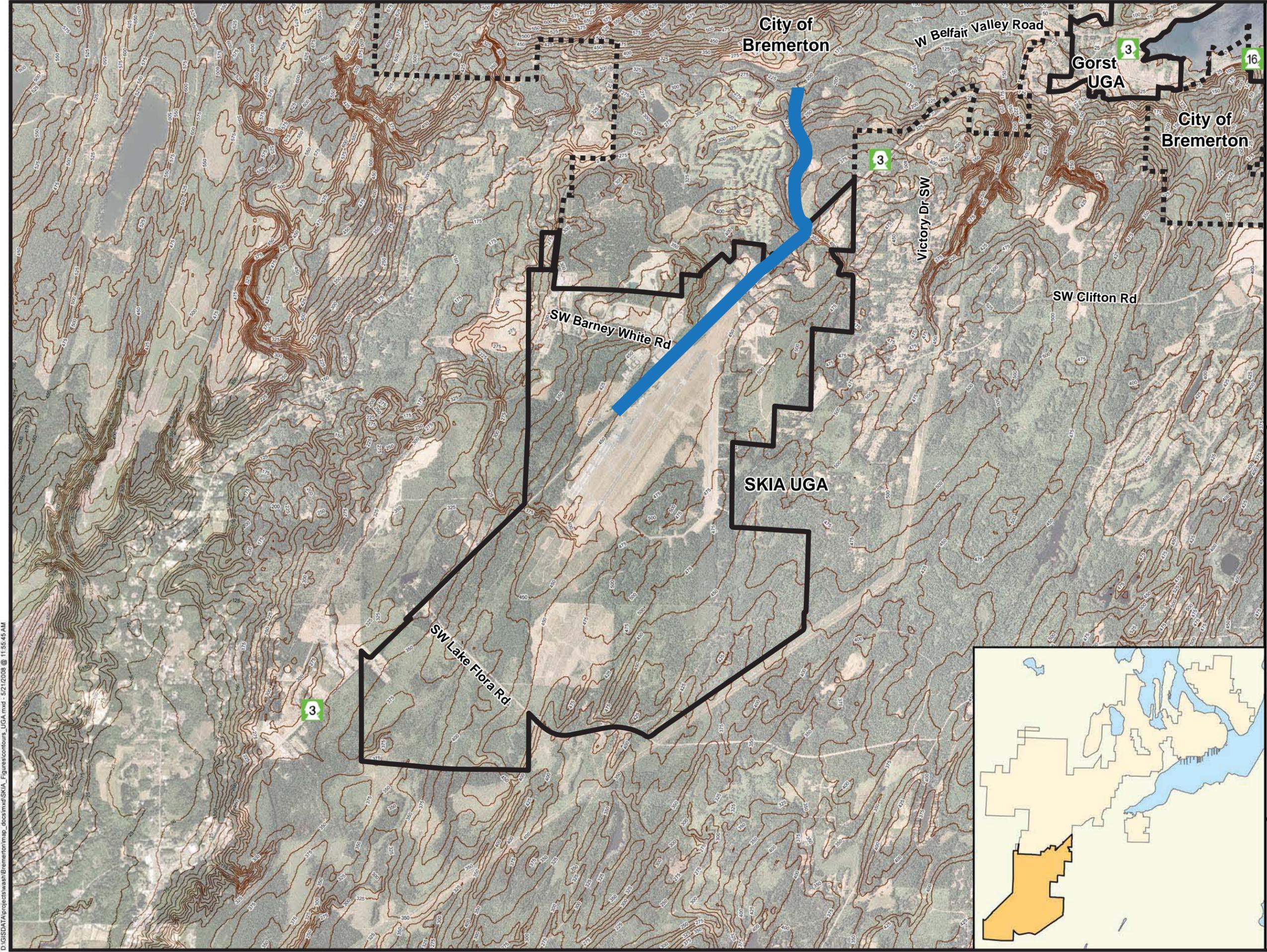
0 750 1,500 3,000 4,500 Feet



D:\GISDATA\projectswash\Bremertonmap\_docs\mxd\SKIA\_Figures\contours\_UGA.mxd - 5/21/2008 @ 11:55:45 AM

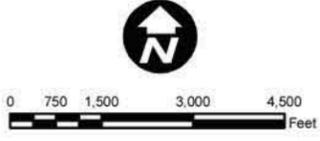
# SKIA WATER HIGH GROWTH SCENARIO

FIGURE X



### Legend

-  16" Water Main
-  UGA Boundary
-  City Boundary



D:\GISDATA\projects\wash\Bremerton\map\_docs\mxd\SKIA\_Figures\contours\_UGA.mxd - 5/21/2008 @ 11:55:45 AM

**Financial Impacts Scenario  
Annexation ("High Growth")**

Last Updated  
June 5, 2008

**City of Bremerton - SKIA Area Annexation  
Financial Assesment**  
Financial Impacts Scenario - Annexation ("High Growth")

