GASB 34 – Valuation Analysis for Rights of Way

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King County – Introduction

- Largest county in Washington (>1.7 million population)
- 9 executive departments (providing buses, roads, assessments, stormwater and sewer systems, landfills, parks, licenses, elections, building permits, jails, human services, to name a few)
- Public Health, Sheriff, Prosecuting Attorney, District and Superior Courts

King County GIS Center

- Central GIS Agency for King County
- Coordinating body for several department-based GIS units (provide access to core data layers, applications, and training; serve as a central point of contact for data and applications within K.C., to external agencies, and the public)
- Client Services – provided at cost to internal and external customers

Current Project Status

- Project Planning Stage
- Road Services Div. project, in cooperation with GIS Center, Budget Office, and Assessor's Office
- Examining methodologies
- Decision on methodology to be made by Oct. 31, 2002

GASB 34 – What Is It?

- GASB – Governmental Accounting Standards Board
- Statement 34 – "Basic Financial Statements for State and Local Governments"
- Requires reporting of general infrastructure assets

GASB 34 Effective Dates

- Large governments (> $100M in revenue): June 15, 2001 (King Co. has received 2 one-year extensions)
- Medium governments ($10-$100M): June 15, 2002
- Small governments (< $10M): June 15, 2003
- Feb. 2003 set as deadline by KC Budget Office to complete all GASB 34 inventories

General Infrastructure Assets

- "… long-lived capital assets associated with governmental activity that normally are stationary in nature and can be preserved for a significantly greater amount of time than most capital assets (e.g., roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems) …"

GASB 34 – Why?

- Determine whether current-year revenues were sufficient to cover the cost of current-year services
- Assess the service efforts and costs of programs
- Determine whether the government's financial position improved or deteriorated as a result of the year's operations
- Assess the government's financial position and condition
- Assess the service potential of physical resources having useful lives that extend beyond the current period

Requirements

- Inventory and value general infrastructure assets in the Roads Services Division
- CRIS data to be used to value pavement
- In-house databases available for pavement, bridges, signals, signage, illumination, guard rails, retention/detention ponds

Requirements (cont.)

- Land in the ROW itself must be valued as of the date it was acquired by K. C.
- Digital landbase contains ROW geometry
- Initiative underway to pull up old plats and store date of acquisition per ROW
- Need to determine methodology for establishing current value of ROW land
- Devaluation will be performed to establish value on date of acquisition

Placing a value on ROW land

- Each government is allowed to define its own methodology
- Must be consistent and documented

