



CTED | Community, Trade and
Economic Development

Local Infrastructure Financing Tool 2008 Report

June 1, 2008
Report to the Legislature
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Executive Summary

RCW 39.102 establishes the Local Infrastructure Financing Tool (LIFT) Demonstration Program. On a limited demonstration basis, LIFT provides a new public infrastructure financing mechanism for selected local governments—three designated by the Legislature and others competitively selected by the Community Economic Revitalization Board (CERB).

The program allows each selected local government to take advantage of tax revenue generated by new private investment in a revenue development area (RDA) to help finance the cost of public infrastructure improvements that will encourage economic development and redevelopment in that area.

The incremental increases in revenue generated in the RDA are used to pay principal and interest on general obligation bonds issued to finance the public improvements. The incremental revenue, along with revenue from other local public sources that is dedicated to the payment of the bonds, are used as matching funds to earn state money that must also be used for payment of the same bonds. There is a limited capability to use LIFT revenues on a “pay-as-you-go” basis.

The state money earned is distributed through a locally applied sales and use tax that is credited against the state sales and use tax. Any local government seeking authority to impose the sales and use tax under LIFT must apply to CERB and be approved for a project award amount.

Six awards have been made under the LIFT program. Three of these were legislatively selected projects: the City of Bellingham, Spokane County, and the City of Vancouver. The cities of Bothell, Everett, and Federal Way received awards in the 2007 competitive round.

Because of the structure of the program, none of the six award recipients has any activity to report as a result of their LIFT award. None of the recipients yet has the authority to impose the necessary sales and use tax that creates the LIFT investment. The City of Bellingham receives this authority July 1, 2009; the remaining award recipients receive the authority July 1, 2010.

In moving forward with LIFT, the City of Bellingham has just completed its base year for calculating state sales and use tax revenue. In the 2007 base year, Bellingham received \$314,096.29 from their local basic and optional sales and use tax. This is from taxable activity within the New Whatcom RDA. Additionally, in 2007 the State received \$2,343,074.99 from the state's sales and use tax generated from taxable activities within the New Whatcom RDA. In future years, growth from this point in state sales and use tax revenues will determine part of the funding that Bellingham will receive through LIFT.

RCW 39.102.140 requires CERB to annually report on the progress of the LIFT program. Since none of the six LIFT recipients has the necessary taxing authority to finance public improvements through the program yet, no data is available to report regarding the following points:

- The amount of local excise tax allocation revenues, and local property tax allocation revenues, taxes under RCW 82.14.475, and revenues from local public sources received by the sponsoring local government during the preceding calendar year that were dedicated to pay the public improvements financed in whole or in part with local infrastructure financing, and a summary of how these revenues were expended;
- The names of any businesses locating within the revenue development area as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with local infrastructure financing;
- The total number of permanent jobs created in the revenue development area as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with local infrastructure financing; and
- The average wages and benefits received by all employees of businesses locating within the revenue development area as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with local infrastructure financing;
- All six award recipients have self-reported that they are in compliance with RCW 39.102.070.

CERB staff is responsible for managing the program and continues to work collaboratively with the Department of Revenue.

Results and Achievements Since the 2007 Report

- CERB distributed application materials developed jointly by CTED and the Department of Revenue (DOR).
- CERB made awards to both the legislatively selected projects and projects applying in the 2007 competitive round.
- CERB staff amended the application and process for the 2008 competitive selection.

- CERB and DOR staff have provided several training opportunities for potential LIFT applicants.

Services

- To the extent that resources permit, CERB and DOR staff will respond to inquiries from potential LIFT applicants.

What follows are the narrative descriptions of the six awarded projects. The award recipients submitted these as part of their annual report as required by RCW 39.102.140. Questions about information specifically referenced in each report should be directed to the contact listed on the Appendices page.

Appendices

- Appendix 1: City of Bellingham
Contact: Brian Henshaw, (360) 778-8036
- Appendix 2: City of Bothell
Contact: Tami Shackman, (425) 489-3372
- Appendix 3: City of Everett
Contact: Brian Jones, (425) 257-8922
- Appendix 4: City of Federal Way
Contact: Patrick Doherty, (253) 835-2612
- Appendix 5: Spokane County
Contact: Marshall Farnell, (509) 477-2600
- Appendix 6: City of Vancouver
Contact: Lloyd Tyler, (360) 619-1069

Appendix 1

City of Bellingham New Whatcom RDA

PROJECT HISTORY

In January 2005, the City committed to partner with the Port of Bellingham on the redevelopment of 137 acres of heavy industrial property formerly occupied by Georgia-Pacific Corporation (GP). The property's location in the heart of Bellingham's historic waterfront district makes this an ideal site for redevelopment combining environmental cleanup and urban revitalization.

The City committed to construct the necessary public infrastructure on the site and to create a regulatory framework attractive to private investment. The Port committed to undertake the environmental cleanup of its property and the Whatcom Waterway, build the necessary marine infrastructure, and provide the City land for parks, public space, and right-of-ways. This is the largest redevelopment project in the history of Whatcom County and is the beginning of an exciting new era for Bellingham's waterfront. Over the next several decades, Bellingham's waterfront will undergo a transformation from an industrial waterfront site into a vibrant new neighborhood featuring breathtaking views, parks and trails, sustainable urban living, and a mix of essential new and traditional jobs.

