

ORDINANCE NO. C-34470

AN ORDINANCE of the City of Spokane, Washington, creating the Spokane University District Revitalization Area; making certain findings relating thereto; declaring an emergency; and providing for other matters properly relating thereto.

THE CITY OF SPOKANE DOES ORDAIN:

Section 1. Recitals. The City Council (the "Council") of the City of Spokane, Washington (the "City"), hereby makes the following findings and determinations:

(a) The City is a first-class charter city duly incorporated and operating under the laws of the State of Washington and the Charter of the City. Second Substitute Senate Bill 5045 (Chapter 270, Laws of 2009) (the "Act"), which was enacted by the Washington State Legislature during its 2009 Regular Session, authorizes the City to create revitalization areas and use local revitalization financing to finance public improvements within such revitalization areas.

(b) The Public Improvements (as defined below) proposed to be financed in whole or in part using Local Revitalization Financing (as defined below) are expected to encourage private development within the Revitalization Area (as defined below) and to increase the fair market value of real property within the Revitalization Area. The private development that is anticipated to occur within the Revitalization Area as a result of the Public Improvements will be consistent with the countywide planning policy adopted by Spokane County (the "County") under RCW 36.70A.210 and the City's comprehensive plan and development regulations adopted under chapter 36.70A RCW.

(c) The City has received a letter of intent from Burgans Block, LLC, which is a private developer, relating to the developer's plans for the development of private improvements within the Revitalization Area.

(d) The City will not use Local Revitalization Financing to finance the costs associated with the financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, and reequipping of public facilities funded with taxes collected under RCW 82.14.048 or 82.14.390. The Council recognizes that the Spokane Veterans Memorial Arena and the Spokane Convention Center are two such public facilities.

(e) Due to a number of factors, such as prevailing land use patterns, the age of buildings, and existing traffic and pedestrian improvements within the Revitalization Area, business entities have encountered difficulties within the Revitalization Area. The Council deems that the Revitalization Area is in need of economic redevelopment to address these factors. Local Revitalization Financing, as used by the City with respect to Public Improvements within the Revitalization Area, (i) will not be used for the purpose of relocating a business from outside the Revitalization Area, but within Washington State, into the Revitalization Area; (ii) will improve the viability of existing business entities within

the Revitalization Area; and (iii) will be used exclusively in an area of the City deemed in need of economic redevelopment and, absent the financing available under the Act, such economic redevelopment would more than likely not occur.

(f) The Public Improvements proposed to be financed using Local Revitalization Financing are reasonably likely to (i) increase private investment within the Revitalization Area (as reflected by the letter of intent mentioned in paragraph (c) of this Section), (ii) increase employment within the Revitalization Area (especially as the property within the Revitalization Area is redeveloped), and (iii) generate, over the 25-year period of time that the City expects to impose the LRF Tax (as defined below), increases in state and local property, sales, and use tax revenues that are equal to or greater than the respective state contribution made with respect to the Revitalization Area under Section 402 of the Act and the local contributions of property, sales, and use tax revenues made by the City pursuant to the Act with respect to the Revitalization Area.

(g) The City and the County are the only "taxing districts" and "local governments" (as those phrases are defined in Sections 102(26) and 102(5) of the Act, respectively) with geographic boundaries within the Revitalization Area. On July 14, 2009, the City provided notice to the County of the City's intent to create the Revitalization Area with the information required by Sections 104(a) and 701(b) of the Act. The County indicated to the City that it does not intend to (i) allow the use of its property tax revenues for the proposed Local Revitalization Financing, or (ii) allow its Local Sales and Use Tax Increment (as defined below) or other Revenues from Local Public Sources (as defined below) for the proposed Local Revitalization Financing. Accordingly, the Board of County Commissioners adopted a resolution removing the County as a "participating taxing district" and "participating local government" (as such phrases are defined in Sections 102(12) and 102(11) of the Act, respectively) and notified the City of intent to be so removed, as required by Sections 106 and 107 of the Act.

(h) The City scheduled a public hearing regarding the proposed financing of the Public Improvements with Local Revitalization Financing for August 17, 2009, at 6:00 p.m., in the Council Chambers. The City caused notice of the public hearing to be published in *The Spokesman-Review*, a legal newspaper of general circulation within the Revitalization Area, on August 7, 2009 and posted in at least six conspicuous public places located in the Revitalization Area. Such notices contained the information required by Sections 104(b) and 701(b) of the Act. The Council conducted the public hearing at the time and place set forth in said notices, and considered testimony from members of the public regarding the proposed financing of the Public Improvements with Local Revitalization Financing.