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Net Financial Impacts Carried Forward (1)</b>	\$ -	\$ 88,770	\$ 239,006	\$ 395,295	\$ 603,544	\$ 970,760	\$ (43,447)	\$ 160,163	\$ 388,731	\$ 657,159	\$ 974,846	\$ 1,304,319	\$ 1,495,681	\$ 1,910,082	\$ 2,399,244	\$ 2,944,567	\$ 3,506,589	\$ 4,155,480	\$ 4,861,785	\$ 5,632,396
<b>Receipts:</b>																				
GF Property Tax Revenue (2)	27,220	46,568	66,682	87,587	109,307	131,870	155,303	179,634	204,891	231,105	258,305	286,525	315,795	346,151	377,626	410,256	444,078	479,130	515,451	553,081
GF Leasehold Tax Revenue (3)	49,721	53,733	57,865	62,120	66,504	71,019	75,670	80,460	85,394	90,475	95,710	101,101	106,654	112,374	118,265	124,333	130,583	137,020	143,651	150,480
GF Admissions Tax Revenue (4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GF Parking Tax Revenue (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GF Sales Tax Revenue (6)	122,554	131,876	138,740	145,897	156,443	167,491	179,061	191,174	200,381	209,968	223,634	237,931	252,884	268,520	284,866	301,952	315,409	329,401	348,615	363,879
GF B&O Tax Revenue (7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GF Per Capita Revenue Distributions from State (8)	95	98	100	103	107	110	113	116	120	124	127	131	135	139	143	148	152	157	161	166
GF Real Estate Excise Tax on Property Sales (9)	-	-	-	-	6,713	-	16,616	-	-	7,782	-	-	-	20,436	9,021	-	-	-	-	10,458
GF Utility Tax Revenue - Elec/Telephone/Solid Waste (10)	17,898	20,927	23,217	25,625	28,157	30,817	33,612	36,547	39,627	42,860	46,251	49,807	53,534	57,440	61,533	65,819	70,307	75,006	79,922	85,067
UT Utility GFC Payments (Water/Wastewater/Storm) (11)	85,063	111,261	114,599	118,037	121,578	125,226	128,982	132,852	136,837	140,943	145,171	149,526	154,012	158,632	163,391	168,293	173,342	178,542	183,898	189,415
GF Developer Payment (12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UT Developer Payment (12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UT Utility Local Improvement District (ULID) Payment (13)	-	-	-	-	-	112,630	225,259	225,259	225,259	225,259	225,259	225,259	253,270	281,280	281,280	281,280	281,280	281,280	281,280	281,280
UT Grants - Water Reuse, EDA, Capital Contributions (14)	-	-	-	-	-	2,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UT Utility Rate Revenues - Water (15)	35,432	37,450	39,557	41,756	44,052	46,449	48,949	51,558	54,279	57,116	60,076	63,161	66,378	69,730	73,224	76,865	80,659	84,611	88,727	93,015
UT Utility Rate Revenues - Wastewater (15)	27,903	61,490	67,465	73,743	80,338	87,261	109,528	117,152	125,149	133,533	142,322	151,531	161,178	171,281	181,858	192,930	204,516	216,636	229,314	242,570
UT Utility Rate Revenues - Stormwater (15)	59,749	65,835	72,232	78,955	86,015	93,428	101,208	109,371	117,933	126,910	136,319	146,179	156,508	167,325	178,650	190,504	202,908	215,885	229,458	243,652
GF Payment in Lieu of Tax - Water Utility (16)	3,012	3,183	3,362	3,549	3,744	3,948	4,161	4,382	4,614	4,855	5,106	5,369	5,642	5,927	6,224	6,534	6,856	7,192	7,542	7,906
GF Payment in Lieu of Tax - Wastewater Utility (16)	2,372	5,227	5,735	6,268	6,829	7,417	9,310	9,958	10,638	11,350	12,097	12,880	13,700	14,559	15,458	16,399	17,384	18,414	19,492	20,618
GF Payment in Lieu of Tax - Stormwater Utility (16)	5,079	5,596	6,140	6,711	7,311	7,941	8,603	9,297	10,024	10,787	11,587	12,425	13,303	14,223	15,185	16,193	17,247	18,350	19,504	20,710
GF Bond Proceeds - GO Bonds (17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UT Bond Proceeds - Revenue Bonds/Loans (17)	-	-	-	-	1,450,202	4,350,605	-	-	-	-	-	-	1,442,635	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>436,097</b>	<b>543,244</b>	<b>595,694</b>	<b>650,352</b>	<b>2,167,299</b>	<b>7,236,213</b>	<b>1,096,374</b>	<b>1,147,760</b>	<b>1,215,146</b>	<b>1,293,067</b>	<b>1,361,965</b>	<b>1,441,824</b>	<b>2,995,628</b>	<b>1,688,016</b>	<b>1,766,725</b>	<b>1,851,505</b>	<b>1,944,721</b>	<b>2,041,624</b>	<b>2,147,015</b>	<b>2,262,298</b>
<b>Expenditures:</b>																				
GF Payment to Kitsap County - Revenue Sharing Agmt (18)	56,806	37,870	18,935	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GF Fire/EMS Service Expense (19)	57,000	58,710	60,471	62,285	64,154	66,079	68,061	70,103	72,206	74,372	76,603	78,901	81,268	83,706	86,218	88,804	91,468	94,212	97,039	99,950
GF Police Service Expense (20)	86,571	133,753	183,687	189,198	194,874	200,720	206,741	212,944	219,332	225,912	232,689	239,670	246,860	254,266	261,894	269,751	277,843	286,179	294,764	303,607
GF Public Works & Utilities - Streets & Electronics (21)	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
UT Public Works & Utilities - Water Expense (22)	34,192	36,139	38,173	40,295	42,510	44,823	47,236	49,753	52,379	55,117	57,973	60,950	64,055	67,289	70,661	74,175	77,836	81,650	85,622	89,759
UT Public Works & Utilities - Wastewater Expense (22)	23,020	50,729	55,659	60,838	66,279	71,990	90,361	96,650	103,248	110,165	117,416	125,013	132,972	141,307	150,033	159,167	168,726	178,725	189,184	200,120
UT Public Works & Utilities - Stormwater Expense (22)	59,450	65,506	71,871	78,560	85,585	92,961	100,702	108,824	117,343	126,275	135,637	145,448	155,725	166,488	177,757	189,551	201,893	214,806	228,311	242,434
GF Capital Costs - General Fund (police) (23)	20,287	-	-	-	-	23,518	-	27,264	-	-	-	-	-	-	-	31,606	-	-	-	-
GF Capital Costs - Streets & Electronics (24)	-	-	-	-	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815	38,949	40,118	41,321	42,561	43,838
UT Capital Costs - Water System (25)	-	-	-	-	463,710	1,910,484	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UT Capital Costs - Wastewater System (25)	-	-	-	-	819,951	5,630,334	-	-	-	-	-	214,159	1,470,559	12,500	-	-	-	-	-	-
UT Capital Costs - Stormwater (25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GF Debt Service on GO Debt (17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UT Debt Service on Revenue Bonds/Loans (17)	-	-	-	-	23,628	168,936	337,872	337,872	337,872	337,872	337,872	337,872	379,886	421,899	421,899	421,899	421,899	421,899	421,899	421,899
<b>Total Expenditures</b>	<b>347,326</b>	<b>393,008</b>	<b>439,405</b>	<b>442,103</b>	<b>1,800,083</b>	<b>8,250,420</b>	<b>892,765</b>	<b>919,192</b>	<b>946,717</b>	<b>975,380</b>	<b>1,032,492</b>	<b>1,250,462</b>	<b>2,581,227</b>	<b>1,198,855</b>	<b>1,221,402</b>	<b>1,289,483</b>	<b>1,295,830</b>	<b>1,335,319</b>	<b>1,376,403</b>	<b>1,419,142</b>
<b>Annual Net Cash Flow</b>	<b>88,770</b>	<b>150,236</b>	<b>156,289</b>	<b>208,249</b>	<b>367,216</b>	<b>(1,014,207)</b>	<b>203,610</b>	<b>228,568</b>	<b>268,428</b>	<b>317,687</b>	<b>329,473</b>	<b>191,362</b>	<b>414,401</b>	<b>489,162</b>	<b>545,323</b>	<b>562,023</b>	<b>648,891</b>	<b>706,304</b>	<b>770,611</b>	<b>843,156</b>
<b>Ending Cumulative Financial Impact (26)</b>	<b>\$ 88,770</b>	<b>\$ 239,006</b>	<b>\$ 395,295</b>	<b>\$ 603,544</b>	<b>\$ 970,760</b>	<b>\$ (43,447)</b>	<b>\$ 160,163</b>	<b>\$ 388,731</b>	<b>\$ 657,159</b>	<b>\$ 974,846</b>	<b>\$ 1,304,319</b>	<b>\$ 1,495,681</b>	<b>\$ 1,910,082</b>	<b>\$ 2,399,244</b>	<b>\$ 2,944,567</b>	<b>\$ 3,506,589</b>	<b>\$ 4,155,480</b>	<b>\$ 4,861,785</b>	<b>\$ 5,632,396</b>	<b>\$ 6,475,552</b>
General Fund Net Financial Impact	(2,715)	26,574	28,138	75,451	86,694	89,723	165,854	185,476	219,814	263,355	269,224	339,148	383,617	450,397	487,269	496,943	576,540	626,429	682,950	747,437
Utilities Net Financial Impact	91,485	123,662	128,151	132,798	280,522	(1,103,930)	37,756	43,092	48,615	54,332	60,249	(147,787)	30,784	38,764	58,053	65,080	72,351	79,875	87,662	95,720