Redeveloping Bellingham's central waterfront will provide numerous benefits for all of Whatcom County. These benefits include: (1) promoting mixed-use redevelopment that will help generate new family-wage jobs; (2) providing an area for both housing and business development to occur in a manner that helps preserve the County's limited supply of agricultural and natural resource lands; (3) helping reduce traffic congestion by allowing more people to live near where they work; (4) facilitating remediation of environmental contamination within the site to a standard suitable for mixed-use redevelopment; (5) facilitating the creation of valuable near shore habitat; (6) allowing Western Washington University to expand programs and establish a more visible presence in Bellingham; and (7) demonstrating Bellingham's commitment and ability to provide public access to the waterfront and to promote environmentally sustainable redevelopment.

PROJECT STATUS

City and Port officials are working with Collins Woerman and Blumen Consulting Group, Inc. to produce the master plan and development agreement for the site. The Draft Environmental Impact Statement (DEIS) on the waterfront redevelopment project was released on January 9, 2008. Written public comments will be accepted until March 10, 2008. In addition, a formal public hearing on the Draft Environmental Impact Study will be held from 1-4 p.m. and 6 p.m. until closing on Thursday, February 20, 2008.

The consultants will utilize the public comments on the DEIS to build upon the information produced to-date to prepare: (1) an Environmental Impact Statement (EIS) of the redevelopment, (2) a Master Plan and a Scheme of Harbor Improvements, (3) a set of development regulations that establishes the required standards for the entire New Whatcom area; and (4) a development agreement between the City and the Port that establishes each jurisdiction's responsibilities associated with implementing the master plan.

REVENUE DEVELOPMENT AREA

Bellingham's Revenue Development Area (RDA) was established with the Community Economic Revitalization Board's (CERB) approval of our application in September 2006.

Bellingham's base year (2007) produced \$315,520 of RDA sales tax revenue and \$845,370 in new construction assessed valuation. The sales tax revenue will be compared to the 2008 "Measurement" year revenue to determine the amount of "Local excise tax allocation revenue" available in 2009 and beyond. Establishing 2007 as our base year was an important first step to the success of our project as we anticipate a large amount of demolition, environmental cleanup, and construction beginning in 2008.

The following chart shows that the first year of "Local property tax allocation revenue" to be \$1,495. It is anticipated that both the Local excise and property tax allocation revenue will increase in 2008 due to the large amount of demolition, environmental cleanup, and construction scheduled within the RDA. This revenue will be segregated to facilitate tracking and ensure that it is used for public infrastructure projects identified under the LIFT program.

| Revenue Development Area | Base Year 2007 |
|---|---------------------------|
| Sale Tax Revenue | \$315,520 |
| Assessed Valuation New Construction (Entire Building) | \$221,000 |
| Assessed Valuation Improvements | \$624,370 |
| Total Construction | <u>\$845,370</u> |
| Property Tax Allocation Revenue Value (75%) | <u><u>\$634,028</u></u> |
| City General Fund | \$1,273 |
| Port of Bellingham | \$222 |
| Total Local Property Tax Allocation Revenue | <u><u>\$1,495</u></u> |

JOB CREATION

Although no public infrastructure projects have yet been implemented portions of the RDA are undergoing transformation in anticipation of the redevelopment. There has been an increased interest in the surrounding property with several parcels changing hands. This part of the city comprises many older buildings that are nearing the end of their useful life and therefore provide affordable lease space. This area is good for start-up businesses that can't afford higher rent or destination type businesses such as professional offices (i.e. attorneys, CPA's, psychologists). Customers of these professions will tend to seek them out so the physical location of the office is driven more on rental rates than location.

Forty-six out of the seven hundred and seventy-five new businesses registered with the City in 2007 were identified as being located within the Revenue Development Area. See Exhibit A for a complete list of RDA businesses. A survey of these new businesses was undertaken to obtain the number of permanent jobs created, the average wage, and the average benefits provided as required under RCW 39.102.140. See Exhibit B for a copy of the survey. Each business was contacted twice with a total of seventeen business owners responding. This is not surprising due to the sensitive nature of salary and benefit information requested. A yes or no option regarding salaries was provided as an alternative to actual salary information. Owners could answer yes or no if salaries were above Whatcom County's average wage. According to the Washington State Department of Employment Security, the average wage in Whatcom County in 2007 was \$32,609.

The seventeen new businesses within the RDA that responded to the survey created a total of one hundred and eight new jobs. Of these, there were eleven jobs reported as paying more than the average wage in Whatcom County with the rest being part time or contract jobs. In addition, twenty of the positions provided some benefits with an average benefit per person of \$380.

It is important to remember that the redevelopment master plan is still underway and that there has not yet been any public investment in the site. These jobs are in addition to the 2,400 jobs that are anticipated when the redevelopment project is fully built out.