(i) The Revitalization Area does not contain within its geographic boundaries any part of a "hospital benefit zone" created under chapter 39.100 RCW, any part of a "revenue development area" created under chapter 39.102 RCW, any part of an "increment area" created under chapter 39.89 RCW, or any part of another "revitalization area" created under the Act. The Revitalization Area is limited to contiguous tracts, lots, pieces, or parcels of land generally known as the "University District" and does not have boundaries that create islands of property that are not included in the Revitalization Area.

This area has a high likelihood of receiving direct positive business and economic impacts due to the Public Improvements. The Public Improvements will be located within the boundaries of the Revitalization Area. The City has not drawn the boundaries of the Revitalization Area to purposely exclude parcels where economic growth is unlikely to occur. Rather, the Revitalization Area is geographically restricted to the location of the Public Improvements and adjacent locations within said "University District." The Revitalization Area does not comprise an area containing more than 25% of the total assessed value of the taxable real property within the City.

Section 2. Definitions. The definitions in this Section apply throughout this ordinance unless the context clearly requires otherwise.

- (a) "Act" has the meaning set forth in Section 1(a) of this ordinance.
- (b) "City" has the meaning set forth in Section 1 of this ordinance.
- (c) "Council" has the meaning set forth in Section 1 of this ordinance.
- (d) "County" has the meaning set forth in Section 1(b) of this ordinance.
- (e) "Local Property Tax Allocation Revenues" has the meaning set forth in Section 102(6) of the Act.
- (f) "Local Sales and Use Tax Increment" has the meaning set forth in Section 102(8) of the Act.
- (g) "Local Revitalization Financing" means, collectively, (i) the use of Revenues from Local Public Sources to pay the principal and interest on LRF Bonds and Public Improvement Costs within the Revitalization Area on a pay-as-you-go basis, and (ii) revenues received from the LRF Tax dedicated to pay the principal and interest on LRF Bonds.
- (h) "LRF Bonds" means general obligation bonds issued by the City pursuant to the authority granted by Section 701 of the Act.
- (i) "LRF Tax" means the local sales and use tax to be imposed by the City under Section 601 of the Act.
- (j) "Public Improvements" means the "public improvements" (within the meaning of Section 102(16) of the Act) more particularly described in Section 5 of this ordinance.
- (k) "Public Improvement Costs" shall have the meaning, with respect to any of the Public Improvements, set forth in Section 102(15) of the Act.
- (l) "Revenues from Local Public Sources" means, to the extent the same are dedicated for the payment of LRF Bonds or Public Improvement Costs within the Revitalization Area on a pay-as-you-go basis, (i) the local sales and use tax amounts from

the City based on the City's Local Sales and Use Tax Increment with respect to the Revitalization Area, (ii) Local Property Tax Allocation Revenues with respect to the Revitalization Area dedicated by the City, and (iii) any other local revenues, including revenues derived from federal and private sources. The phrase "Revenues from Local Public Sources" does not include any funds derived from grants, loans or any other money provided by the State of Washington.

(m) "Revitalization Area" means the Spokane University District Revitalization Area created by Section 3 of this ordinance.

Section 3. Creation of the Revitalization Area. The City hereby creates and establishes a "revitalization area" within the meaning of the Act, to be designated as the "Spokane University District Revitalization Area."

Section 4. Boundaries of the Revitalization Area. The Revitalization Area shall have the geographic boundaries described in Exhibit A hereto (which is exhibit is incorporated herein by this reference).