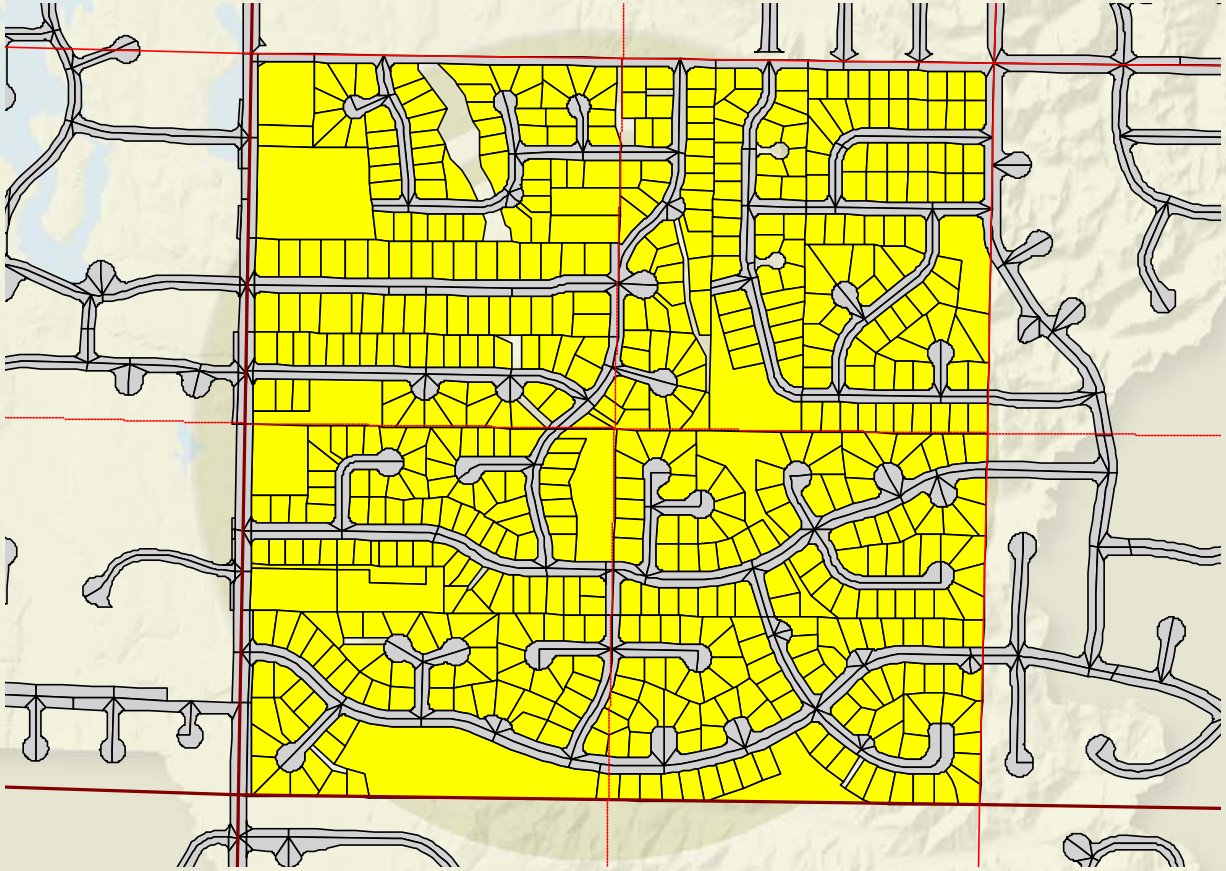
Method 1:
Use CRIS Data

- CRIS- County Road Information System - an inventory of all county-maintained roads
- Standard set by CRAB- Washington County Road Administration Board
- CRIS can give us pavement width; usually not the same as ROW width
- CRIS does not contain info. for undeveloped ROW's
- Effective for valuing all facilities; not a viable method for valuing ROW land

Method 2: Apply a Regional Average Value per Sqft.

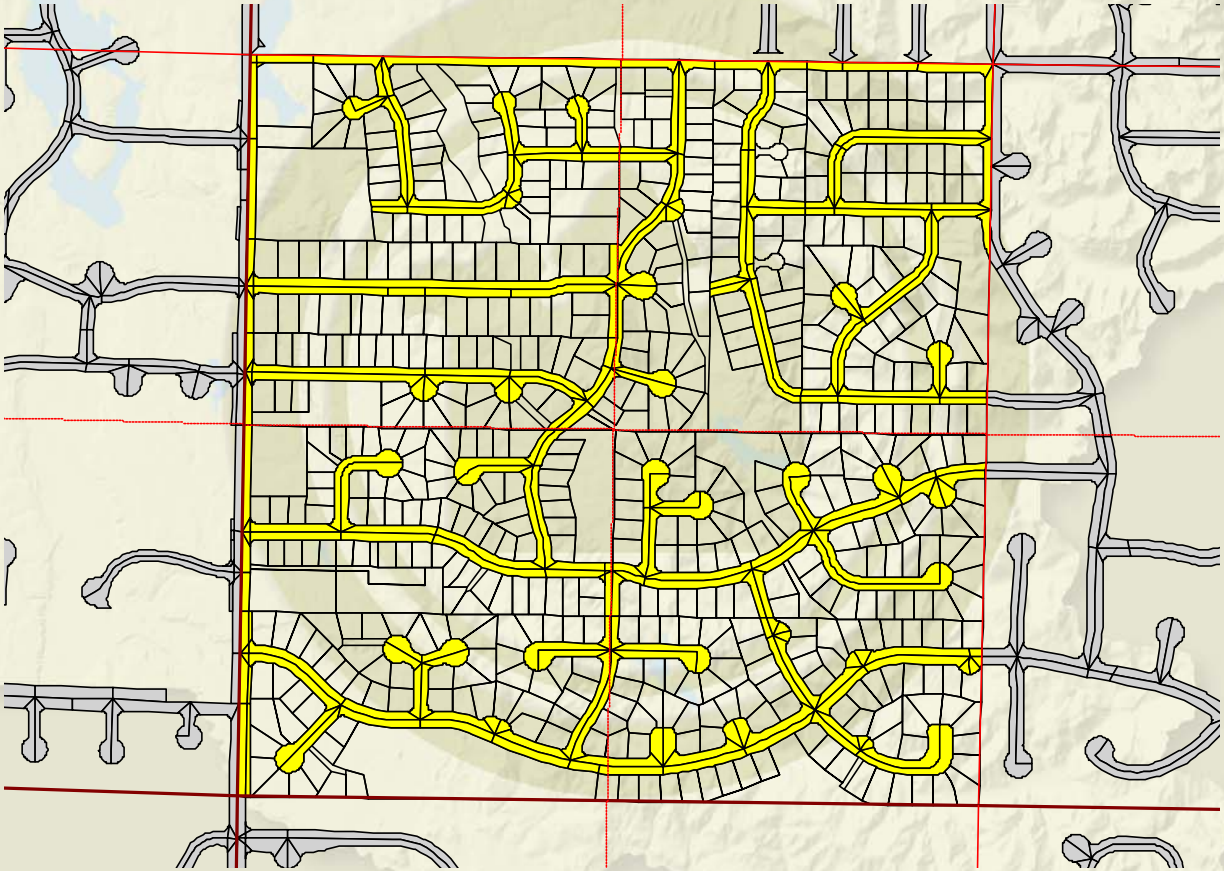
- Calculate an avg. value/sqft. for parcels in a given region (e.g., quarter-section)
- Apply this factor to the GIS-calculated area of ROW's in the given region

