

**URBAN EXPERIENCE COMMITTEE MEETING
AGENDA FOR
June 11, 2018
1:15 p.m. – City Council Briefing Center**

The Spokane City Council's Urban Development Committee meeting will be held at **1:15 p.m. on June 11, 2018** in City Council Briefing Center –Lower Level City Hall, 808 West Spokane Falls Boulevard, Spokane, Washington.

The meeting will be conducted in a standing committee format. Because a quorum of the City Council may be present, the standing committee meeting will be conducted as a committee of the whole council.

The meeting will be open to the public, with the possibility of moving or reconvening into executive session only with the members of the City Council and the appropriate staff. No legislative action will be taken. No public testimony will be taken and discussion will be limited to appropriate officials and staff.

AGENDA

I. Call to Order

II. Approval of Minutes

III. Consent Items

- Catalyst Building Project of Citywide Significance Incentive Recommendation - Andrew Worlock
- Contract Amendment/Extension with American Recycling Corporation - David Paine
- Extension of Sole Source Contract with McCoy Power Consultants – David Paine

IV. Discussion Items

A. Council Request

- Bond Update (15 minutes) – Rick Romero

B. Staff Requests

- Vacation of Congress & Crestline between Southeast and Overbluff (5 minutes) – Eldon Brown
- Downtown CENTRAL – the 2018 Downtown Plan Update (5 minutes) - Kevin Freibott

C. Business Reports

V. Strategic Plan Session

- A. Economic Update – Dawn Kinder (10 minutes)
- B. Social Capital – SRHD (15 minutes)

VI. Adjournment:

Next Urban Development Committee meeting will be on Monday, July 09, 2018.

AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION: *The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Spokane City Council Chamber in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) at the City Cable 5 Production Booth located on the First Floor of the Municipal Building, directly above the Chase Gallery or through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or msteinolfson@spokanecity.org. Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.*

Briefing Paper Urban Experience

Division & Department:	Public Works Division; Solid Waste Disposal
Subject:	Contract amendment/extension with American Recycling Corporation
Date:	June 11, 2018
Contact (email & phone):	David Paine, dpaine@spokanecity.org , 625-6878
City Council Sponsor:	
Executive Sponsor:	
Committee(s) Impacted:	Urban Experience/ Public Infrastructure, Environment and Sustainability Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget , Comp Plan, Policy, Charter, Strategic Plan)	
Strategic Initiative:	Sustainable Resources – Sustainable Practices - Recycling Metal
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Council approval to continue sending metals ash and scrap metals to American Recycling, thereby allowing this material to be utilized for recycling instead of disposed in a landfill.
<u>Background/History:</u> <p>Metals are removed from ash prior to disposal at the Waste to Energy Facility. Also, large metal items are removed from the waste on the tipping floor for recycling prior to incineration. This not only reduces disposal costs but also generates revenue and increases recycling.</p> <p>In 2015, City entered into a contract with American Recycling Corporation in response to RFP #4071-14 for these recycling services. The RFP stipulated that the term of the agreement would be for one year and may be extended for four (4) additional one-year contract periods, not to exceed five (5) years. The initial contract was not written in alignment with the RFP and only allowed for a total of three (3) years. This amendment/extension is to correct the contract terms and align them with the original intent of the RFP, and to execute the three (3) of four (4) possible one-year extensions.</p>	
<u>Executive Summary:</u> <ul style="list-style-type: none"> • Contract Amendment/Extension #3 of 4 with American Recycling Corporation for the recycling of metals ash and scrap metal at the Waste to Energy Facility. • RFP #4071-14 for these services allowed for a five (5) year maximum period of performance. • Original contract allowed for a maximum period of performance of (3) years. • Amendment to align the period of performance with the intent of the RFP to five (5) years. • Amendment to carry 2018 contract out to 12/31/2018, as it was only done for six (6) months. • Additional revenue for the remainder of 2018 is approximately \$100,000.00 but is subject to market changes. 	