Section 5. Description and Estimated Costs of the Proposed Public Improvements. The Public Improvements proposed to be made in the Revitalization Area, and the estimated Public Improvement Costs relating thereto, are:

(a) The construction and maintenance of publicly-owned streets, roads, bridges and rail facilities (such as curbs, striping, signage, traffic signals, traffic-calming devices, and utility sleeves, scoping, design, property acquisition, environmental analysis, environmental remediation, sidewalk repair, pedestrian crossings, pavement treatment or replacement, bulb outs, streetlights, trees, irrigation, street furnishings, bicycle and pedestrian facilities and safety enhancements) with a total of estimated Public Improvement Costs of \$31,420,000, including but not limited to: (i) Division Street Gateway Corridor from Interstate 90 to Sharp Avenue with estimated Public Improvement Costs of \$7,000,000; (ii) the Bicycle/Pedestrian Bridge (Railroad Safety Overpass) over the Burlington Northern-Santa Fe railroad right-of-way at or around Sherman Avenue with estimated Public Improvement Costs of \$5,200,000; (iii) sidewalk, curb, driveway curb-cut, and landscaping around the block bounded by Division, Desmet, Ruby, and Boone streets, with estimated Public Improvement Costs of \$850,000; (iv) bicycle lane improvements on Sharp Avenue, Riverside Avenue, Sprague Avenue, Second Avenue, Fourth Avenue, Fifth Avenue, Pine Street; (v) Riverside Extension Phase 3; (vi) streetscape improvements on Main Avenue (from Browne to Pine), Sherman Street (from Interstate 90 to the Burlington Northern-Santa Fe railroad right-of-way), Pacific Avenue (from Browne to Scott Streets), Grant Street (from Pacific Avenue to the Burlington Northern-Santa Fe railroad right-of-way), and Sprague Avenue (from Browne to Sherman Streets); (vii) Browne to Sherman Streets, South University District ADA Compliance Study evaluating sidewalks, ramps, and crossings; and (viii) rapid transit facility improvements with estimated Public Improvement Costs of \$5,000,000;

(b) The construction and improvement of the City's water and sewer systems construction and improvements with estimated Public Improvement Costs of \$1,000,000,

including (but not limited to) (i) water mains, valves and fittings, (ii) domestic water service lines, (iii) fire service lines, (iii) fire hydrants, (iv) sanitary sewer interceptors (including pipe in diameters of up to 72 inches), (v) sanitary sewer mains, (vi) sanitary sewer service lines, (vi) sanitary sewer manholes, and (vii) booster pumps, provided fixtures and appurtenances required to connect private development to the City's water and sewer systems shall not be considered "Public Improvements" hereunder;

(c) Park and ride facilities of a transit authority and publicly-owned rail terminal facilities with estimated Public Improvement Costs of \$3,000,000;

(d) Park facilities (including "pocket parks"), recreational areas (including improvements and extensions to existing trails, the west approach to the Iron Bridge, and the Ben-Burr multi-use trail), public boat launches on the Spokane River, and acquisition and environmental remediation of publicly-owned property, with estimated Public Improvement Costs of \$1,600,000;

(e) Storm water and drainage management systems that will be owned by the City in the Revitalization Area (as identified in the 2008 Downtown Plan Update), with estimated Public Improvement Costs of \$500,000, including (but not limited to) (i) storm sewer pipe, (ii) storm sewer manholes, (iii) storm water catch basins, (iv) drywells, (v) drainage swales (including landscaping for such swales), (vi) storm water treatment vaults and underground storage tanks, and (vii) area drainage studies to develop low impact stormwater management retrofitting alternatives including but not limited to permeable paving, tree canopy, and rain gardens;

(f) Environmental analysis, professional management, planning, and promotion within the Revitalization Area, including but not limited to the management and promotion of retail trade activities (e.g. way-finding signage, marketing, banners) in the Revitalization Area, with estimated Public Improvement Costs of \$600,000;

(g) Maintenance and security for common or public areas in the Revitalization Area, with estimated Public Improvement Costs of \$500,000; and

(h) Historic preservation activities authorized under RCW 35.21.395 with estimated Public Improvement Costs of \$500,000.

The City estimates that \$18,505,808 of the Public Improvement Costs of the proposed Public Improvements will be financed by Local Revitalization Financing. The City may issue LRF Bonds from time to time to finance the Public Improvement Costs incurred, or to be incurred, with respect to Public Improvements, and will identify in the ordinance authorizing the issuance of such LRF Bonds the particular Public Improvements to be financed with such issue of LRF Bonds. The City is not required by this ordinance to finance all, or any, of the Public Improvements described herein.

