



PLANNING SERVICES
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February 28, 2020

Washington State Department of Revenue
Taxpayer Account Administration Division
Attn: Melissa Brogan
P.O. Box 47476
Olympia, WA 98504-7476

Dear Ms. Brogan:

Attached please find the City of Spokane's 2019 Annual Report for the Spokane University District Revitalization Area (UDRA).

The report documents the use of the Local Revitalization Financing Program for the improvement of public infrastructure within the revitalization area. We are pleased to be able to use this report to demonstrate the substantial value and benefit this program provides to the City and State as well as our continued compliance with RCW 39.104.030.

In December 2018, the City completed construction of the University District Gateway Bridge spanning the BNSF rail lines and providing an important connection between the WSU-Spokane Health Sciences Campus and the South University District. This highly-anticipated project, first envisioned over a decade ago as a key transportation and economic connection in the district, was funded in part with LRF financing. In fall 2020, a partnership that includes Avista Development, McKinstry, Katerra, and Eastern Washington University will celebrate the opening of the Catalyst Building and Scott Morris Center for Innovation, bringing more than 159,000 square feet of net zero innovation space to the south landing of the bridge.

In November 2019, the City of Spokane and Spokane County executed an interlocal agreement to provide for revenue sharing to supplement the Local Revitalization Financing Program funding in the UDRA. The agreement also established a new charter and seven-member governing board for the University District Public Development Authority, which administers revitalization funds. In January 2020, the Spokane City Council amended the ordinance creating the UDRA to lift the self-imposed \$650,000 annual cap on Revenues from Local Public Sources that had been adopted in 2011. These changes result in a significant increase in financial resources for public benefit projects in the district.

As reported in years past, the Burgan's Block project continues to provide a home to three new businesses bringing nearly \$7 million in new assessed improvement value to the tax rolls. The project continues to flourish and help draw interest in reinvestment in this part of the University District.

As these projects move forward and leverage the infrastructure investments the Spokane University District Revitalization area has made over the last number of years we expect to see momentum build bringing new investment, jobs and revenue to the community.

If you have any questions about this report, please feel free to contact me at 509-625-6194.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Green', with a long horizontal line extending to the right.

Christopher Green, AICP, Assistant Planner II
Planning and Neighborhood Services Department

Enc.



Department of Revenue Local Revitalization Financing Program

Annual Report
January 1, 2019 – December 31, 2019

You must return the Local Revitalization Financing (LRF) Annual Report to the Department of Revenue by March 1, 2020. Please send the completed report electronically to MelissaBr@dor.wa.gov or by mail to:

Taxpayer Account Administration
Attn: Melissa Brogan
PO Box 47476
Olympia, WA 98504-7476

1. Sponsoring Local Government: City of Spokane
- Name of Revitalization Area (RA): Spokane University District Revitalization Area
- Mailing Address: 808 W Spokane Falls Boulevard
- City: Spokane State: WA Zip: 99201

Property Tax Allocation Revenues

2. Please provide the amounts of local property tax allocation revenues received in the preceding calendar year broken down by sponsoring local government and participating taxing district (RCW 82.32.765(1)(a)).
\$68,319.28
3. Please provide the amount of state property tax allocation revenues estimated to have been received by the state in the preceding calendar year (RCW 82.32.765(1)(b)).
Nothing to report

Local Matching

Note: This section helps determine the limits of the state contribution for the following fiscal year (RCW 39.104.020(23); RCW 82.14.510(10)(a)).

4. Please provide the amount of local sales and use tax and other revenue from local public sources dedicated by any participating local government used for the payment of bonds (issued under RCW 39.104.110) and public improvement costs within the RA on a pay-as-you-go basis for the preceding calendar year (RCW 82.32.765(1)(c)).
NA
5. Please provide the amount of local sales and use tax dedicated by the sponsoring local government, as it relates to the sponsoring local government's local sales and use tax increment, used for the payment of bonds (issued under RCW 39.104.110) and public improvement costs within the RA on a pay-as-you-go basis for the preceding calendar year (RCW 82.32.765(1)(d)).
NA
6. Please list the amounts received other than those listed in 2-5 (above) from local public sources, broken down by type or source, used for payment of bonds (issued under RCW 39.104.110) or public improvement costs within the RA on a pay-as-you-go basis in the preceding calendar year (RCW 82.32.765(1)(e)).
\$385,340.68
7. Please provide the amount of revenues from local public sources that (i) were expended in prior years for the payment of bonds under RCW 39.104.110 and public improvement costs within the RA on a pay-as-you-go basis in prior calendar years that were in excess of the project award amount for that year and are carried forward for dedication in future years, (ii) are deemed dedicated to payment of bonds or public improvement costs in the calendar year for which the report is prepared, and (iii) remain available for dedication in future years (RCW 82.32.765(1)(m)).
\$13,708,701.23

Private Economic Development

8. Please provide a list of names of businesses located within the RA as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with LRF (RCW 82.32.765(1)(g)).
See Attachment "A" for this information.

9. Please provide an estimate of the cumulative number of permanent jobs created in the RA as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with LRF (RCW 82.32.765(1)(h)).
See Attachment "A" for this information.
10. Please provide an estimate of the average wages and benefits received by all employees of businesses located within the RA as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with LRF (RCW 82.32.765(1)(i)).
See Attachment "A" for this information.