LOCAL INFRASTRUCTURE FINANCING TOOL

LIFT Legislation is an important economic tool for the State of Washington. The City of Bellingham looks forward to working with the Community Economic Revitalization Board and the Department of Revenue in utilizing this economic tool.

Appendix 2

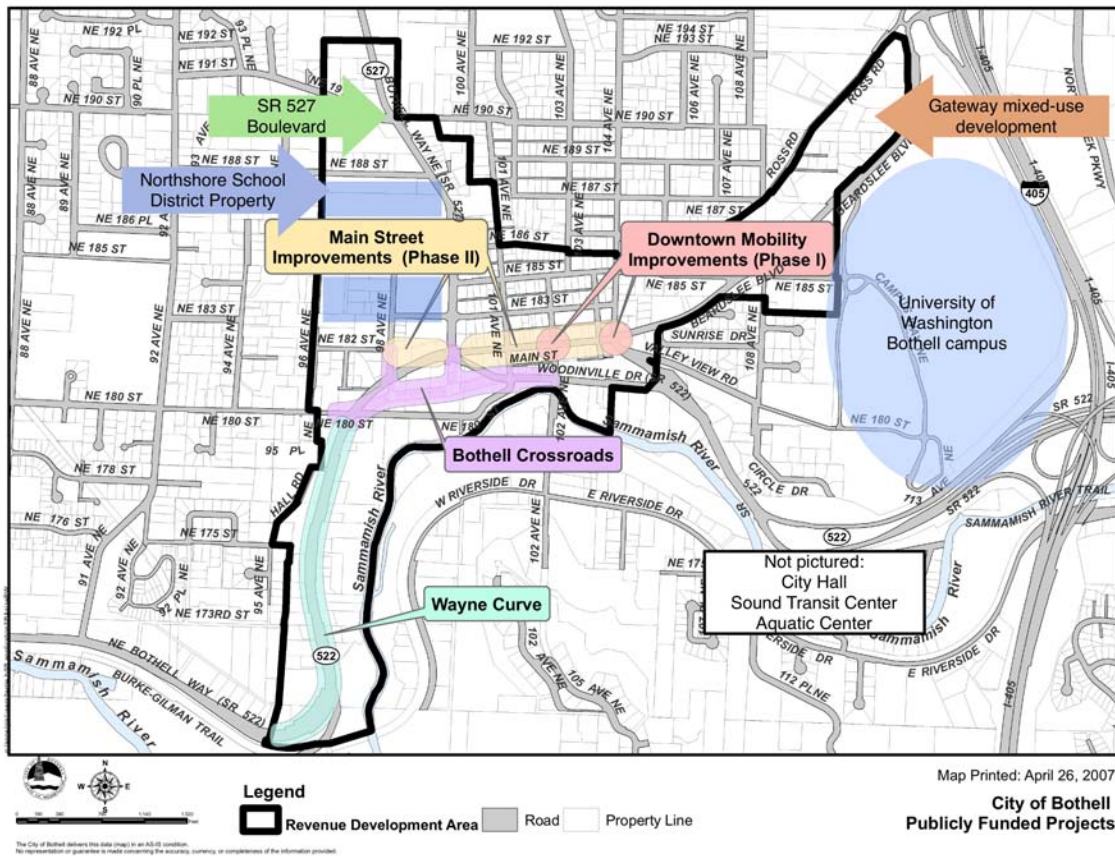
City of Bothell Revenue Development Area

DEVELOPMENT PLAN OVERVIEW AND PROGRESS TO DATE

The boundaries of the RDA include Main Street and parts of Bothell Way (SR 522 and 527), with the Sammamish River bordering the RDA to its south and the University of Washington/Cascadia Community College Campus to the east. Figure 1 shows the RDA boundaries.

Between 2008 and 2033, the RDA is the site of seven proposed publicly funded infrastructure improvement projects, and numerous public/private partnership and private investment projects. Figure 1 shows a map of the general location of the major development projects, including publicly funded projects, public/private partnerships, and privately funded projects.

Figure 1. Major planned development projects, City of Bothell



Source: City of Bothell and overlay by ECONorthwest. jj

Public RDA projects are incorporated in Bothell's Comprehensive Plan

Bothell Crossroads. This project realigns SR 522 to the south to create new "T" intersections at SR 527 and 98th Avenue NE. SR 527 will be extended from Main Street to the new SR 522 realignment. The roadway will consist of two lanes in each direction with a center turn lane, sidewalks, intersection improvements, traffic signals, access management, drainage, water quality features, utilities, lighting, mitigations and landscaping. Its development will create a surplus for several new highly visible blocks of commercial area as well as reduce regional traffic congestion at the crossroad of SR 522 and SR 527. The project is expected to be completed in 2012 for a total cost of \$42 million. **Update.** The City has worked extensively with the Washington State Department of Transportation (WSDOT) on the project concept. In September 2007, WSDOT provided a letter supporting the concept to realign SR 522 to the south of the current alignment. Substantial traffic analyses and preliminary draft concepts have been completed to assist in working with WSDOT. Right of way acquisition has begun.