Budget Impact:

Approved in current year budget? ☒ Yes ☐ No ☐ N/A

Annual/Reoccurring expenditure? ☒ Yes ☐ No ☐ N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:

Consistent with current operations/policy? ☒ Yes ☐ No ☐ N/A

Requires change in current operations/policy? ☐ Yes ☒ No ☐ N/A

Specify changes required:

Known challenges/barriers:

Briefing Paper and Staff Report

Urban Experience Committee

Division & Department:	BDS - Long Range Planning
Subject:	Downtown CENTRAL – the 2018 Downtown Plan Update
Date:	June 1, 2018
Contact (email & phone):	kfreibott@spokanecity.org x6184
City Council Sponsor:	Ben Stuckart
Executive Sponsor:	Dawn Kinder
Committee(s) Impacted:	Urban Experience
Type of Agenda item:	<input checked="" type="checkbox"/> Hearing <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget , Comp Plan, Policy, Charter, Strategic Plan)	Comprehensive Plan Downtown Plan
Strategic Initiative:	Downtown Plan Update
Deadline:	To be completed by end of 2018.
Outcome: (deliverables, delivery duties, milestones to meet)	Discussion and update only.
Background/History: <ul style="list-style-type: none"> <i>The City adopted its first Downtown Plan in 1999, making the plan functionally part of the Comprehensive Plan.</i> <i>The Downtown Plan is updated every 10 years—the first such update was adopted in 2008. The second update to the Downtown Plan is scheduled to be completed this calendar year.</i> <i>The Downtown Plan provides specific visioning and policy guidance for the downtown. Historically, it has included major policy descriptions and schematic development standards for future development in the downtown.</i> 	
Executive Summary: <ul style="list-style-type: none"> The 2018 Downtown Plan update is envisioned as a minor update, taking only one year and utilizing an overall City budget of \$75,000. Following extended discussions with stakeholders, Council, and the Administration, staff has prepared a schematic scope for the update, including the following major topics: <ul style="list-style-type: none"> Central City Line integration and opportunities; and North Bank Development vision and policy, including the proposed Sportsplex. Minor topics to be addressed include: <ul style="list-style-type: none"> Updated catalytic development opportunities; Activated alleyways; District naming and identity; Downtown/U-District Parking Study input; Connections to adjacent areas like the “medical district”; and Vacant Office Space. Staff will be conducting recurring meetings through the summer with both a Steering Committee, made up of local stakeholders and key public representatives, and a Technical 	

Committee, comprised of technical staff from both the City and partner agencies.

- A continuous public engagement strategy will be implemented, pursuant to RCW 36.70A.140 and SMC 17G.020.080.
- Staff would like to briefly discuss the success of the previous public even, Connect Downtown, held on May 21 in Riverfront Park.
- Staff would also like to invite Council to attend the next event, scheduled for Saturday, June 23 during the Wall Street Bazaar.

Budget Impact:

Approved in current year budget? ☒ Yes ☐ No ☐ N/A

Annual/Reoccurring expenditure? ☐ Yes ☒ No ☐ N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:

Consistent with current operations/policy? ☐ Yes ☒ No ☐ N/A

Requires change in current operations/policy? ☒ Yes ☐ No ☐ N/A

Specify changes required: The project may result in eventual changes to City Code.

Known challenges/barriers:

Briefing Paper Urban Experience

Division & Department:	Public Works Division; Solid Waste Disposal
Subject:	Extension of Sole Source Contract with McCoy Power Consultants
Date:	June 11, 2018
Contact (email & phone):	David Paine, dpaine@spokanecity.org , 625-6878
City Council Sponsor:	
Executive Sponsor:	
Committee(s) Impacted:	Urbane Experience/Public Infrastructure, Environment and Sustainability Committee
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget , Comp Plan, Policy, Charter, Strategic Plan)	
Strategic Initiative:	Innovative Infrastructure – Resiliency; Sustainable Resources – 21 st Century Workplace
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Council approval to extend the contract with McCoy Power Consultants and allow the Waste to Energy Facility to remain in compliance with the NERC/FERC Reliability Standards.
Background/History: <p>All power producers are required to be in compliance with the National Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC) Reliability Standards. Non-compliance with these standards can lead to extensive fines, and the City does not have the internal experience to develop, implement and maintain the program necessary for compliance with these standards.</p> <p>In 2016, Sole Source resolution was issued to McCoy Power Consultants to provide services at the Waste to Energy Facility to ensure compliance with these standards. A contract was put in place that allowed for 3 one-year extensions. This will be the second of those extensions.</p>	
Executive Summary: <ul style="list-style-type: none"> Sole source contract extension #2 of 3 with McCoy Power Consultants to provide NERC/FERC Reliability Standards compliance services. Contract extension will begin on July 1, 2018 and run through June 30, 2019. Annual cost for these services is \$90,000.00. 	
Budget Impact: Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If new, specify funding source:	

Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:

Consistent with current operations/policy?