GF = General Fund Item  
UT = Utility System Item

See "Notes to the SKIA Area Annexation (annexation - high growth scenario) - Financial Impact Assessment" for key assumptions and explanations.

**BASE ANNEXATION SCENARIO - HIGH GROWTH**  
**RETAIL SALES, B&O, AND PROPERTY TAX INCREASES ESTIMATION**

Year	<b>(note 1)</b>		Total	<b>(note 2)</b>		0.85% Bremerton Sales Tax	0.125% Bremerton Retail B&O Tax	<b>(note 3)</b> Development Construction Costs	0.85% Bremerton Sales Tax on Construction	0.125% Bremerton Retail B&O on Construction	Total Bremerton Sales Tax Rev	Total Bremerton B&O Tax Rev	<b>(note 4)</b> Property Tax Increase from Const	3% Escalation Factor
	# of Businesses w/ Revenues Subject To Sales Tax	# of Businesses w/ Revenues Not Subject To Sales Tax		Average Taxable Retail Sales Per Business	Estimated Taxable Retail Sales									
2009	24	19	43	\$ 322,434	\$ 7,738,407	\$ 65,776	Exempt	\$ 8,349,600	\$ 56,777	Exempt	\$ 122,554	Exempt	\$ 18,520	1.0000
2010	26	20	46	332,107	8,634,772	73,396	Exempt	8,600,088	58,481	Exempt	131,876	Exempt	19,076	1.0300
2011	27	22	49	342,070	9,235,885	78,505	Exempt	8,858,091	60,235	Exempt	138,740	Exempt	19,648	1.0609
2012	28	24	52	352,332	9,865,294	83,855	Exempt	9,123,833	62,042	Exempt	145,897	Exempt	20,238	1.0927
2013	30	25	55	362,902	10,887,056	92,540	Exempt	9,397,548	63,903	Exempt	156,443	Exempt	20,845	1.1255
2014	32	26	58	373,789	11,961,246	101,671	Exempt	9,679,475	65,820	Exempt	167,491	Exempt	21,470	1.1593
2015	34	27	61	385,003	13,090,088	111,266	Exempt	9,969,859	67,795	Exempt	179,061	Exempt	22,114	1.1941
2016	36	28	64	396,553	14,275,896	121,345	Exempt	10,268,955	69,829	Exempt	191,174	Exempt	22,778	1.2299
2017	37	30	67	408,449	15,112,622	128,457	Exempt	10,577,023	71,924	Exempt	200,381	Exempt	23,461	1.2668
2018	38	32	70	420,703	15,986,704	135,887	Exempt	10,894,334	74,081	Exempt	209,968	Exempt	24,165	1.3048
2019	40	33	73	433,324	17,332,952	147,330	Exempt	11,221,164	76,304	Exempt	223,634	Exempt	24,890	1.3439
2020	42	34	76	446,324	18,745,588	159,337	Exempt	11,557,799	78,593	Exempt	237,931	Exempt	25,636	1.3842
2021	44	35	79	459,713	20,227,382	171,933	Exempt	11,904,533	80,951	Exempt	252,884	Exempt	26,405	1.4258
2022	46	36	82	473,505	21,781,213	185,140	Exempt	12,261,669	83,379	Exempt	268,520	Exempt	27,198	1.4685
2023	48	37	85	487,710	23,410,069	198,986	Exempt	12,629,519	85,881	Exempt	284,866	Exempt	28,014	1.5126
2024	50	38	88	502,341	25,117,053	213,495	Exempt	13,008,405	88,457	Exempt	301,952	Exempt	28,854	1.5580
2025	51	40	91	517,411	26,387,976	224,298	Exempt	13,398,657	91,111	Exempt	315,409	Exempt	29,720	1.6047
2026	52	42	94	532,934	27,712,549	235,557	Exempt	13,800,617	93,844	Exempt	329,401	Exempt	30,611	1.6528
2027	54	43	97	548,922	29,641,768	251,955	Exempt	14,214,635	96,660	Exempt	348,615	Exempt	31,529	1.7024
2028	55	45	100	565,389	31,096,411	264,319	Exempt	14,641,074	99,559	Exempt	363,879	Exempt	32,475	1.7535

**(note 1)** there are 40 total estimated businesses currently in the proposed annexation area based on data compiled from the WA Dept of Revenue, the Port of Bremerton, and the Kitsap Economic Development Alliance. Of this total, the WA Dept of Revenue has indicated that 22 businesses in the proposed annexation area (all located in the South Petition area) had revenues subject to sales tax of \$7.1 million in 2007. The remainder represent businesses that produce products or services that are not subject to the retail sales tax.

Future business growth is assumed to maintain this same approximate relationship of sales taxable to non-sales taxable businesses - in that it is assumed that every other business added to the area is subject to sales tax.

**(note 2)** initial value of \$235,353 average retail taxable sales per business in Kitsap County per "Washington State Almanac 2006-2007" increased by a factor of 1.37 in recognition of the type of businesses anticipated to locate in this area - then escalated by 3% in each year thereafter. The WA State Dept of Revenue confirmed there were 22 businesses in the proposed annexation area which had revenues subject to sales tax of \$7.1 million in 2007. This computes to an average of \$322,727 per business which is just slightly more than the results provided by using the average retail taxable sales per business in Kitsap County per "Washington State Almanac 2006-2007" increased by a factor of 1.37.

**(note 3)** Development of fifteen 3.5 acre industrial/retail business sites on average is assumed every five years adding 15 businesses - each having a 35,000 Sq Ft commercial building. The assessed value of these projected business site developments is assumed to be \$2,783,200 (in 2008 dollars) per site.

