

Summary of Proposed Public Financial Participation in the Cascades Mixed-Used Development

Public financial participation in the Cascades development will contribute to the creation of a significant community asset that increases the local tax base, spurs additional development in the area, contributes to the goal of an 18-hour downtown, and generates a **total economic impact of \$353 million and 2,900 jobs**. North American Properties (NAP) has proposed public financial participation in the following ways.

I. Amphitheater Support and Operations Space

This CRA-requested, publicly-owned space will support large and small performances at the Capital City Amphitheater and events at Cascades Park by providing dressing rooms, a green room, storage space, reception area, kitchen and other amenities. The total cost to build this public asset is **\$2,608,425**, which would come from Tourist Development Tax funds, including \$508,425 from the Johns/Clemons funds and \$2.1 million from the Tourist Development Tax funds for performing arts.

II. Public Parking

This item was requested by the CRA as part of the original RFP and provides 229 public parking spaces. These spaces are in addition to the parking NAP will build to support the development. NAP has offered the city the option to purchase the public parking outright for **\$6,796,720** or arrange to finance the purchase over 30 years.

III. Public Fees, Infrastructure and Improvements

Development costs include public fees (permitting, inspections, etc.), as well as improvements to public infrastructure that will benefit both the development and the community. Infrastructure improvements include the creation of public spaces and gathering spots, children's play areas, food truck hook-ups, restoration of the former County Health Unit, construction of a historic memorial, improvements to the sidewalks connecting the development to downtown, and enhancements to the fountain ("splash pad"), among other items. NAP has proposed that local government participate in **\$2.5 million** of the \$7,554,963 in total public fees and improvements. Funds for these improvements could come from a variety of sources, including fee waivers and other support from various city departments.

IV. Increment Tax Refunding

Tax refunding is necessary in order to create a successful development of this magnitude that achieves the CRA goal of a vibrant, 18-hour downtown destination. With tax refunding, **no CRA funds are advanced to NAP**. NAP will invest the **full cost of the project (approximately \$130 million) up-front**, thereby assuming all of the market and financial risk. Once the project is finished, and after NAP pays its first property tax bill, the CRA would reimburse NAP a percentage of its property tax bill every year for 13 years – which would still result in a net gain in new property taxes collected by local government.

According to CRA staff, once completed, the development will generate an estimated **\$1.29 million in new tax revenue** in the first year alone – funds that can be reinvested by the CRA into blighted areas.

Proposed Tax Refunding Schedule

FY 2022 – FY 2025: 90% of tax increment reimbursed to NAP (local government retains 10%)

FY 2026 – FY 2030: 75% of tax increment reimbursed to NAP (local government retains 25%)

FY 2031 – FY 2034: 60% of tax increment reimbursed to NAP (local government retains 40%)

FY 2035 and beyond: 0 (local government retains 100% of taxes collected)

This schedule would reimburse NAP approximately \$14.3 million of the tax increment generated by the project, which has a net present value – today's value – of approximately **\$6.4 million**.