☒ Yes ☐ No ☐ N/A

Requires change in current operations/policy?

☐ Yes ☒ No ☐ N/A

Specify changes required:

Known challenges/barriers:

Briefing Paper

Urban Development Committee

Division & Department:	Planning and Development Department, NBS Division
Subject:	Catalyst Building Project of Citywide Significance Incentive Recommendation
Date:	June 11, 2018
Author (email & phone):	Andrew Worlock (aworlock@spokanecity.org ; 625-6991)
City Council Sponsor:	Ben Stuckart, Council President
Executive Sponsor:	Gavin Cooley, CFO
Committee(s) Impacted:	Urban Development
Type of Agenda item:	X Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	The project is aligned to the Strategic Plan (Encouraging Private Investment: Partnering with large investors to support catalytic development projects; and Investing in PDAs); the City's adopted Economic Development Strategy (Council Resolutions 2015-0084 and 2015-0101) and the Projects of Citywide Significance Incentive Policy (Council Resolution 2016-0036; ADMIN 0650-16-02)
Strategic Initiative:	Economic Growth
Deadline:	NA
Outcome: (deliverables, delivery duties, milestones to meet)	Development agreement between City of Spokane and project sponsor to document the City's agreement to participate in the cost of financing public improvements and/or to waive or provide credits against certain development fees related to the Catalyst Building project at the south landing of the University District Gateway Bridge. The cities' participation will encourage private investment in the project and result in both direct and indirect public benefits.
Background/History: The Catalyst Building is the first in a series of proposed developments in the South University District at the south landing of the University District Gateway Bridge. The Catalyst will also be the first office building in the State of Washington constructed out of cross laminated timber (CLT) which will be manufactured by the Katerra Corporation's new CLT factory in the Spokane Valley. The building is intended to demonstrate the possibilities of the integration of economic vitality, regional sustainability and energy efficiency. Parking will be provided on an adjacent parcel. The five story building will have 163,000 square feet of floor area overall, with a building foot print of approximately 33,000 square feet. Occupants will include higher education, professional office, and technology. A small amount of retail/restaurant space will be provided as an amenity to the building tenants and visitors. The applicant is Dean Allen, managing partner of the South Landing Building A LLC. The project improvement costs are estimated to be \$50,000,000.	
Executive Summary: <ul style="list-style-type: none"> <i>The project has been evaluated in accordance with the Projects of Citywide Significance Incentive policy and is eligible for an incentive award based on the significant public benefits that will result from the project as outlined in the attached staff report.</i> <i>The Project Review Committee recommends the City participate in the cost of eligible public improvements related to the project in the amount of \$305,260. Funding will be provided from the Financial Partnership Portfolio Fund.</i> <i>A Development Agreement will be prepared to document the City's participation and will be brought forward to Council approval as a legislative agenda item at a later date.</i> <i>The Development Agreement will also contain additional funding for public infrastructure within Riverside Avenue through a public-private partnership agreement using City PDA funds. \$125,000 of qualified improvement costs will be reimbursed contingent on the Developer's</i> 	

- *All work reimbursed through the Project of Citywide Significance fund or City PDA fund will be subject to approval and prevailing wages will apply.*

Catalyst Building Project
PROJECT REVIEW COMMITTEE RECOMMENDATION

Evaluation Matrix Score: 120

Incentive Value: \$305,260

Pursuant to the Projects of Citywide Significance Incentive Policy, the Project Review Committee, hereby:

- ☒ Accepts and concurs with the staff recommendations, evaluation matrix score and determination of financial incentive value, and adopts these recommendations as our own findings for the reasons stated.
- ☐ Accepts and concurs with the staff recommendations, evaluation matrix score and determination of financial incentive value, and adopts these recommendations as our own findings for the reasons stated, with the following modifications:

Project Review Committee Members:


Ben Stuckart, City Council President

5/14/18
Date:


Candace Mumm, City Council

5/14/18
Date:


Rick Romero, Office of the Mayor

5/21/18
Date:


Dawn Kinder, Director
Neighborhood and Business Services Division

5/14/18
Date:

cc: Heather Trautman, Director, Planning & Development
Applicant

The Catalyst Building

Projects of Citywide Significance

Staff Report and Recommendation

May 10, 2018



Staff

Andrew Worlock
Planning & Development Services
Economic Development Section

Applicant

Dean Allen
South Landing Building A, LLC
5005 3rd Ave S,
Seattle WA 98102.