This is based on \$79.52/Sq Ft average cost for industrial facility structures per the International Code Council Building Valuation Data - published January-February 2008. Taxable construction costs are assumed to be 80% of the assessed value for purposes of computing sales tax and B&O tax impacts.

**(note 4)** Property tax increase for construction is held to today's dollar rate per \$1,000 AV - ignoring decreases in the dollar rate per \$1,000 of AV related to property value increases while also ignoring the City's permitted 1% annual property tax amount increase.

# BASE ANNEXATION SCENARIO - HIGH GROWTH

## LEASEHOLD TAX ESTIMATION

*Escalated at 3%*

Year	(note 1)	(note 2)	4.00%	Cumulative	Total Estimated	3%
	Leasehold Tax Existing Businesses	Land Development Subject to Port Lease Agreements	Bremerton Leasehold Tax Additional Leases	Leasehold Tax Additions From New Development	Bremerton Leasehold Tax Rev	Escalation Factor
2009	\$ 47,201	63,000	\$ 2,520	\$ 2,520	\$ 49,721	1.0000
2010	48,617	64,890	2,596	5,116	53,733	1.0300
2011	50,075	66,837	2,673	7,789	57,865	1.0609
2012	51,578	68,842	2,754	10,543	62,120	1.0927
2013	53,125	70,907	2,836	13,379	66,504	1.1255
2014	54,719	73,034	2,921	16,300	71,019	1.1593
2015	56,360	75,225	3,009	19,309	75,670	1.1941
2016	58,051	77,482	3,099	22,409	80,460	1.2299
2017	59,793	79,807	3,192	25,601	85,394	1.2668
2018	61,587	82,201	3,288	28,889	90,475	1.3048
2019	63,434	84,667	3,387	32,276	95,710	1.3439
2020	65,337	87,207	3,488	35,764	101,101	1.3842
2021	67,297	89,823	3,593	39,357	106,654	1.4258
2022	69,316	92,518	3,701	43,058	112,374	1.4685
2023	71,396	95,293	3,812	46,869	118,265	1.5126
2024	73,538	98,152	3,926	50,795	124,333	1.5580
2025	75,744	101,097	4,044	54,839	130,583	1.6047
2026	78,016	104,129	4,165	59,004	137,020	1.6528
2027	80,356	107,253	4,290	63,295	143,651	1.7024
2028	82,767	110,471	4,419	67,713	150,480	1.7535

**(note 1)** Leasehold tax revenue is a state excise tax of 12.84% on rent or lease payments to a public lessor for the right to use publicly owned tax-exempt property for private purposes. The purpose of the tax is to have private users of public tax-exempt property share with fee simple property owners who pay property taxes – the costs of providing governmental services. Of the 12.84% tax imposed by the state, the City receives an allocation of a 4% portion (or 31% of the total) for areas within the incorporated City. According to the Department of Revenue, the Port of Bremerton paid \$151,515 for leasehold excise taxes in 2007. The calculated amount that would have been apportioned to the City had this area been incorporated is \$47,201. For purposes of this analysis it is assumed that 2009 revenues from leasehold excise taxes is the same as the amount calculated for 2007 and then escalated by 3% each year thereafter.

**(note 2)** Per Port of Bremerton staff, new development on the Port property would most likely be lease arrangements for the use of Port owned land with the developer paying for the improvements directly - paying property taxes on the improvements portion and the Port withholding leasehold taxes on the land lease payments. New building construction is therefore included in the calculated estimates of future property taxes, while the leasehold tax estimates include an expectation of new land lease arrangements for each new business development in the projected period. Per Port staff the current lease payment amount for unimproved property is \$6,000 per year per acre and \$12,000 per year per acre for sites that are "pad ready" or improved to a limited extent. For purposes of this analysis it is assumed that each 3.5 acre new development in the forecast period is unimproved property and the rate of \$6,000 per year per acre in 2008 dollars is used escalated 3% per year for future periods..

**ANNEXATION - "HIGH GROWTH" SCENARIO**  
**Water System Estimated Capital Improvements and Costs**  
**(Expressed in 2008 Dollars)**

Item	Quantity	Unit	Unit Cost	Total Cost
16" TRANSMISSION MAIN FROM GOLF COURSE TO RESERVOIR	13400	LF	100	\$1,340,000
Mobilization	1	LS	5.0%	\$67,000
Temporary Erosion/Sedimentation Control	1	LS	3.0%	\$40,200
Traffic Control	1	LS	5.0%	\$67,000
<b>Subtotal</b>				<b>\$1,514,200</b>
Construction Contingency	1	LS	20.0%	\$302,840
<b>Subtotal Construction Costs</b>				<b>\$1,817,040</b>
Sales Tax	1	LS	8.6%	\$156,265
<b>Construction Budget - Preliminary Design Estimate</b>				<b>\$1,973,305</b>
Engineering Design			15.0%	\$23,440
<b>Total Estimated Project Budget</b>				<b>\$1,996,745</b>

**ANNEXATION - "HIGH GROWTH" SCENARIO**  
**Wastewater System Estimated Capital Improvements and Costs**  
**PHASE 1 - HIGH GROWTH SCENARIO**  
**(Expressed in 2008 Dollars)**

Item	Quantity	Unit	Unit Cost	Total Cost
Trench Safety System	6,000	LF	\$2	\$12,000
Complete MBR Plant, 0.5 MGD	100,000	gal	\$8	\$800,000
SK-1 Reuse Pump Station	1	LS	\$550,000	\$550,000
8-in HDPE Reuse Force Main	6,000	LF	\$140	\$840,000
Winter Reuse Disposal	1	LS	\$1,000,000	\$1,000,000
Subtotal				\$3,202,000
Mobilization/Demobilization	1	LS	5%	\$160,100
Temporary Erosion/Sedimentation Control	1	LS	3%	\$96,060
Traffic Control	1	LS	5%	\$160,100
Subtotal				\$3,618,260
Construction Contingency	1	LS	20%	\$723,652
Subtotal -Construction Costs				\$4,341,912
Sales Tax	1	LS	8.60%	\$373,404
Construction Budget -Preliminary Design Estimate				\$4,715,316
Engineering Design	1	LS	15%	\$707,297
<b>Total Estimated Project Budget</b>				<b>\$5,422,614</b>

Assumptions/Notes:

- 1) Pipe prices per linear foot include all bedding, backfill, excavation, soil removal, surface restoration, existing utility
- 2) No easements or land acquisition costs included. Pipelines, pump stations, etc. assumed in public rights of way.

