

TO: Citizens of Whitman County

Subject: Amendment decision on the Hawkins development agreement

From: Whitman County Commissioner Greg Partch

Dear Readers:

I want to respond to recent news articles, editorials and individual letters concerning the proposed retail development at Stateline in Whitman County. I would like to begin by sharing with you how the Board of County Commissioners balanced this year's budget. Our 2012 preliminary budget was \$1.5 million dollars out of balance. We were able to achieve a balanced budget, required by state law, by cutting current expense departments (all departments except public works and landfill) by \$500,000, using one-time sales tax dollars (\$500,000) generated by the windmill project near Oakesdale and transferring out \$500,000 of critical infrastructure needs by borrowing against our solid waste account. This was a one-time fix for 2012. Had the board not taken these actions we would have had no choice but to find other means of increasing revenue, which are extremely limited, or substantially reducing services to the public. Closure of our parks, elimination of WSU Extension and the fair would be the first eliminations considered as they are non-mandated services. These revenue shortfalls are ongoing and the only permanent solution is to substantially increase revenues. This is what would have occurred in 2012 without these one-time offsets of revenue. These will occur next year without major new revenues. That is what we are faced with. We must grow our base.

Dr. Stephen Peterson, U Of I regional economist, in a 2004 study commissioned by The Port of Whitman, stated that in 2004 Whitman County experienced over \$158 million dollars of sales tax "leakage" or the amount of retail sales tax dollars that leave Whitman County every year (Peterson study for LIFT application). If we were to recapture even just half that amount it will make a significant difference to our "current expense" long term bottom line and help forestall the inevitable cuts as stated above. Additionally, in the short term the new sales taxes on construction will significantly bolster the 2013-2014 budgets.

Now to why I voted the way I did on January 3, 2012.

No current county tax dollars will be used to pay for the new county infrastructure needed. Only new dollars generated from this project will be used.

- The County signed an agreement with Hawkins Companies LLC in 2008 pledging \$9.1M of the then \$18M needed for supporting county infrastructure
- Since 2008 the County has banked over \$1M of ".09 infrastructure" dollars from the state in anticipation of future infrastructure needs in the corridor
- In late November 2011 Hawkins Companies LLC approached us to amend the agreement in order to allow for immediate resumption of the development

- Hawkins requested that the County assume a larger portion of the costs to develop the supporting infrastructure, from \$9.1M to \$15M, in exchange for the guarantee of signing two large box stores instead of one as in the 2008 agreement
- Hawkins LLC is obligated to install County owned public infrastructure estimated currently at \$19M and will only be reimbursed up to \$15M
- This new County infrastructure will facilitate additional new growth outside of the Hawkins development. This is especially important for expensive infrastructure such as “fire flow” water reservoirs required by state law for larger buildings.
- The new waste water treatment plant is required to have additional capacity which can be used at relatively low cost, as compared to individual septic systems, allowing others to connect to the County’s new sewer system. This is important both economically as well as environmentally.
- The County was asked to expedite our decision. The prospective retailers had announced that they were again actively pursuing as to whether they were going to build at the Hawkins site (if available) or in the City of Moscow. This would allow Hawkins Companies LLC to engage these retailers and begin discussions immediately in hope of obtaining signed commitments.
- Four hours after we made the decision to approve the agreement, The City of Moscow approved rezoning for commercial purposes of the property immediately in line with the Hawkins property
- In 2009 the State guaranteed \$200K/yr for 25 years (\$5M) to Whitman County from the state’s portion of new revenues generated (SB5045). This money can only be used for infrastructure within this designated LRF (Local Revitalization Financing) area. This additional revenue accentually increases our original commitment by only \$1M.
- Should the county choose to bond for the initial construction amount (\$15M) depending on what schedule is used, the return on investment over 20 years exceeds \$11M (D.A Davidson revenue vs. expenditure estimate revised 12/8/11)
- Hawkins Companies LLC has guaranteed two large box stores (100K Sq ft minimum each) as part of their increased commitment. Final build out is estimated at over 600K sq/ft.
- Public comment was taken on Dec. 19th in advance of the Jan 3rd decision
- Over 1400 jobs will be created (Dr Peterson study Sept 2008)
- County Assessor estimated benefit to taxing districts per year from new property taxes is as follows:

County Current Expense = \$ 1.508214/\$1000 = \$137,247.47

County Road = \$1.817041/\$1000 = \$165,350.73

Pullman School Dist. #267 M&O= \$2.719586/\$1000= \$247,482.33

Pullman School Dist. #267 Bond= \$1.521674/\$1000= \$138,472.33

Pullman School Dist. #267 Capital Project= \$0.129504/\$1000= \$11,784.87

Fire District #12 Regular Levy = \$0.982258/ \$1000= \$89,385.48

Fire Dist. #12 EMS = \$0.436122/\$1000 = \$39,687.10

Whitman County Library= \$0.483841/\$1000 = \$44,029.53

Port of Whitman = \$0.374851/\$1000 = \$34,111.44

State School = \$2.348972/\$1000 = \$213,756.45

Total Levy = \$12.322063/\$1000= \$1,121,307.73

- The original 2008 agreement was approved to form by the Whitman County Prosecutor's office who is by law the Commissioners legal advisor. The Prosecutor was instrumental in creating the original document
- The Prosecutor met with the commissioners on Dec 27th and presented his legal opinion as to the amended agreement followed by his personal opinion
- The Prosecutor's legal concerns were incorporated into the adopted language of the Jan 3rd agreement
- The County has been working with the City of Pullman since 2007 to create a sales tax sharing and annexation agreement to insure that if the proposed development takes place that the county's investment is not lost. It incorporates protection for Pullman's future growth and partnership in developing the corridor from the west side.
- Due diligence: A term used in business and legal areas referring to "a certain standard of care" in voluntary investigation of an important matter, especially concerning real estate. My preferred term is "doing your homework". Over the course of the last six years involving the corridor development I have been intimately involved with almost every aspect of getting to where we are today. I have done my homework and for these reasons, as well as many others not noted, I voted to approve the amended agreement between Whitman County and Hawkins Companies LLC.

Thank you for your time and consideration in this important decision. As I stated at the time I signed the agreement "not without risk, but I do think a risk that will forever define the economic landscape of Whitman County". I'm still firmly convinced that my course of action was the right one for our County.

Sincerely,

Greg Partch
Whitman County Commissioner