Introduction

The City of Spokane's Projects of Citywide Significance program is designed to help incent and encourage significant private development projects that add lasting value to the City and achieve measurable positive impacts by bringing new livable wage jobs, generating tax revenue, and advancing the community's visions. The program was created by Spokane City Council, Resolution 2015-0101 and follows the Projects of Citywide Significance Incentive Policy administrative procedures contained within City of Spokane Administrative Policy and Procedure, Admin 0650-16-02.

Project Description

The Catalyst Building is the first in a series of proposed developments in the South University District at the south landing of the University District Gateway Bridge, the new bicycle and pedestrian bridge under construction over the BNSF railroad tracts. The Catalyst will also be the first office building in the State of Washington constructed out of environmentally friendly cross laminated timber (CLT) which will be manufactured by the Katterra Corporation's new CLT factory in the Spokane Valley. The building is intended to demonstrate the possibilities of the integration of economic vitality, regional sustainability and energy efficiency. Parking will be provided on an adjacent parcel. The five story building will have 163,000 square feet of floor area overall, with a building foot print of approximately 33,000 square feet. Occupants will include higher education, professional office, and technology. A small amount of retail/restaurant space will be provided as an amenity to the building tenants and visitors.

Location & Context

The Catalyst Building will be developed on a 2.7 acre parcel located just east of the south landing of the new University District Gateway Bridge on the north side of Riverside Avenue at Sheridan Street. The site was originally acquired by the Avista Corporation in the 1990's for use as an electrical substation site. In 2016, following the work completed for the City of Spokane and University District Development Association by Maul Foster and Alongi Inc. on the University District Redevelopment Implementation Strategy, Avista transferred the property to a subsidiary organization, Avista Development. Avista Development subsequently acquired five additional parcels to bring their total holdings in the immediate area to about 5.5 acres overall. For the Catalyst building, Avista Development has partnered with long-time McKinstry executives Dean Allen and Bill Teplicky and formed a separate entity, the South Landing Building A, LLC, to develop the project. Eastern Washington University (EWU) will be the building's primary tenant, moving their Computer Science, Electrical Engineering and Visual Communication Design (VCD) programs from its Cheney campus to the new Spokane location. Avista and Katterra will be tenants in the building as well.

The project site and surrounding area are located in an area commonly referred to as the south University District. The area's development character reflects several distinct development stages going back over a century and a quarter. Originally the area was platted into residential lots in the early 1880's and sporadically developed with relatively modest single family homes following the pattern of Spokane's other inner city streetcar neighborhoods that flourished thru Spokane's boom period into the 1920's and early 1930's. As a trolley route and the primary east west route through the Spokane valley, Sprague Avenue became a business corridor, attracting business development in support of the surrounding residential neighborhoods within the East Central and Downtown areas. As Spokane's economy changed and the automobile became the dominant transportation mode for the region, the south University District

area transitioned towards transportation oriented commercial and light industrial uses supporting the downtown and nearby resource based industries. This trend continued till the 1960's when Interstate 90 was completed thru Spokane, isolating the area from the rest of the East Central neighborhood and reducing the appeal of the area for business use due to limited access and reduced exposure to travelers on the new interstate. Compounded by concerns regarding environmental contamination from past commercial uses, shallow bedrock and decline of vitality, the area became vulnerable to and began to suffer from urban blight and decay. While some limited development has occurred over the past several decades, most of the new business investment that's been attracted to Spokane has bypassed the area.

In the early 1990's Spokane's University District began to emerge and take shape around the State of Washington's investments in the new Riverpoint Campus between the Spokane River and BNSF railroad tracks. As the public investment in higher education institutions increased heading into the 2000's, City leaders quickly began to recognize the economic development potential of the south University District area and the opportunity it offered to support private investment and job growth thru technology transfer and commercialization of the research occurring within the University campus buildings. Local efforts focused on refining the community vision and planning infrastructure investments and placemaking to support the vision. In 2005, the City adopted the University District Master Plan. In 2009, the University District Development Association a not for profit organization was formed followed by the creation of a tax increment financing district (the "UDRA") under the State's Local Revitalization Finance Act. In 2012, the City completed the South University District –Sprague Corridor Investment Strategy and later that year formed the University District Public Development Authority. Funding for the University District Gateway bridge construction was approved in 2015 and construction began in the Spring of 2017 and will be completed in the Fall of 2018. The Avista property was included in the 2014 University District Redevelopment Implementation Strategy, referenced above, which helped identify strategies to promote redevelopment and led to a multi-agency Memorandum of Understanding for the University District Gateway Bridge South Landing Catalyst Development. The Catalyst Building will be the first major, privately backed development project to follow on this work and begin to express the shared community vision.