**ANNEXATION - "HIGH GROWTH" SCENARIO**  
**Wastewater System Estimated Capital Improvements and Costs**  
**PHASE 2 - HIGH GROWTH SCENARIO**  
**(Expressed in 2008 Dollars)**

Item	Quantity	Unit	Unit Cost	Total Cost
Trench Safety System	0	LF	\$2	\$0
Complete MBR Plant, 0.5 MGD	100,000	gal	\$8	\$800,000
SK-1 Reuse Pump Station	0	LS	\$550,000	\$0
8-in HDPE Reuse Force Main	0	LF	\$140	\$0
Winter Reuse Disposal	0	LS	\$1,000,000	\$0
Subtotal				\$800,000
Mobilization/Demobilization	1	LS	5%	\$40,000
Temporary Erosion/Sedimentation Control	1	LS	3%	\$24,000
Traffic Control	1	LS	5%	\$40,000
Subtotal				\$904,000
Construction Contingency	1	LS	20%	\$180,800
Subtotal -Construction Costs				\$1,084,800
Sales Tax	1	LS	8.60%	\$93,293
Construction Budget -Preliminary Design Estimate				\$1,178,093
Engineering Design	1	LS	15%	\$176,714
<b>Total Estimated Project Budget</b>				<b>\$1,354,807</b>

Assumptions/Notes:

- 1) Pipe prices per linear foot include all bedding, backfill, excavation, soil removal, surface restoration, existing utility
- 2) No easements or land acquisition costs included. Pipelines, pump stations, etc. assumed in public rights of way.

**Financial Impact Assessment – SKIA Annexation  
High Growth Scenario Notes**

The City of Bremerton management has prepared projected financial impact assessment information for the described annexation area with an assumption of high future growth in the area - but less than the amount Kitsap County modeled in the SKIA Sub Area Plan. In the preparation of this financial analysis, the City has made certain assumptions with respect to conditions that may occur in the future. It is the City’s belief that the projected financial information was prepared on a reasonable basis. The City staff believe this analysis reflects the best currently available estimates and judgments, and presents, to the best of management’s knowledge and belief, the expected course of action and the expected future financial impacts of the proposed annexation with the assumption of higher future growth in the area. It should be understood that this analysis is dependent upon future events - actual conditions may (and are likely to) differ from those assumed herein.

The following pages represent explanatory notes for individual elements of the financial assessment analysis, as well as principal considerations and assumptions made by the City in the preparation of the financial impact information.

**The following are the base and growth assumptions for the  
High Growth Scenario:**

<b>Existing Businesses</b>	40 total estimated current businesses in the proposed annexation area based on data compiled from the Washington State Department of Revenue and the Port of Bremerton. Of this total, the Washington State Department of Revenue has indicated that 22 businesses in the proposed annexation area (all located in the South Petition area) had revenues subject to sales tax of \$7.1 million in 2007
<b>Existing Households</b>	+/- 1 total current residential households in the annexation area
<b>Existing Residential Population</b>	Assuming 2.5 people on average per household this equates to a population in the proposed annexation area of approximately 2.5 +/- currently.
<b>Future Development Assumption: Acres &amp; Businesses Increased</b>	Assumed development of fifteen parcels of 3.5 acres each of industry every five years. This results in the addition of fifteen new businesses on average every five years.
<b>Future Development Assumption: Location</b>	Development is assumed to be primarily located on Port of Bremerton industrial park property with limited development in the north petition area in this scenario.

**Summary table of Business Growth and Acres Developed over the 20-year time horizon for the High Growth Scenario:**

<b>Year</b>	<b>Businesses</b>	<b><sup>2</sup> Employees</b>	<b>Commercial Sq Ft</b>	<b><sup>4</sup> Acres Developed</b>
<b>2008</b>	<b>40</b>	<b>438</b>	<b>361,217</b>	<b>493.89</b>
2009	43	559	461,217	503.89
2010	46	680	561,217	513.89
2011	49	801	661,217	523.89
2012	52	923	761,217	533.89
<b>2013</b>	<b>55</b>	<b>1,044</b>	<b>861,217</b>	<b>543.89</b>
2014	58	1,165	961,217	553.89
2015	61	1,286	1,061,217	563.89
2016	64	1,408	1,161,217	573.89
2017	67	1,529	1,261,217	583.89
<b>2018</b>	<b>70</b>	<b>1,650</b>	<b>1,361,217</b>	<b>593.89</b>
2019	73	1,771	1,461,217	603.89
2020	76	1,892	1,561,217	613.89
2021	79	2,014	1,661,217	623.89
2022	82	2,135	1,761,217	633.89
<b>2023</b>	<b>85</b>	<b>2,256</b>	<b>1,861,217</b>	<b>643.89</b>
2024	88	2,377	1,961,217	653.89
2025	91	2,498	2,061,217	663.89
2026	94	2,620	2,161,217	673.89
2027	97	2,741	2,261,217	683.89
<b>2028</b>	<b>100</b>	<b>2,862</b>	<b>2,361,217</b>	<b>693.89</b>

All data compiled to include North and South petitions and requests

<sup>1</sup> High growth City of Bremerton scenario assumes that each new business will develop on an average parcel size of about 3.5 acres. Scenario assumes 15 new businesses every five years with an expected 35,000 Commercial Sq Ft developed per 3.5 acre parcel. Data from KEDA 2007-2008 recruitment leads indicate strongest interest for land development in the 5 acre and below size category

<sup>2</sup> Puget Sound Regional Council assigns Manufacturing and Industrial employment growth at an average of 1/ 825 SF. (A Range of 550-1100)

<sup>3</sup> Records of typical industrial development indicate about 12,000 sq ft per acre

<sup>4</sup> Acres developed were analyzed using 2006 aerial photos with City of Bremerton GIS and includes the airport runway facilities.

**Notes to High Growth Financial Assessment spreadsheet:**

- (1) Net financial impacts carried forward represents the prior year's ending cumulative net financial impact.
- (2) Property tax revenue for 2009 is based upon current assessor information for parcels in the proposed annexation area (2008 valuations and tax rolls). Taxable assessed values in 1,000's of dollars is then multiplied by \$2.2181 (City of Bremerton regular levy rate for 2008 of \$1.9032/\$1,000 AV and EMS levy rate for 2008 of \$0.3149/\$1,000 AV). The property tax revenue is then increased by 1% each year thereafter starting from the base 2009 year. The property tax amounts in the base annexation area are generally quite low for such a large land area but this is due to the public properties in existence there (Port of Bremerton) which are not subject to a property tax levy – and due to the large proportion of remaining properties being