Wayne Curve. This project enhances the west entrance to the City on SR 522, from Wayne Curve (96th Avenue NE) to NE 180th Street. Improvements will include the addition of transit queue jump lanes in each direction at Wayne Curve, a second westbound SR 522 - to southbound 96th Avenue NE left turn lane and improvements to the 96th Avenue SE intersection. Additional project elements include sidewalks, traffic signals, access management, transit signal priority, drainage, water quality features, utilities, landscaping and street lighting. City authorization to proceed was achieved in 2006. Construction award is scheduled for spring of 2008 and is expected to be complete in December 2009. Estimated cost of this project is \$19 million. **Update.** The City has worked extensively with King County Metro and Sound Transit on the project concept through Wayne Curve and into downtown. WSDOT has approved the channelization at Wayne Curve and the City has already completed right of way acquisition of some parcels. Other acquisitions are still in progress. Design is 90% complete.

Main Street Improvements:

- **Downtown Mobility Improvements (102nd Street and Kaysner Way Intersections)).** This project installs a pedestrian-scale traffic signal or roundabout at the Kaysner Way/Main Street intersection to address the failing intersection. This would be followed later by the installation of a pedestrian-scale traffic signal at the 102nd Avenue NE/Main Street intersection. Both intersections would be designed to maintain, as best as possible, the pedestrian friendly atmosphere of Main Street. This project will cost \$1.15 million. **Update.** The City has entered into an agreement with Sound Transit to share costs for the preliminary design. Preliminary design work has started.
- **Enhancement of Main Street.** This project will improve Main Street from SR 527 to Kaysner Way. The entire streetscape, including travel lanes, parking and sidewalk improvements will provide a pedestrian-friendly atmosphere while maintaining the transportation function. The project will include downtown amenities and urban elements such as lighting, landscaping, benches, trash

receptacles, and bicycle racks. This project will cost \$3.15 million. **Update.** Conceptual design work is slated to start in 2008.

- **Extension of Main Street.** In conjunction with Crossroads project, this project would extend Main Street one block to the west from SR 527 to 98th Avenue NE creating a new interior block from excess property due to the realignment of SR 522. The extended Main Street will provide a key east-west connection for Downtown Bothell. This project will cost \$3.7 million. **Update.** Conceptual design work is slated to start in 2008.

There are various other improvement projects occurring within City of Bothell's revenue development area. For more information on these, please contact the Tami Shackman at the City of Bothell.

PRIVATE SECTOR DEVELOPMENT

Northshore School District site. The City of Bothell approved a Memorandum of Understanding on May 15, 2007, with the Northshore School District to potentially guide the City in acquiring approximately eighteen-acres in the downtown core. The District anticipates surplus this site to allow its use in accordance with the new Downtown Plan for public facilities and mixed-use development, which includes ground floor retail, office space, stacked housing, and town homes. The project will also create a downtown connection to Pop Keeney Stadium. **Update.** The City and the School District are expected to reach agreement on a purchase and sale agreement in the second quarter of 2008.

Gateway mixed-use development. This site, near the intersection of Beardslee Boulevard and Interstate 405, includes private development of dense residential, office, and retail space. The project is in the permitting process and will include about 80,000 square feet of retail and around 50,000 square feet of office space. **Update.** A grading permit has been applied for.

Appendix 3

City of Everett Riverfront Revenue Development Area

PROJECT DESCRIPTION

The City of Everett's new Riverfront Revenue Development Area (RRDA) covers approximately 233 total acres of mostly vacant property uniquely situated between Interstate 5 and the Snohomish River, from Pacific Avenue and Lowell/Snohomish River Road. The RRDA includes four large parcels, identified as Parcels A, A-1, B, and C, which together represent approximately 111 acres of prime developable property that are poised for development as a cohesive, unique blend of commercial, office, retail, and residential uses that will generate significant jobs and tax revenues for the region. Parcel A, a reclaimed municipal landfill, is planned for redevelopment as a "lifestyle entertainment center," akin to Seattle's University Village or Redmond's Town Center. Parcel A-1, a portion of the former landfill, is planned for a commercial office complex, a portion or all of which is currently being considered as the site of a Children's Hospital branch clinic. Parcel B, part of the former site of the Simpson Paper Mill, is planned for redevelopment as a new residential neighborhood. Parcel C represents an assemblage of approximately 11 developable acres, much of which is the former site of a log-handling yard, and is planned for a mixed-use commercial and residential development. These planned land uses are all consistent with official planning related to the RRDA, and the developer of Parcels A, A-1, B, and C is undertaking an additional Planned Development Overlay (PDO) process that will further customize the zoning for this property. Additionally, this mix-use development is illustrative of the type of mixed land uses envisioned under the Growth Management Act, with additional density being accommodated by cities and urban residential footprints growing in and near downtown areas.

The total new taxable commercial activity generated from these developments over the next 30 years has been independently estimated to be about \$4.5 billion or an average of approximately \$149 million per year. The incremental increases in sales and property taxes resulting from these developments are estimated to total approximately \$400 million over the next 30 years or an average of some \$13.3 million per year. These developments will also generate some 1,530 new jobs involving several different industries.