Other Incentive Awards or Programs Available to the Project

The Catalyst Building, by virtue of its location in University District Target Investment Area is eligible for and likely to receive City incentives in addition to the Projects of Citywide Incentive. These include the General Facility Charge (GFC) waivers (waives system development charges for new sewer and water connections) and potential participation through the University District Revitalization Area and/or PDA funding for infrastructure improvements in the Sprague, Sheridan and Riverside Avenue area.

Financial Partnership Portfolio Evaluation Matrix

Project Based Incremental Revenue

This category measures the project's contribution to City revenue and potential return on investment. To receive any points in this category, a project must generate a three year total incremental revenue value of at least \$250,000. Projects with over \$1million in three year incremental revenue receive 30 points. The three year total incremental revenue resulting from the project is estimated at \$1,026,301. Therefore, **30 points are awarded to the project in this category.**

Job Creation

The applicant has provided an estimate of the number of jobs by type and average salary for the completed project (see application). The completed building is estimated to bring over 1,180 jobs to the project, including approximately 650 students employed by university or professors within the building. Of these, it is expected that 45 percent will have salaries at or above living wage (>130% median per capita income)

A percentage of the Catalyst Building jobs will result from the relocation of existing programs from the EWU Cheney campus and also from relocation of Avista and Katerra employees who are already in the area. Though the new building is clearly intended to allow the relocated programs to grow and expand over time and some new positions will be added, only a fraction of the 1,180 jobs can be considered new. For purposes of this analysis, we have assumed that at the outset only one out of ten (10%) of the 1,180 positions are new which means there will be approximately 118 new jobs. Approximately 45% of those

will be at or above living wage. Based on this, the job creation points (10 points for greater than 100 new jobs) are multiplied by 4 (the living wage job creation multiplier when 40 – 59% of jobs meet the living wage standard) resulting in a **category score of 40 points.**

Comp Plan, Design and the Environment

The project qualifies under the following criteria:

- Brownfield Redevelopment 5 points
- Innovative or exemplary site design 5 points
- Design includes enhanced public amenities 5 points
- Incorporation of Low Impact Development Standards 5 points
- Incorporation of adopted green building standards 5 points
- Transit Oriented Development 5 points

Total Category Score: 30 points

Industry Cluster Advancement

The proposed use is part of the Technology industry, an identified priority industry cluster. **The resulting category score is 10 points.**

Geographic Priority Areas

The project is located in the University District Target Incentive Area. **The resulting category score is 10 points.**

Special Considerations Bonus

None.

Total Project Matrix Score: 120 points.

Incentive Value Calculations

The project's total matrix score (120 points) and 3-year revenue return to the City (\$1,026,232,403) are used to calculate the incentive value for the project as shown in the Table I below. By scoring in the top category (85+ points) the project warrants a base incentive of **\$100,000** plus **20%** of the three year revenue (\$205,260) for a total incentive value of **\$305,260.**

Table I. Matrix Score

Values-Based Score	120
Revenue (3-Year)	\$1,026,301

Point Score:	Base Incentive	ROI Multiplier	ROI-Based Incentive	Total Incentive
85+	\$100,000	20%	\$205,260	\$305,260
70	\$80,000	15%	\$153,945	\$233,945
55	\$60,000	10%	\$102,630	\$162,630
40	\$40,000	5%	\$51,315	\$91,315
<40	\$0	0%	\$0	\$0

Recommendation

Staff finds that the project will provide significant community and public benefits as described in the application and supplemental materials and therefore as a project of Citywide Significance warrants the City's investment of \$305,260 towards public improvements pursuant to the Projects of Citywide Significance Incentive Policy. This is separate from and in addition to any other incentives or assistance the project may have already received or could receive in the future.

Upon the Project Review Committee's final determination of project score and level of financial partnership eligibility, staff and the project proponent will prepare a development agreement setting forth the terms and conditions under which the financial incentive value will be applied to eligible public improvements costs related to the project.