- designated as open space or forest land status which substantially reduces the property taxes on those parcels.
- (3) Leasehold tax revenue is a state excise tax of 12.84% on rent or lease payments to a public lessor for the right to use publicly owned tax-exempt property for private purposes. The purpose of the tax is to have private users of public tax-exempt property share with fee simple property owners who pay property taxes – the costs of providing governmental services. Of the 12.84% tax imposed by the state, the City receives an allocation of a 4% portion (or 31% of the total) for areas within the incorporated City. According to the Department of Revenue, the Port of Bremerton paid \$151,515 for leasehold excise taxes in 2007. The calculated amount that would have been apportioned to the City had this area been incorporated is \$47,201. For purposes of this analysis it is assumed that 2009 revenues from leasehold excise taxes is the same as the amount calculated for 2007 and then escalated by 3% each year thereafter. In addition, Port of Bremerton staff indicates that new development on the Port property would most likely be lease arrangements for the use of Port owned land with the developer paying for the improvements directly and paying property taxes on the improvements portion - and the Port withholding leasehold taxes on the land lease payments. New building construction is therefore included in the calculated estimates of future property taxes, while the leasehold tax estimates include an expectation of new land lease arrangements for each new business development in the projected period. Per Port staff the current lease payment amount for unimproved property is \$6,000 per year per acre and \$12,000 per year per acre for sites that are "pad ready" or improved to a limited extent. For purposes of this analysis it is assumed that each 3.5 acre new development in the forecast period is unimproved property and the rate of \$6,000 per acre per year in 2008 dollars is used and then escalated by 3% each year thereafter.
  - (4) Admissions tax revenue is assumed to be zero. The City is not aware of any current sources of admission revenues that exist or which would be anticipated to be developed - which would be subject to the City's Admission tax.
  - (5) Parking tax is assumed to be zero. The City is not aware of any parking facilities existing in the area or proposed to be developed in the future - which charge for such services and would be subject to the City's Parking tax.
  - (6) Sales tax revenue includes revenues from existing (22 businesses currently reporting taxable retail transactions to the DOR) and projected additional businesses. It is assumed that fifteen businesses on average every five years will be added. There are 40 total estimated businesses currently in the proposed annexation area based on data compiled from the WA Dept of Revenue, and the Port of Bremerton. Of this total, the WA Dept of Revenue has indicated that 22 businesses in the proposed annexation area (all located in the South Petition area) had revenues subject to sales tax in 2007. The remainder represents businesses that produce products or services that are not subject to the retail sales tax. Future business growth is assumed to maintain this same approximate relationship of sales taxable to non-sales taxable businesses - in that it is assumed that every other business added to the area is subject to sales tax. 2009 tax revenues are computed using the assumption that taxable revenues would be the same as the DOR reported occurred in 2007 for the area. As growth is modeled to occur in the forecast period, the new businesses assumed to be subject to sales tax are assumed produce taxable revenues equivalent to 1.37 times the average taxable retail sales per business for Kitsap County (\$235,353) per the "Washington State Almanac 2006-2007" then escalated by 3% in each year thereafter. Actual results for the 22 businesses verified by the DOR for 2007 - validate the use of this

- calculated value of retail sales revenue per business as the DOR actual average computes to an average of \$322,727 per business in the area – and 1.37 times the Washington State Almanac information results in an average of \$322,434. The City tax rate is .00085 (1% less .15% administrative fee to the County). The sales tax on construction of future development in the proposed annexation area assumes the projected new businesses result in the addition of a 35,000 square foot Commercial structure on a 3.5 acres parcel per business with construction costs estimated to be \$2,783,200 in 2008 dollars based on an average cost of \$79.52/Sq Ft for industrial facility structures as published in the January-February 2008 International Code Council Building Valuation Data – of which the taxable construction costs is assumed to be 80% of this amount. Construction values are escalated at 3% per year.
- (7) B&O tax revenue is assumed to be zero. Recent changes to the City's B&O tax code exempt businesses from the tax if they are located on industrially zoned Port properties and all areas annexed into the City are exempt from B&O tax for a period of three years for businesses located in the area at the time of annexation. This analysis conservatively assumes that all projected growth in this higher growth scenario would occur on Port of Bremerton owned property and would therefore be exempt from the City B&O tax.
  - (8) Washington State distributes gas tax, liquor tax, and criminal justice funds to the City on a per capita basis. The City's share of this distribution will increase with any population added by this proposed annexation. The budgeted combined rate for 2008 is \$37.88 per the State Department of Revenue. This amount is multiplied by the population initially estimated to be included in the proposed annexation area (2.5). The dollar amount per capita is then increased by 3% each year thereafter. No further population growth is assumed as it is not expected that future development would be residential.
  - (9) Real Estate Excise Tax (REET) revenue in this high growth scenario is assumed to come from limited sales transactions of privately owned buildings situated on land leased from the Port of Bremerton. Per Port of Bremerton staff, historical experience suggests that approximately 2 such transactions occur in every 10 year period. For this high growth scenario it is assumed that in addition to the amount projected in the low growth scenario that one additional larger building is sold in each 10 year period. The 0.5% tax is applied to an assumed sale of a 15,000 square foot building every fifth year in the forecast period with the value estimated conservatively to be \$1,192,800 and one 35,000 square foot building every 7 years with the value estimated conservatively at \$2,783,200 in 2008 dollars based on an average cost to construct of \$79.52/Sq Ft for industrial facility structures as published in the January-February 2008 International Code Council Building Valuation Data as then escalated by 3% in each year thereafter.
  - (10) Utility taxes are based on average annual power bills of \$2,760 in 2008 dollars for a typical business enterprise located on Port property (per Port of Bremerton staff) and an estimated telephone service annual cost of \$1,200 in 2008 dollars, and (per Waste Management staff) an annual solid waste disposal service total cost of \$80,851 in 2008 dollars for all existing businesses located in the proposed annexation area with an average annual rate of \$2,995 per business in 2008 dollars as then each multiplied by the number of businesses projected to be added in future periods of the forecast and escalated by 3% each year thereafter. Utility tax rates are 6% for electricity and telephone, and 9.5% for solid waste disposal services. No revenue estimate is made for utility taxes on services to residential accounts or for cable television services due

to lack of residences identified in the proposed annexation area and no expectation of residential development in the area in the future.

- (11) In accordance with Bremerton Municipal Code (BMC) 15.06.020(a) – A general facility charge (GFC) shall be charged on all new or expanded service connections to the water, wastewater, and storm water utility systems. The calculation of the general facility charge for water shall be based on the meter size to be installed for a new or expanded water utility service. The calculation for the general facility charge for wastewater shall be based on the number of equivalent residential unit(s) (ERU) served. The calculation for general facility charges for stormwater shall be based on the number of impervious surface units (ISUs) as defined in BMC 15.01.020. The number of ISUs charged shall be based on the total impervious area divided by the amount of impervious area in an ISU. The rates applied are per the current BMC.

The Port of Bremerton currently owns and operates its own wastewater utility. Under this High Growth Scenario the capacity of the existing system will be exceeded and additional conveyance and treatment facilities are required. It is assumed that the City of Bremerton will assume ownership of the Port of Bremerton wastewater system in 2009 and the City will begin to receive wastewater GFC's. This will allow the City to receive revenue in years prior to any capital expenditures. The calculation of GFC's are based on the following assumptions.