Method 2



$103,813,000 assessed val. / 5,480,402 total sqft. = $18.94 / sqft. avg. val.

Method 2



1,471,841 sqft. of ROW

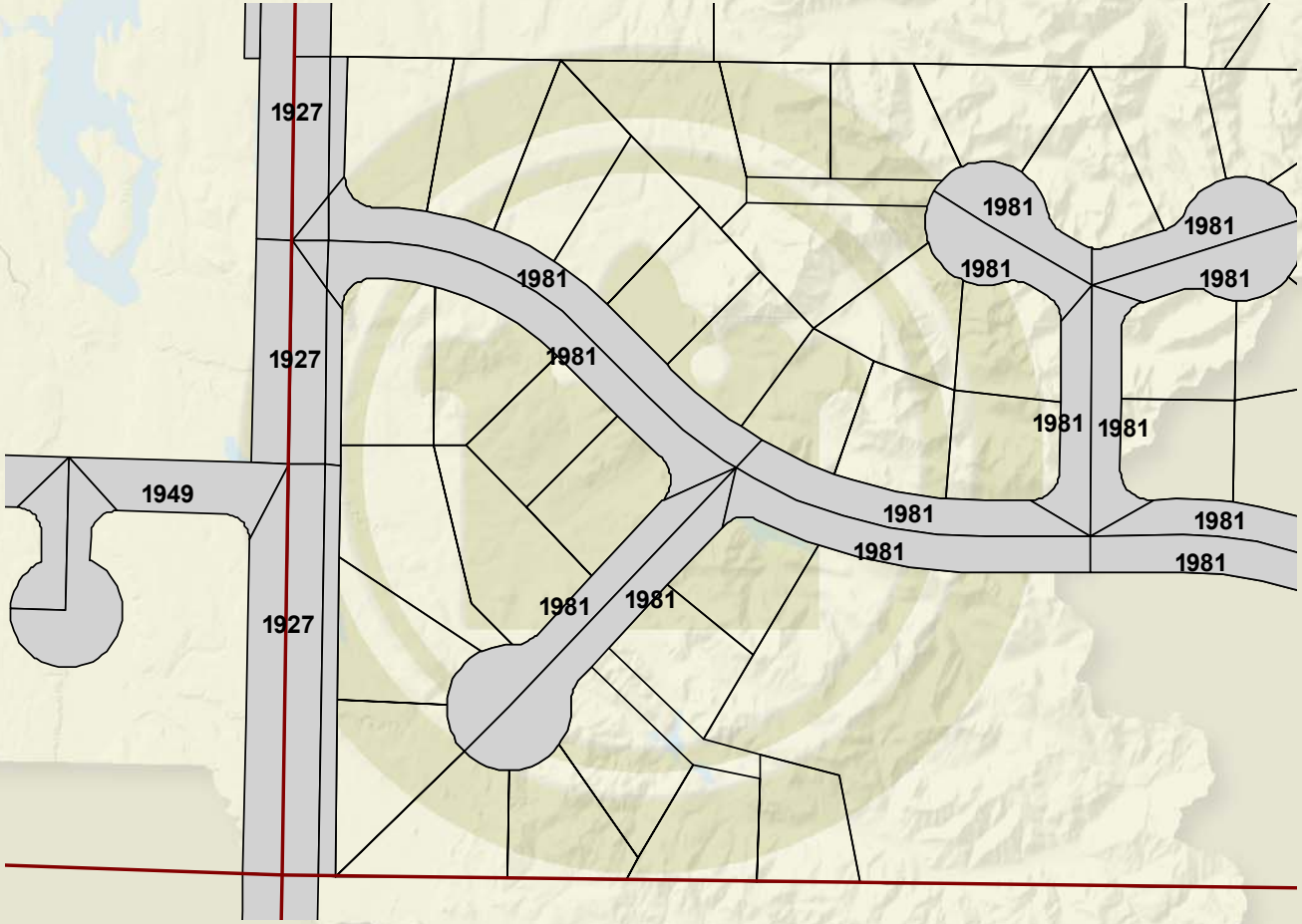
Method 2

1,471,841 sqft. of ROW

* $18.94 / sqft. (avg. assessed val. for this QS)