The final development agreement will be forwarded to the Spokane City Council for approval by resolution and signature by the Mayor. The determination of financial incentive value and corresponding development agreement shall have no force or affect whatsoever unless and until the development agreement is approved by the Spokane City Council and signed by the Mayor.

Authority

**City of Spokane Administrative Policy and Procedure, Admin 0650-16-02
Projects of Citywide Significance Incentive Policy**

Section 5.0 Policy: Individual projects which include new investment and physical improvements to real property which equal or exceed \$5 million in value can provide significant City wide public benefits. Such public benefits include: bringing new living wage jobs to the community; generating new property, sales and utility tax revenues; improving the community through the advancement or implementation of existing community plans including the Comprehensive Plan and neighborhood plans; protecting or improving the environment and conserving natural and historic resources; advancing State and regional industry cluster growth and regional economic development plans; and investing in targeted investment areas such as downtown Spokane, identified centers and corridors and target investment areas identified in the City's Economic Development strategy. In order to provide for an equitable and transparent process for the use of financial incentives to encourage investments which provide significant public benefits to the City as described above, the Spokane City Council has adopted Resolution 2015-0101 which provides for an evaluation matrix allowing evaluation of a project's public benefits which are reasonably likely to accrue as a result of successful completion and intended operation of the project. The evaluation will be made using the standardized evaluation matrix attached as exhibit "A" hereto in accordance with the policies and procedures described herein.

Procedure

6.1 Application: Application for a financial incentive will be made on forms provided by the City of Spokane and shall contain all information and details required and necessary for a review of the project and evaluation of the public benefits associated thereto.

6.2 Determination of Qualification: Within 10 business days of receipt of a complete application, the Staff Technical Support Team will evaluate the application and make a determination that: the project is a qualified project with a public benefit and may be considered for a financial incentive; that additional information is needed to make the determination; or, that the project does not qualify for a financial incentive under this program. Such determination will be made in writing.


6.3 Evaluation of Qualified Projects: Qualified projects will be forwarded to the Project Review Committee for evaluation according to the evaluation matrix. The committee members will be provided copies of the application and any supplemental information provided by the applicant and a technical memorandum prepared by the Staff Technical Support Team. The report will include analysis of the project application and assessment of the public benefits that may result. Each project review committee member will use the application and technical memorandum to score the project against the evaluation matrix. The

committee member's total scores will be summed and divided by the number of committee members providing a score to determine the project's average and final score.

6.4 Determination of Financial Incentive Value: The project's total score and other relevant data will be used to determine the financial incentive value based on the annually adopted project funding schedule and subject to availability of funds at the time of award. Determination of financial incentive value is not a guarantee of availability of funds or of an actual cash value of a project's eligible public improvement costs. Once a determination of financial incentive value is made, the determination and project score are final.

6.5 Development Agreement: Upon completion of the determination of financial incentive value, the project proponent and Staff Technical Support Team shall prepare a development agreement setting forth the terms and conditions under which the financial incentive value will be applied to eligible public improvements costs related to the project.

6.6 City Council Approval: The determination of financial incentive value and corresponding development agreement shall have no force or effect whatsoever unless and until the development agreement is approved by the Spokane City Council and signed by the Mayor.