- Water GFC's are based on the GFC for a 1" water meter.
- Wastewater GFC's are based on the Commercial 1 GFC with an estimated average of 4 ERU's per customer.
- Stormwater GFC's are based on 35,000 SF of billable impervious area or 14 ISU's per customer.
- All GFC's escalated at 3% per year.

- (12) Mitigation costs to be paid by the Developer as determined through the development review process and the BMC or as needed. For the purposes of this analysis the water, wastewater, and storm water system capital improvements are assumed to be financed through a combination of utility rate revenues, General Facility Charges (see note 11), grant funding (see note 14), and low interest state loans offered by the Public Works Trust Fund (PWTF) and Department of Ecology's DWSRF loan program with a portion of that debt service obligation being covered through the formation of a ULID covering all benefitted, unserved properties within the boundaries of SKIA. No developer payments are assumed to be required for the utility system capital projects in this high growth scenario.
- (13) This analysis assumes the assumption of low interest state loans offered by the Public Works Trust Fund (PWTF) and the Department of Ecology. It is assumed that the City's utility systems would provide a 15% local cash match from rate revenues for each of these loans plus it is expected that there will be a grant or other contribution of \$2,000,000 with the remainder then financed for 20 years at an interest rate of 1.5%. See Note 17 for additional discussion of the projected debt financings. Of the amount financed, it is expected that a ULID will be formed covering all unserved properties benefitted by the related capital improvements. It is assumed that 2/3rds of the amount financed is expected to be provided for by the ULID assessments.
- (14) Grants or other capital contributions of \$2,000,000 are assumed in this high growth scenario. There are competitive re-use grants available from Ecology, EDA grants

- available through PSRC and CTED, and potential developer contributions to contribute to this \$2,000,000 infusion of capital,
- (15) Utility system rate revenues are computed in accordance with Chapter 15.06 of the BMC which establishes current utility fees, rates, and other charges. The Port of Bremerton currently owns and operates its own wastewater utility. Under this High Growth Scenario it is assumed the City of Bremerton will assume ownership of the Port of Bremerton wastewater system in 2009. At that point the City will begin to receive wastewater rate revenues. The utility rates in this analysis are based on the following assumptions:
- Water rates are based on the fixed rate for a 1” water meter and an average annual water usage of 180 HCF which is the current average annual usage per customer within the Olympic View Industrial Park.
  - Stormwater rates are based on 35,000 SF of billable impervious area or 14 ISU’s per customer.
  - Wastewater rates are based on the fixed rate for a Commercial 1 account and an average annual wastewater usage of 180 HCF.
  - All fixed fees and commodity charges are escalated at 3% per year.
- (16) The City General Fund imposes on its internal utility systems a payment in lieu of tax – similar to the utility tax imposed on external utilities. The current rate is 8.5% of utility system rate revenues for water, wastewater, and stormwater. This amount represents revenue to the General Fund and is added to annual expenses of the utility systems as noted in (19) below. This is an internal transfer between the City’s utility systems and the City’s General Fund and is thus shown as both a receipt and an expense in this analysis.
- (17) This analysis assumes the assumption of low interest state loans offered by the Public Works Trust Fund (PWTF) and the Department of Ecology. It is assumed that the City’s utility systems would provide a 15% local cash match from rate revenues for each of these loans with the remainder financed for 20 years at an interest rate of 1.5%. Low-interest loans from the state are competitive and there is no guarantee of continued availability. There is also no certainty that subsidized rates will remain at currently available levels. The City has been very successful in recent years in getting support from these programs and our assumption is that will continue. The back up option to subsidized loans for capital projects in this high growth scenario would be revenue bonds issued by the combined Utility System of the City. The rates on this type of debt vary but could be assumed for this analysis to be approximately 5.75% compared to 1.5% for subsidized loans. For each million in par amount of loan this potential interest difference results in an additional annual expense of \$27,177. Loans in the amount of \$1,450,202 and \$4,350,605 mid year in 2013 and 2014 respectively, and \$ 1,442,635 mid year 2021 are undertaken to cover the City’s portion of capital costs incurred net of payments by the Developer as described in note (12), and other grants or capital contributions as described in note (14). Proceeds are assumed to be approximately 100% of the par amount.
- (18) Payment to Kitsap County for revenue sharing in accordance with the interlocal agreement concerning revenue sharing upon annexation. Revenue Sharing payments are based on three sources of revenue: 1) County’s portion of the local retail sales tax levied; 2) Ad Valorem property tax levied by the County pursuant to RCW 36.82.040 for establishment and maintenance of county transportation systems; and 3) Admission tax levied by the County pursuant to Chapter 36.38 RCW. The combined

- total of the County's collections from all three sources within the annexation area during the calendar year preceding annexation net of the same for the first full calendar year following annexation = "County's Lost Revenue". The amount of payment from Bremerton to the County is based on a three-year soft landing approach with the year 1 payment equal to 75% of the County's Lost Revenue, year 2 payment equal to 50%, and the third and final year being 25%. The estimated amount of County lost revenue for these items is \$71,000 of sales tax revenue based on the DOR's reported taxable retail sales in this area of \$7,100,000 in 2007, \$4,741 in ad valorem property tax levied for County roads per the County 2008 property tax assessments for parcels in the proposed annexation area, and zero dollars for admission tax as the City is not aware of any current sources of admission revenues that exist.
- (19) Fire and Emergency Medical Service (EMS) assumed to be covered by an Interlocal Agreement between the Bremerton Fire Department and the South Kitsap Fire and Rescue ('SKFR') during the forecast period. Per information provided by South Kitsap Fire and Rescue dated April 15, 2008, the total annual estimated impacts of the proposed annexation would be a loss of revenue of \$57,000 in 2008 dollars. This analysis assumes that the City would negotiate an agreement for continued coverage of this area by SKFR setting an initial compensation level at the estimated lost revenue amount of \$57,000 and then providing for cost of living increases in years thereafter (which is assumed to be 3% each year thereafter in this analysis). Further cost increases are not assumed in this scenario because service level demand is not anticipated to change dramatically with the type of development expected in the proposed annexation area.
- (20) Police service and coverage of the current south Bremerton area, watershed area, and the proposed annexation area is expected in combination to require an increase in staffing of a sector patrol unit – requiring 7 positions at a total annual cost (salary and benefits) of \$592,571 (2008 dollars) plus \$100,000 in annual estimated associated operational expenses. The proposed annexation area in this scenario while large geographically is expected to generally be low in demand for these services due to the type of development in the area. A smaller geographical area but an expected higher demand will come from the anticipated large residential development in the existing South Bremerton area. Given those expectations for the purposes of this analysis, 25% of the cost of the added personnel and operational expenses are assumed to be attributed to this proposed annexation area for this higher growth scenario. The computed annual expense is then increased by 3% each year thereafter. 25% of the estimated cost to purchase 2 vehicles and computer equipment for these additional personnel in the years 2009 and the replacement cost of those vehicles every five years thereafter (escalated at 3% per year) is included in the capital costs as noted in (23) below. It is expected that the additional personnel would be based out of the existing police department building. Bringing new police officers on line requires a period of time to recruit and train. It is assumed that in the first year (2009) a ramp up to 50% of this annual expense will occur, rising to 75% in the second year (2010), coming to full new operational levels by the beginning of the third year (2011).
- (21) An estimated annual amount of \$10,000 in 2008 dollars for electronics and street maintenance costs was provided by the City Engineer. This amount is then escalated by 3% per year for future years in this analysis.
- (22) Utility system expenses are estimated based upon the 2008 budget relationship of operating expenses to rate revenues charged. For the water, wastewater, and stormwater system this computes to 88%, 74%, and 91%, respectively. In addition to

the computation of operation and maintenance expense the total utility expense was increased in each year by the amount of utility PILOT taxes computed to be transferred to the General Fund.