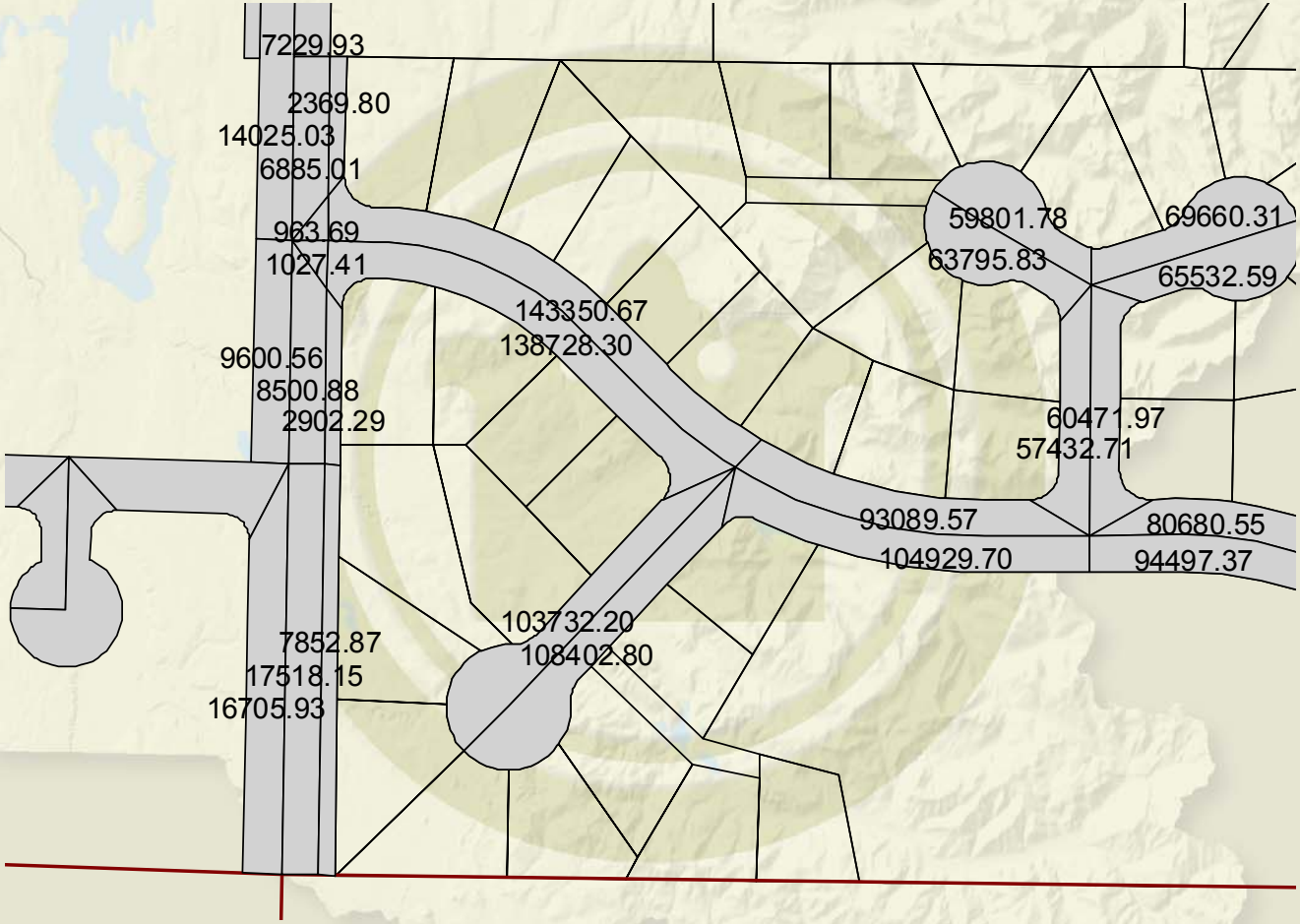
= $27,876,668.54 (total current value for ROW's in this QS)