There are few, if any, areas of the size and quality represented in the RRDA in close proximity to Interstate 5 in the central Puget Sound region. In fact, economic development officials describe the RRDA as the largest contiguous undeveloped tract of land adjacent to I-5 between Seattle and the Canadian border. What makes the site even more attractive to prospective developers is that it features a central location on one hand, and a pastoral, riverside environment on the other. Specifically, the Riverfront RDA is adjacent to Everett's downtown core and multi-modal transportation centers, including Everett Station, to the west, and adjacent to the Snohomish River

shoreline to the east. The RRDA is ideally situated for “placemaking” that features sustainable development on all levels and direct linkages between the shoreline environment and the Everett Station multimodal facility.

The City has negotiated with OliverMcMillan (OM), a large development firm out of San Diego, California, with extensive experience in mixed-use development projects, for the development of the entire Riverfront District. OliverMcMillan’s development plan proposes approximately 800,000 square feet of retail, office, and commercial developments, as well as up to 1,000 residential units. By 2012, the entire site is expected to be developed, with a total anticipated investment of \$490 million in direct private sector investment in building and site development, and a projected addition of some 1,530 new jobs. Also, OM has committed to comply with the LEEDS “Silver” construction standards for all their developments, to assure the blending of these developments into the unique natural setting of the Riverfront RDA.

It is also noteworthy that the cleanup and “due diligence” work within the Riverfront Development District has provided the City with a clear indication of the developable nature of the site, and with a transparent understanding of how Parcels A, A-1, B, and C can be developed in an environmentally friendly manner. Specifically, the Department of Ecology has issued a “no further action” letter for the former Simpson Paper Mill property within Parcel B, and the federal government assisted with a brownfield redevelopment study that showed the types of development best-suited for Parcels A and A-1. The City also has worked under DOE regulations and guidelines to clean up and cap the former landfill site within Parcels A and A-1. Overall, Everett has spent more than \$13 million over the past decade on site clean up and remediation efforts involving Parcels A, A-1, and B. Additionally, the City has worked with citizens and stakeholders to ensure that significant wetland areas that adjoin the developable areas will be both significantly enhanced and maintained in perpetuity. The City has invested significant funds on top of the \$13 million to import fill to the site, remove trash and debris, and take many other practical and procedural steps to make the Riverfront properties development ready. When OM’s work is complete, the Riverfront RDA will represent one of the most comprehensive transformations of formerly dormant, brownfield property ever successfully undertaken in Washington State.

PROJECT STATUS

Since the award of the LIFT authority for the Riverfront RDA, the City of Everett and its developer, OliverMcMillan (OM), have been working diligently on the advancement of the pending infrastructural improvements and private developments within the district. Significant progress has been made in the following areas:

- The City and OM are presently completing the final conditions of the development agreement to allow for OM’s closing on the purchase of Parcels A, A-1, B, and C within the Riverfront RDA, which is now scheduled to occur on 4/30/2008.

- The City and OM have circulated the draft EIS for the Riverfront projects and are now working on finalizing this document. The final EIS should be completed by April of 2008. The Shoreline Permit process is scheduled to be completed by July of 2008.
- OM's initial site preparation work is scheduled to commence in May of 2008. This work involves site grading and the preloading the development areas to accommodate future building and infrastructure construction.
- The City's design teams are working on several projects concurrently. These projects include the 41st Street extension and roundabout (anticipate construction in the spring of 2009); the leachate system improvements and sanitary/storm water utilities (anticipate construction in the fall of 2010); and the trails, public amenities, and wetland enhancements (anticipate initial project in the summer of 2010).
- OM is now finalizing their site drawings and preliminary building elevations, and they are schedule commence their building construction in the summer of 2009. Their commercial developments are now scheduled to open in the summer of 2011.

Appendix 4

City of Federal Way City Center Revenue Development Area

The City of Federal Way is pursuing aggressive redevelopment of its largely auto-oriented, suburban style central business district (“City Center”) in pursuit of a higher-density, mixed-use, multistory, pedestrian-friendly and transit-oriented major urban center between Seattle and King County that is envisioned by the city leaders and the state Growth Management Act. The Revenue Development Area (RDA) for application of the LIFT program comprises a majority of the City Center.

An essential component to triggering the redevelopment of the Federal Way City Center is significant additional investment in public infrastructure in tandem with private development. Key investments in public **open space** will begin to provide the amenities that create the “sense of place” that will draw residents, shoppers, employers and visitors. Key investments in **ROW** improvements will add bike lanes, walking paths and additional roads to help create a pedestrian-friendly, efficient traffic circulation and land-use pattern. Key investments in **public parking** facilities are necessary to support the more intensive urban-style, mixed-use and multistory developments.

The Federal Way LIFT program will leverage up to a \$1 million/year in State funds over the 25-year program period, resulting in up to \$35 million in total funding for these infrastructure improvements.

While this redevelopment scenario will be comprised of multiple projects, three major projects are cornerstones of this effort:

1. Symphony, a high-rise, mixed-use redevelopment project with up to 900 residential units, 60-75,000 SF of retail and service uses, and 50-75,000 SF of office uses (including a potential home for the Federal Way campus of Highline Community College). This project includes an approximately one-acre public park.