Section 6. Duration of Local Revitalization Financing. The City estimates that the Local Property Tax Allocation Revenues with respect to the Revitalization Area will be used for Local Revitalization Financing commencing on January 1, 2011, and ending on

December 31, 2035 (provided, that any delinquent taxes collected after such date that were due on or before December 31, 2035, shall be distributed to the City to the extent the tax revenue so collected is attributable to "property tax allocation revenue value" (as defined in Section 102(13) of the Act) with respect to the Revitalization Area). The City estimates that Revenues from Local Public Sources in an amount up to \$650,000 each year will be used commencing on the earliest date such Revenues from Local Public Sources become available to the City and ending on no later than December 31, 2035.

Section 7. Use of Local Property Tax Allocation Revenues. The use of Local Property Tax Allocation Revenues with respect to the Revitalization Area will commence on January 1, 2011. The County adopted a resolution (as described in Section 106 of the Act) to be removed as a "participating taxing district." The County is the only taxing district that would qualify as a "participating taxing district" with respect to the Revitalization Area.

Section 8. Anticipated Rate of the LRF Tax. The City anticipates that it will impose the LRF Tax at the rate of seven thousandths of one percent (0.007%) of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax).

Section 9. Anticipated Date for Meeting the LRF Tax Criteria. The City anticipates that it will meet the criteria for the imposing the LRF Tax on or before July 1, 2010, and that the City will impose the LRF Tax commencing on July 1, 2010.

Section 10. Intent to Incur General Indebtedness. The City intends to incur general indebtedness in the form of LRF Bonds in the maximum anticipated principal amount of \$3,500,000, and to issue such LRF Bonds as general obligation bonds, to finance the Public Improvements. The City further intends to retire such indebtedness in whole or in part from Local Revitalization Financing it receives.

Section 11. Delivery of Ordinance. The City Clerk is directed to cause a certified copy of this ordinance to be delivered to the County Treasurer and the State of Washington Department of Revenue.

Section 12. Ratification. All actions heretofore taken in furtherance thereof and not inconsistent with the provisions of this ordinance are hereby ratified and confirmed in all respects.

Section 13. Validity. If any provision of this ordinance shall be declared by any court of competent jurisdiction to be invalid, then such provision shall be null and void and shall be separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance, of the LRF Bonds or of the use of Local Revitalization Financing to finance the Public Improvements and retire the LRF Bonds.

Section 14. Declaration of Emergency. The Council hereby finds and determines that the passage of this ordinance, and the creation of the Revitalization Area at this time, is necessary for the support of city government and its existing public institutions because

of the availability of revenue from the State of Washington in the form of the "State contribution" (as defined in Section 102(22) of the Act) for the Revitalization Area, the September 1, 2009 deadline for filing applications to the State under Section 401 of the Act, and the need to finance Public Improvements and spur the redevelopment of property within the Revitalization Area. In making such finding and determination, the Council has given consideration to the purposes of the Act and the potential for economic development as a result of the formation of the Revitalization Area. In order to maximize the available funds to finance the Public Improvements, it is essential to proceed immediately with the formation of the Revitalization Area and to enter into the Interlocal Agreement. An emergency and urgency is declared and found to exist as necessary for the immediate support of City government and its existing public institutions. Based upon said emergency and urgency, this Ordinance shall be effective immediately upon its passage.

Passed the City Council on August 17, 2009.

CITY OF SPOKANE, WASHINGTON

Alexander Joe Shapiro, Jr.
Council President

Mark B. Jensen
Mayor

08/21/09
Effective Date

ATTEST:

Lauri Jasur
City Clerk

(SEAL)

Approved as to Form:

[Signature]
Assistant City Attorney



DATE: August 25, 2009
I HEREBY CERTIFY THIS IS A TRUE AND ACCURATE COPY OF THE ORIGINAL WHICH IS ON FILE IN THE OFFICE OF THE CITY CLERK.
Lauri Jasur
CITY CLERK (Acting)
SEAL: CITY OF SPOKANE
COUNTY OF SPOKANE
STATE OF WA

Exhibit A
Geographic Boundaries of the Revitalization Area

The boundaries of the Spokane University District Revitalization Area are described as follows:

Beginning at the intersection of the South right-of-way ("ROW") line of Trent Ave. and the east ROW line of Hogan St. then westerly along said south ROW line to the intersection of the west ROW line of Hamilton St.. Then north along the west ROW line to the intersection of the North ROW line of Trent Ave.. Then east along that north ROW line to the west edge of the Spokane River. Then Northeasterly following the edge of the Spokane River to the intersection of the south ROW line of Cataldo Ave. extended. Then East along the south ROW extended to the center of the Spokane River. Then following the center of the Spokane River more or less northeasterly direction to the north ROW line of Sharp Ave. Extended. Then westerly along said ROW line of Sharp Ave. to the intersection of the west ROW line of Superior St. Then north along ROW line of Superior to the south ROW of the alley between Sharp and Sinto Aves. Then west along said alley ROW to the east ROW of Dakota St. Then north along the east ROW line to the South ROW line of Sinto Ave. Then west along the south ROW line of Sinto Ave. to the west ROW line of Standard St. Then south along said west ROW line to the south ROW line of the alley between Sharp and Sinto Aves. Then west along the alley ROW line to the intersection of the east ROW line of Division St. Then Southwesterly across Division St. to the north east property corner of the property addressed as 1301 N Division St., parcel # 35181.0716 and further described as lots 5-6 Block 63 together with the 10 FT vacated strip lying east of and adjacent of said lots in Central Addition in the City of Spokane. Then along the northern property line of said parcel to the east ROW line of the Alley between Division St. and Atlantic St. The south along the alley ROW to the intersection with the north ROW line of Cataldo Ave. Then southerly across Cataldo Ave. to the northwest property corner of the property Addressed as 909 N Division St., parcel #35181.0037 and further described as Being a portion of the Northeast $\frac{1}{4}$ except for the Division St. ROW of 18-25-43 Track F of CITY SP 91-07, AUD #9112230109, in the City of Spokane. Then southerly along the west property line of said parcel to the southwest corner of the parcel. Then west along the north property line of parcel number 35181.0040, addressed 829 N Division St., to the northwest property corner of said Parcel Number 35181.0040. Then south along the west property line of that same parcel to the southwest corner of said parcel. Then east along the southern property line of that same parcel extended to the center of the ROW of Division St. Then South along said ROW of Division St. to the intersection of the ROW of Olive Ave. Then still following the center line of the ROW of the Arterial south and west to intersect and join the ROW of Spokane Falls Blvd to the west ROW of Browne St. Then south on Browne St. with the actual boundary of the Revitalization Area being the west property lines of the Parcels that are west of and adjacent to Browne St., to the intersection of Browne St. and the north ROW line of Interstate Highway I-90. Then east from the southwest corner of the parcel west of and adjacent to the west ROW line of Browne St. to the center line of the ROW of Browne St. Then South along the Center line

of the ROW of Browne to the intersection of the south ROW line of 4th Ave. Then following said south ROW of 4th Ave. easterly through the curve and continuing easterly along the center line of 5th Ave. to the center ROW line of Sherman Ave. Then North along said ROW of Sherman St. to the north edge of the ROW of Inter-State Highway I-90. Then easterly and following the ROW takes along said North ROW of Inter-State Highway I-90 to the intersection of the center line of the ROW of Arthur St. Then Northeasterly to the intersection of the north ROW line of 2nd Ave. (upper) and the east ROW line of Perry St. Then west along the north

ROW line of 2nd Ave. extended to the intersection of the easterly ROW line of the Hamilton St. access corridor. Then northwesterly following the ROW of Hamilton St. access corridor to the intersection of the east ROW of Erie St. extended. Then North along the east ROW line of Erie St. extended across the Railroad to the northern property line of the Railroad. Then northeasterly along said Railroad property line to the southwest corner of parcel number 35163.2306 addressed as 321 N Helena St. Then North along the west property line of said parcel 35163.2306 to the northwest corner of said parcel. Then northerly across Front Ave. to the intersection of the north ROW of Front Ave. and the East ROW of Hogan St. Then North along Said East ROW line of Hogan St. to the point of beginning.

CERTIFICATION

I, the undersigned, the City Clerk of the City of Spokane, Washington (the "City"), hereby certify as follows:

1. The foregoing Ordinance No. C-34470 (the "Ordinance") is a full, true and correct copy of the Ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on August 17, 2009, as that Ordinance appears on the minute book of the City; and the Ordinance is in full force and effect; and

2. A quorum was present throughout the meeting and 7 members of the City Council (which is at least one more than a majority of the members of the City Council) voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of the City this 17th day of August, 2009.



CITY OF SPOKANE, WASHINGTON

Laura Lambert

City Clerk (Acting)

C-34470