Method 2



Apply a devaluation factor based on year ROW was acquired

Method 2

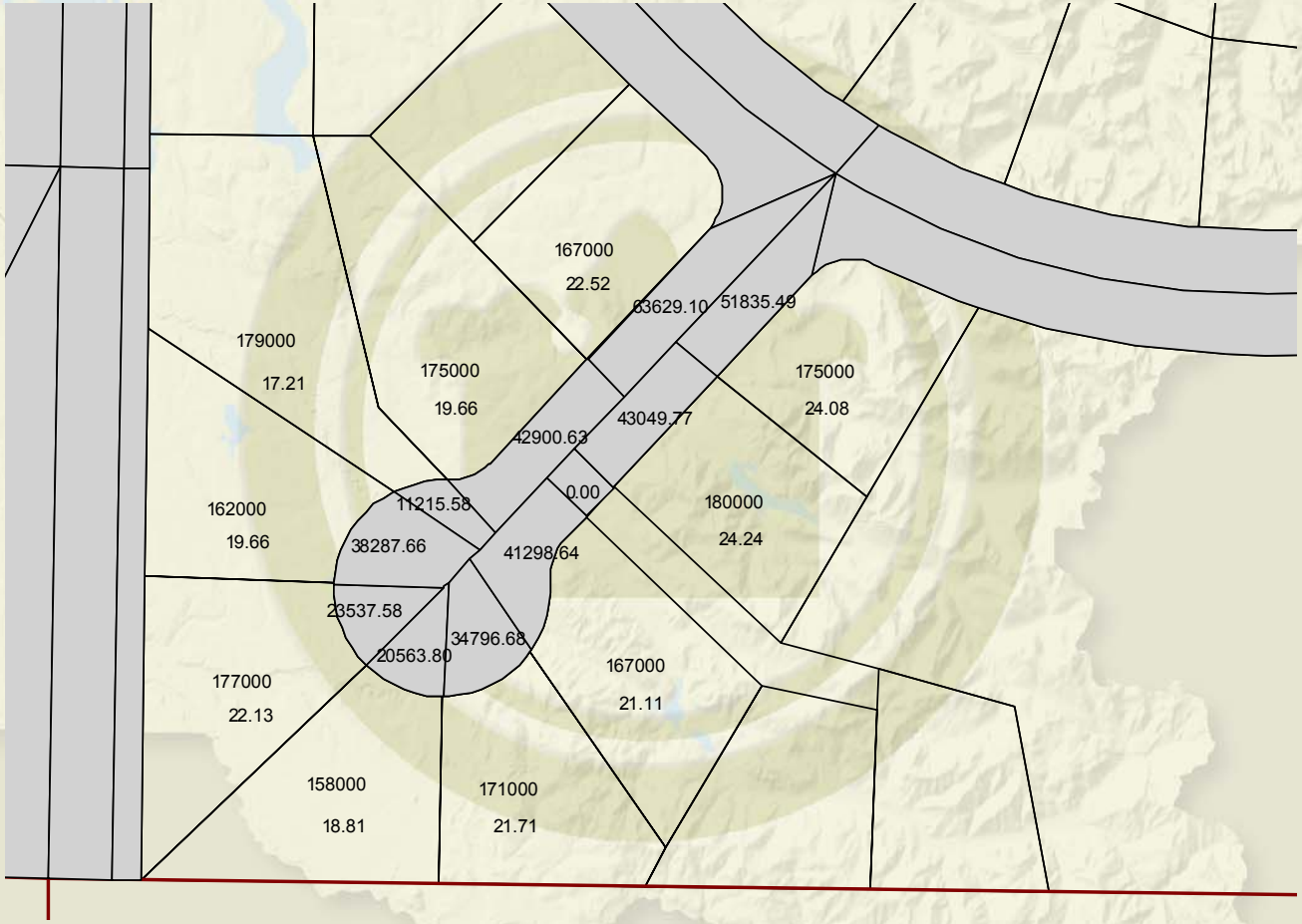


GASB 34 reported value = current value * devaluation factor

Method 3: ROW Segment Nearest Neighbor

- For a given ROW polygonal segment, find all adjacent parcels, calculate their avg. value/sqft., and apply this factor to a portion of the ROW polygon by extending lot line to ROW centerline

Method 3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23537.58
34796.68
20563.80
167000
21.11
177000
22.13
158000
18.81
171000
21.71

Method 3

- Much more labor / computation time intensive
- Applications will need to be written to automate the lot line extensions
- What to do about easements, tracts, etc.
- Once a ROW value is established, must apply devaluation to arrive at final reporting value

Future

- Add / remove ROW's from inventory as they are acquired / annexed
- Place a value on new ROW's using whatever methodology was used for the original analysis

We Welcome Your Advice!

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