This project is in the permitting phase and public-sector investment in the project, related to the public open space, is currently being negotiated.

2. Rainier Plaza, a high-rise, mixed-use redevelopment project with up to 480,000 SF of retail and service uses, 100,000 SF of office space, a 150-room hotel with meeting facilities, and 1750-2000 residential units. (These numbers differ from those in the initial LIFT application as the project has evolved, due to market feasibility factors, since that time.) This project includes public parking, public open spaces and ROW improvements.

This project is currently being refined by the developers and the public-private partnership proposal is being reviewed by City staff. Upon verification of market

feasibility, economic impact, and extent of public-sector request, the City anticipates being able to enter into a public-private partnership agreement later this year.

3. **Redevelopment of The Commons Mall.** This project encompasses transformational redevelopment of the existing auto-oriented shopping mall, with introduction of new public street(s), public parking, public open spaces, etc. Several redevelopment scenarios are being explored in greater detail, including mixed-use, low-, mid- and potentially high-rise buildings. Build-out would including approximately 170,000 SF of mostly ground-related retail space and approximately 430,000 SF of upper-level tenant space that could be programmed for office, service commercial and residential, as market forces dictate. If all such space were residential, that would yield up to 430 units; while half of this space in residential would yield approximately 215 units. The concept would necessitate approximately 850 structured parking spaces, at least half of which would be deemed “publicly accessible.”

This project is in the concept stage, with site planning and massing studies under consideration by both the City and the mall owner. It is likely that public-private partnership negotiations will be under way later this year.

Between currently proposed, emerging and potential redevelopment projects within the City Center RDA, the City anticipates the following break-down of new development:

| Land Use | Amount | Net Jobs |
|-----------------------------|----------------------|-----------------|
| Residential: | 1,500 dwelling units | -- |
| Retail: | 1,500,000 SF | 3,347 |
| Commercial/Office: | 700,000 SF | 1,765 |
| Hotel: | 1,200 rooms | 730 |
| Civic/Cultural/Educational: | 200,000 SF | 243 |
| TOTAL: | -- | 6,086 |
| | | |

Appendix 5

Spokane County River District Revenue Development Area

BACKGROUND

The Spokane County River District Revenue Development Area at Liberty Lake is identified as a legislatively selected demonstration project in E2SHB 2673 and 2SHB 1277. CERB approved the River District RDA application on September 13, 2007. The RDA has a 2008 Base Year. As identified in its CERB application, Spokane County anticipates establishing the Local Infrastructure Financing Tool (LIFT) sales and use tax, authorized under chapter 82.14.030 RCW, on July 1, 2010, the earliest date allowed by statute. July 1, 2010 is also the earliest date Spokane County could consider for the initial bond sale.

This 2008 Annual Report therefore reflects no property or excise tax allocation revenues generated or dedicated to pay for any public improvements as a result of the LIFT program. Also, no businesses have therefore located within the River District RDA, nor has any private investment occurred as a result of the LIFT program and the anticipated public improvements.

The River District RDA coincides with the boundary of Spokane County Increment Area 2005-01, a property Tax Increment Finance (TIF) area authorized under chapter 39.89 RCW and established by Spokane County on December 22, 2005. Increment Area 2005-01 has a 2005 Base Year and a 2006 Increment Year.

Since establishment of the TIF Increment Area 2005-01, approximately \$270,000 of public infrastructure has been constructed. These improvements are shown in the following Table 1.

| Project Description | Project Cost |
|--------------------------------|--------------|
| Bitterroot Street | |
| Street, Lighting & Landscaping | \$ 143,868 |
| Storm Drainage | \$ 21,842 |
| Sewer | \$ 32,233 |
| Water | \$ 71,812 |
| Total To Date | \$ 269,755 |

Source: Greenstone

These public improvements have encouraged private investment that has contributed to increased taxable valuation within the River District TIF Increment Area and RDA. Table 2 lists the annual River District RDA taxable valuation and tax distribution since formation of the TIF Increment Area 2005-01.

| TABLE 2 River District Taxable Valuation and Tax Distribution | | | | | | | | | | | |
|---|----------|-------------------|---------------------------------|------------------------|----------------------|------------------------------|----------------------|----------------------|------------|--------------------|----------------------------------|
| | | | Tax Distribution | | | | | | | | |
| Assessment Year | Tax Year | Taxable Valuation | Spokane County Library District | Spokane County General | Conservation Futures | Spokane Valley Fire Dist. 01 | City of Liberty Lake | Spokane County Roads | State | River District TIF | Total |
| 2005 | 2006 | 61,056,253 | Base Year | | | | | | | | |
| 2006 | 2007 | 87,736,370 | 21,596.00 | 88,878.23 | 4,278.24 | 83,507.48 | 42,926.94 | 62,235.66 | 192,474.65 | 89,297.18 | 585,194.38 |
| 2007 | 2008 | 128,574,460 | 4,757.28 | 92,594.29 | 5,664.73 | 117,466.35 | 107,229.34 | 13,472.60 | 248,848.22 | 216,308.63 | 806,341.44 |
| Note: For Tax Year 2008, values shown are preliminary and are subject to change due to valuation appeals and other adjustments. | | | | | | | | | | | |
| | | | | | | | | | | | Source: Spokane County Treasurer |