Financing Information

11. Please provide a list of public improvements financed by bonds (issued or expected to be issued under RCW 39.104.110) and the bond issuance (or expected issuance) date (RCW 82.32.765(1)(j)).
The public improvements financed by bonds are: The Division Street Gateway Corridor Project (not including 2010 costs) and the University District Gateway bicycle and pedestrian bridge (partial construction cost). The bonds were issued May 9, 2011.
12. Please provide the anticipated date when bonds issued under RCW 39.104.110 are expected to be retired (RCW 82.32.765(1)(f)).
The bonds have a 25 year amortization and are expected to be retired by June 30, 2036.
13. If the sales and use tax authorized under RCW 82.14.510 has not been imposed, please provide the expected imposition date of this tax (RCW 82.32.765(1)(n)).
The sales and use tax authorized under RCW 82.14.510 was imposed by the City of Spokane on July 1, 2011.

Compliance

14. The sponsoring local government must certify it is in compliance with RCW 39.104.030 (RCW 82.32.765(1)(k)):
- a. Local government must have adopted an ordinance designating the RA within its boundaries and specified the public improvements proposed to be financed in whole or in part with the use of LRF;
 - b. The public improvements proposed to be financed in whole or in part using LRF are expected to encourage private development within the RA and to increase the fair market value of real property within the RA;
 - c. The local government has entered into a contract with a private developer relating to the development of private improvements within the RA or has received a letter of intent from a private developer relating to the developer's plans for the development of private improvements within the RA;
 - d. Private development anticipated to occur within the RA as a result of the public improvements will be consistent with the countywide planning policy adopted by the county and the local government's comprehensive plan and development regulations adopted;
 - e. The local government may not use LRF to finance the costs associated with 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;
 - f. The governing body of the local government must find LRF:
 - i. Will not be used to relocate a business from outside the RA, but within the state, into the RA unless convincing evidence is provided that the firm would have otherwise left the state;
 - ii. Will improve the viability of existing business entities within the RA;
 - iii. Will be used exclusively in areas within the jurisdiction of the local government deemed in need of either economic development or redevelopment, or both, and absent LRF the proposed economic development or redevelopment would more than likely not occur;
 - g. The governing body of the local government finds the public improvements proposed to be financed in whole or in part using LRF are reasonably likely to:
 - i. Increase private investment within the RA;
 - ii. Increase employment within the RA;
 - iii. Generate increases in state and local property, sales, and use tax revenues that are equal to or greater than the respective state and local contributions made under RCW 82.14.510 over the period of time that the local sales and use tax will be imposed under RCW 82.14.510.

Do you certify you are in compliance with the above requirements? Yes No

Estimated Sales and Use Tax Increments

15. Please provide updated estimates of the amounts of state and local sales and use tax increments received since the approval by the Department of Revenue of the project award under RCW 39.104.100 (RCW 82.32.765(1)(l)).
\$2,201,994.46

Declaration and Certification

16. I hereby certify that the information given to the Department of Revenue in this LRF Program Annual Report is true, correct, and complete to the best of my knowledge and belief. In addition, I certify that the following conditions of the LRF Program, as set forth in RCW Title 39, Chapter 104, have been met:

- The RA within the limitations of RCW 39.104.050 has been designated;
- The conditions of RCW 39.104.030 have been met;
- The application process in RCW 39.104.100 has been completed;
- Notices to all relevant taxing districts and local governments with boundaries within the designated RA have been notified and provided the opportunity to opt-out or participate in the local revitalization financing project as required in RCW 39.104.060;
- Notice of public hearing as required by RCW 39.104.040(1) has been provided;
- An ordinance adopting the RA has been passed as required in RCW 39.104.040(2);
- The local revitalization financing will not be used to finance costs associated with the financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, and reequipping of public facilities (RCW 39.104.030(5)); and
- The boundaries of the RA will not be changed for the life of the program (RCW 39.104.050(6)).

Name (typed or printed): Louis Meuler Title: **Interim Planning Director**

Signature of Responsible Official: _____ Date: _____

For tax assistance, visit dor.wa.gov or call (360) 705-6095. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.

Response to Questions Addressing Private Economic Development

- 8. *Please provide a list of names of businesses located within the RA as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with LRF (RCW 82.32.765(1)(g)).***

The Burgan's Block, a mixed use redevelopment project which started construction in late 2013, was completed in late spring of 2015. This is the first private development project with public infrastructure financing provided in part by the University District Revitalization Area. Three businesses located within the Burgan's Block development in 2015 and all three are still in operation. They are: Ruby Suites boutique serviced residences, Caruso's Sandwiches & Artisan Pizza and Qdoba Mexican.* Since then, many new businesses have located within the UDRA near public infrastructure projects funded in part with local revitalization funding along the Division Gateway project and near the University District Gateway Bridge, but these businesses may not be solely attributable to these projects, or located within buildings developed with support from local revitalization funding.

- 9. *Please provide an estimate of the cumulative number of permanent jobs created in the RA as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with LRF (RCW 82.32.765(1)(h)).***

Based on the Burgan's Block project referenced above, the estimated cumulative number of permanent jobs created in the RA is 68 (+/-) as a result of the public improvements referenced above.*

- 10. *Please provide an estimate of the average wages and benefits received by all employees of businesses located within the RA as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with LRF (RCW 82.32.765(1)(i)).***

Based on the Burgan's Block project referenced above, Ruby Suites averaged 8 employees in 2015, with an average of \$12.00/ hour and no benefits. As of 2015, both Caruso's and Qdoba had an average of 30 employees each with an average wage of \$11.00/hour. Most were part time employees with no benefits.*

*SOURCE: Erin Hojnacki, Assistant Property Manager, GVD Commercial Properties. 909 W. 1st Ave., Ste. B, Spokane, WA 99201 (509) 534-5805 (2015)