- (23) General Fund capital costs include police vehicle and equipment purchases necessary to support the additional staffing needed to provide adequate service levels in the proposed annexation area in combination with expanded service demands in the south Bremerton area - as described more fully in note (20) above. Two police vehicles and computer equipment are assumed to cost \$81,148 (2008) in total (of which 25% is allocated to this proposed annexation area) and are shown being replaced every fifth year thereafter at an escalated price of 3% per year.
- (24) The proposed SKIA annexation area is served by transportation facilities currently owned, operated and maintained by the State of Washington DOT (SR3), internal streets owned and managed by the Port of Bremerton, and Lake Flora Road which is under County jurisdiction. SR3 was recently reworked and widened by DOT to add additional length to left turn lanes in the vicinity of the Port. The Belfair Bypass project is expected to address the intersection of Lake Flora Rd. and SR3 within SKIA and is a state project. The Port is pursuing the construction of the Cross-SKIA connector Road to link SR3 and the north SKIA properties to Lake Flora Road east of the airport. The first phase of that project is under design and the Port is planning to pursue the issuance of bonds to support the \$3.72 M cost of constructing the first phase in 2010 or 2011. It is assumed the final phase of this improvement would be financed using a similar approach and that no City money would be necessary for completion. Kitsap County is designing an upgrade of Lake Flora Road from SR3 to J.M. Dickenson Road SW. This 3.6 mile improvement includes widening, paving shoulders, and re-surfacing in addition to re-aligning the intersection at J.M. Dickenson. This is an estimated \$6.4 M project primarily addressing safety issues and is not being pursued to increase capacity. Funding is expected to come from state contributions, Transportation Impact Fees, and County gas tax. Recent discussions with Kitsap County indicate they would continue to pursue this project independent of potential annexation due to on-going safety concerns and accident history. The County is not expecting contribution of City revenues to be required on this project. This "High Growth" scenario includes \$25,000 (in 2008 dollars) per year in Street and Electronic Capital to finance any improvements to city streets within SKIA after 2014. This amount is escalated by 3% per year for these future years in the analysis. The length of Lake Flora Road from SR3 to the SKIA boundary may be the only city street within the proposed annexation at the outset. The Cross SKIA connector may become a city street once completed. The \$25,000 is a placeholder for any required capital on these facilities.
- (25) Capital costs for growth related infrastructure improvements are included as follows:
- **WATER**  
There is sufficient existing water supply capacity in the 517 pressure zone serving the South Kitsap Industrial Area (SKIA) to meet current and projected demands, including fire flow under the "Low Growth" scenario through the 20-year planning horizon. However, this "High Growth" scenario further accelerates demand and requires additional transmission and supply by 2014. The 2008 cost for this new 16-inch line is estimated at \$2.0M and has been escalated to the years of design and construction in 2013 and 2014 at 3%.

- **WASTEWATER**

It is assumed in the “Low Growth” scenario that the Port of Bremerton would continue to own, operate, and maintain their wastewater collection and treatment system throughout the planning period. Any required improvements to this system and all maintenance costs are assumed to be provided by Port of Bremerton lease revenues and would not flow through City of Bremerton budgets. In this “High Growth” scenario, wastewater flows are projected to exceed the capacity of the current Port of Bremerton owned system (72,500 gpd) by 2014. This scenario assumes the City would immediately assume responsibility for the operation and maintenance of the Port of Bremerton’s system and then develop, fund, design, and construct a Membrane Bio-Reactor (MBR) treatment facility located on the site of the current Port of Bremerton Wastewater Treatment Plant (WWTP) in 2014. The initial facility would be designed for 0.10 MGD and expanded to 0.2 MGD by 2021. A new effluent pump station would also be built at this location and highly treated water from this facility would be pumped through an 8-inch HDPE force main 6,000 feet to the existing 8-inch City water line currently running from Pump Station 3 to Reservoir 10. This water line would have been replaced by a new 16-inch water transmission main in 2014 and would therefore be available for wastewater service. The treated wastewater would flow to the irrigation pond at Gold Mountain Golf Complex. It is assumed this treated wastewater would be used for irrigating the city’s two golf courses during the spring, summer, and fall months. The 0.2 MGD maximum flow in the High-Growth scenario represents approximately 40% of the 0.525 MGD average summer water use for the golf courses. It is assumed the golf course would continue to pay the Wastewater Utility for this water at the then current rate in place for potable water and that revenue is therefore included in projected utility rate revenues. Excess treated water (peaking in the winter months) would either be re-used in another to be determined application, used to augment stream flows in either the Union River or Gorst Creek basins, spray-irrigated on city Utility Lands, or infiltrated into porous soils in the vicinity of the gravel mining operations located on City property near OVIP. The estimated costs for improvements contain one million dollars in capital to develop one or more of those back-up options. The 2008 cost for these capital improvements are estimated at \$5.422M (design and construction in 2013 and 2014) and at \$1.355M (design and construction in 2020, 2021 and 2022) and has been escalated at a rate of 3% per year from 2008.

- **STORMWATER**

It is not anticipated that there will be any stormwater capital improvements required for this annexation area. There are existing Stormwater facilities in place that are owned by either the Port of Bremerton or WSDOT. Individual development projects will be required to mitigate their on-site stormwater impacts through the use of both standard and low impact development techniques. There is no apparent need for large-scale regional stormwater conveyance, treatment or detention facilities. Under all anticipated growth scenarios it is assumed that stormwater GFC’s and rate revenues would be sufficient to support the City’s NPDES Phase II compliance requirements for this new area.

- (26) Ending cumulative financial impact represents the beginning net financial impact for the period carried forward from prior periods plus the current period receipts less current period expenditures.



SKIA Annexation Financial Assessment  
June 2008

This is the end of  
Part III of IV

Please see city website for parts I, II, IV