The River District contained 15 existing businesses at the time of the RDA formation and CERB application approval. Two additional businesses have opened since that time: The Valley HUB and Bargain Hunt. The Valley HUB is a faith based youth sports outreach program operating in an existing vacant facility. Bargain Hunt is a cabinet retailer, also opened in an existing vacant facility. During 2007, an existing food service provider closed. Another food service provider has announced an opening in 2008 in the same facility. A listing of the businesses within the River District is shown in Table 3.

| No | Business Name | Business Type | Employees (As of 12/31/2007) | Employees (As of 12/31/2006) |
|-------|-------------------------|--------------------------|---------------------------------|------------------------------------|
| 1 | All Sport | Vehicle Retailer | 27 | 22 |
| 2 | Ameresell | Realtor | 13 | 13 |
| 3 | Appraisal Spokane | Real Property Appraiser | | |
| 4 | Bargain Hunt | Retailer | 6 | 0 |
| 5 | Best Western Peppertree | Hotel | 14 | 15 |
| 6 | Divine Corp. (Shell) | Fuel Station/Conv. Store | 4 | 4 |
| 7 | Freedom RV | Vehicle Retailer | 16 | 14 |
| 8 | Gee Automotive Group | Vehicle Retailer | 85 | 80 |
| 9 | Hummer | | | |
| 10 | Pontiac/GMC | | | |
| 10 | Porsche | | | |
| 11 | Hay J's | Food Service | 20 | 15 |
| 12 | HUB | Youth Mission/Sports | 2 | 0 |
| 13 | Master Craft | Vehicle (Boat) Retailer | 6 | 0 |
| 14 | Spokane Kia | Vehicle Retailer | 35 | 38 |
| 15 | Storage Solutions | Storage | 4 | 3 |
| 16 | Harvard Road Site | | | |
| 16 | Mission Ave. Site | | | |
| Total | | | 232 | 204 |

Source: City of Liberty Lake

The 2007 River District total taxable sales, generated sales and use taxes and the distribution is shown in Table 4.

| Year | Total Taxable Sales | Total State & Local (8.6%) | Total State (6.5%) | Total Local (2.1%) | Spokane County | City of Liberty Lake |
|------|------------------------|----------------------------------|-----------------------|-----------------------|-------------------|----------------------------|
| 2007 | \$ 47,372,262.66 | \$ 4,074,014.58 | \$ 3,079,197.07 | \$ 994,817.51 | \$ 147,730.40 | \$ 398,547.69 |

Source: City of Liberty Lake

The information presented in Tables 1 – 4 documents base data that will be used by Spokane County and the City of Liberty Lake to monitor progress and performance of both the River District TIF and LIFT programs.

CURRENT ACTIVITIES

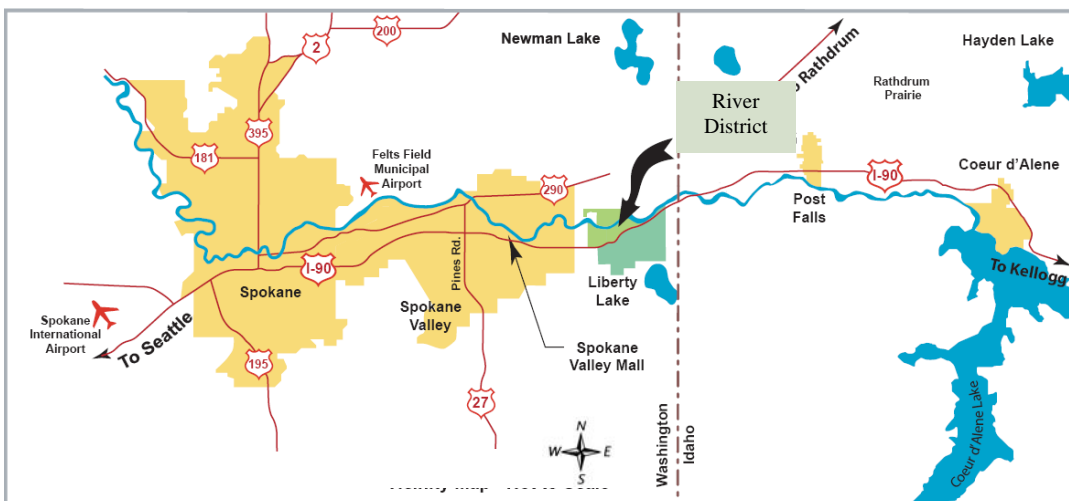
Planning constitutes the major emphasis as the project developer positions the River District for infrastructure design and eventual construction. Basic infrastructure system needs for water, wastewater, stormwater and parks are being analyzed and alternatives evaluated within the constraints of the Growth Management Act and comprehensive planning documents of both Spokane County and the City of Liberty Lake. Special emphasis is being given to transportation elements, critical to the success of the River District.

The Spokane Regional Transportation Council is preparing the East Valley/West Rathdrum Prairie Traffic Model. This model identifies deficiencies to Interstate 90 accesses at Liberty Lake. A transportation study will follow that will identify any purpose and need for I-90 access improvements. If findings from the transportation study warrant, an Interchange Justification Report (IJR) will be prepared and submitted for approval to the Washington State Department of Transportation and the Federal Highway Administration.

These planning efforts will allow LIFT funded public infrastructure to ultimately be constructed and private investment to occur within the River District as briefly described below.

PROJECT DESCRIPTION SUMMARY

The River District at Liberty Lake is a planned mixed-use development on approximately 1000 acres contained within the 1540 acre River District RDA.



The vision and design principles that guide the development plan include the following:

- ❖ A design that opens to the Spokane River and provides many opportunities for visual and physical access to the river.
- ❖ An integrated park and trail plan connecting project to the river, Centennial Trail and to Liberty Lake’s trail system.
- ❖ A mixed-use design, with urban characteristics, that embraces a wide range of residential, commercial and civic uses.
- ❖ A diverse range of housing products that reflects the changing markets to smaller lots and higher density development, including affordable and workforce housing components.
- ❖ A pedestrian oriented village center providing a focal point for civic, social and commercial activity.
- ❖ A regional shopping center that meets the needs of the broader Spokane-Coeur d’Alene community.

Conceived from the start as pedestrian oriented urban community, River District embraces the ideal of city life: an urban tapestry of diverse and distinctive homes, walkable, tree-lined streets, neighborhood stores, nearby offices, schools and parks throughout. As an urban density mixed-use center, River District will incorporate, upon full development, over 4400 residential units, 2.5 million square feet of office, commercial and industrial space, and over 150 acres of public and private parks and open space. Public infrastructure anticipated to be funded by LIFT, and conforming to the Comprehensive Plans of Spokane County and the City of Liberty Lake, is shown in Table 5.

| Infrastructure Description | Estimated Cost |
|---|----------------------|
| Arterial Streets, Lighting, Landscaping & Signalization | \$ 10,000,000 |
| Interstate 90 Access/Bridge Improvements | \$ 16,000,000 |
| Stormwater | \$ 4,000,000 |
| Transit Parking | \$ 2,500,000 |
| Parks & Trails | \$ 29,900,000 |
| Water Distribution Improvements | \$ 4,100,000 |
| Wastewater Collection Mains & Lift Stations | \$ 3,500,000 |
| Wastewater Reuse | \$ 2,000,000 |
| Total | \$ 72,000,000 |

Appendix 6

City of Vancouver Riverwest Revenue Development Area

The Vancouver Riverwest development will use the LIFT award.

Riverwest is a \$165 million public-private mixed use development that includes four multi-story buildings. In addition to the new main library of the Fort Vancouver Library system, Riverwest will offer a new civic plaza, condominium residences, an office building, retail, a boutique hotel all over a multi-level underground parking garage. Water features, public art and green spaces will also be featured in this project.

The Riverwest Revenue Development area encompasses approximately 3.75 acres at the southeast corner of “C” Street and Evergreen Boulevard. As currently proposed, development within the RDA includes:

- 90,000 square foot central library for the Fort Vancouver Regional Library District.
- 120,000 square feet of office space.
- Approximately 200 residential units.
- A 100 room boutique hotel.
- 18,500 square feet of retail.
- An 850-900 space parking garage.
- A public plaza and corridor.

Community Economic Revitalization Board

The 20-member Community Economic Revitalization Board (CERB) is comprised of representatives of large and small businesses from across the state and representatives of state, local and tribal government, as designated in statute. The Board sets policy and selects projects to receive CERB and LIFT financing. Administrative support to CERB is provided by the Department of Community, Trade and Economic Development. CERB's statutory authority is codified in Chapter 43.160 RCW.

Governor Appointments

Tom Trulove, Chair
Cheney, WA
Economist

Marty Gardner, Vice Chair
Kennewick, WA
Large Business

George Raiter
Kelso, WA
County Official

Drew Hansen
Bainbridge Island, WA
Public Representative

Miland Walling
Bickleton, WA
Small Business

Julie Tappero
Gig Harbor, WA
Small Business

Allen Brecke
Kennewick, WA
Small Business

Peter Han
Redmond, WA
Large Business

Lisa Wellman
Mercer Island, WA
Small Business

Mark Urdahl
Wenatchee, WA
Port Official

Michael Echanove
Palouse, WA
City Official

David Burnett
Oakville, WA
Federally Recognized
Indian Tribe

Legislative Appointments

Senator Brian Hatfield
Senate Democratic
Caucus

Senator Mike Hewitt
Senate Republican
Caucus

Representative Troy
Kelley
House Democratic Caucus

Representative Dan
Newhouse
House Republican Caucus

Agency Representatives

Larry Williams
Assistant Director
Department of Community,
Trade and Economic
Development

Evelina Tainer
Senior Policy Analyst
Employment Security
Department

Skeets Johnson
Tax Policy Specialist
Department of Revenue

Elizabeth Robbins
Transportation Planning
Manager
Department of
Transportation