 Projects of Citywide Significance Financial Partnership Portfolio Evaluation		
	Points Possible	Score
Project based Incremental Revenue		
<i>City Property Tax, Sales Tax (Retail and Construction), Utility Taxes, Utility Revenues</i>		
<i>Incremental Revenue:</i>		
3 year total incremental revenue: \$1,026,301		
<i>Exceeds \$1 million - 30 points</i>	30	
<i>Between \$750,000 and \$999,999 - 25 points</i>		
<i>Between \$500,000 and \$749,999 - 20 points</i>		
<i>Between \$250,000 and \$499,999 - 15 points</i>		
Max group score possible	30	30
Job Creation		
<i>Number of new jobs</i>		
<i>Greater than 100 - 10 points</i> 1180 Jobs, including student jobs.	10	
<i>75 to 99 - 8 points</i>		
<i>50 to 74 - 6 points</i>		
<i>25. to 49 - 4 points</i>		
<i>1 to 24- 2 points</i>		
<i>Living Wage Job creation Multiplier (>130%Median Per Capita Income)</i>		
<i>80% to 100% of new jobs - 6X</i>		
<i>60% to 79% of new jobs - 5X</i>		
<i>40% to 59% of new jobs - 4X</i> 45% living wage	4	
<i>20% to 39% of new jobs - 3X</i>		
<i>10% to 19% of new jobs - 2X</i>		
<i>Less than 10% of new jobs - 1X</i>		
Max group score possible	60	40
Comp Plan, Design and the Environment		
<i>Brownfield redevelopment - 5 points</i>	5	
<i>Innovative or exemplary site design - 5 points</i>	5	
<i>Design includes enhanced public amenities - 5 points</i>	5	
<i>Project Includes Neighborhood or Sub-Area improvements - 5 points</i>		
<i>Incorporation of Low Impact Development standards - 5 points</i>	5	
<i>Incorporation of adopted green building standards -5 points</i>	5	
<i>Transit Oriented Development - 5 points</i>	5	
<i>Mixed Use Development - 5 - Points</i>		
<i>Mixed Income Development - 5 points</i>		
<i>Historic Preservation - 5 points</i>		
<i>Adaptive reuse - 5 points</i>		
<i>Blight removal - 5 points</i>		
Max group score possible	60	30
Industry Cluster Advancement		
<i>Manufacturing - 10 points</i>		
<i>Aerospace/Aviation - 10 points</i>		
<i>Technology (Biotech, medical, IT, etc) - 10 points</i>		10
<i>Tourism - 10 points</i>		
Max group score possible	10	
Geographic Priority Areas		
<i>Located in a C&C or Downtown - 10 points</i>		
<i>Located in a target investment area - 10 points</i>		10
<i>Infill location with existing infrastructure capacity - 10 points</i>		
Max group score possible	10	
TOTAL SCORE POSSIBLE	170	120
"Special Considerations" Bonus - 10 points		
(Can be added to total score when warranted in consideration of special public benefit factors not addressed above.)		
<i>Median Per capita income \$24,000 est. \$11.5/hr. (2015)</i>		
130% of median per capita income is \$31,200 annually and approximately \$15/hour		

- Summary:
- The evaluation point score determines which level of base incentive and ROI multiplier a project can receive.
 - The base incentive is a straight dollar amount based solely on evaluation points.
 - The ROI multiplier is a 'bonus' for projects with high revenue return potential for the City.
 - The total incentive is the base incentive plus the ROI-based incentive.

Catalyst Building

Values-Based Score	120
Revenue (3-Year)	\$ 1,026,301

Point Score:	Base Incentive	ROI Multiplier	ROI-Based Incentive	Total Incentive
85+	\$100,000	20%	\$205,260	\$305,260
70	\$80,000	15%	\$153,945	\$233,945
55	\$60,000	10%	\$102,630	\$162,630
40	\$40,000	5%	\$51,315	\$91,315
<40	\$0	0%	\$0	\$0

Inputs		
\$ 50,000,000	Valuation	Per proposal
\$ 454,800	Annual Taxable Sales	(758s.f. at \$600/s.f. annual sales)
\$ 345,400	Annual Utilities	Estimate \$2.20/sf/yr @ 157,000sf.

Revenue		
\$ 336,000	Construction Sales Tax (Assumed at 80% of Valuation)	
\$ 3,820	Annual Sales Tax	
\$ 157,200	NC Property Tax	Assumed AV = 80% construction valuation
\$ 69,080	Annual Utility Tax	
\$ -	Real Estate Excise tax	
\$ 1,026,301	3-Year Total	
3.4	3-Year ROI	
10.71	Payback in Months	

1
0
0
0
0



CITY OF SPOKANE —
PLANNING & DEVELOPMENT SERVICES DEPARTMENT
Application for Citywide Significant Incentives

NOTE TO APPLICANT: Please answer each question completely. If more space is needed, attach additional paper. If you have any questions about this application, do not understand the questions, or need additional information regarding regulations or policies of the City of Spokane, city staff will be happy to assist you.

Applicant: Dean Allen Relation to Property Owner Managing Partner of Ownership Entity
Applicant's Address 5005 3rd Ave S, Seattle, WA 98102
Applicant's Phone # 206-763-4815 Applicant's email address deana@mckinstry.com
Property Owner(s) South Landing Building A LLC
Property Owner's Mailing Address 5005 3rd Ave S, Seattle, WA 98102
Will the existing owners be the owner/operator of the property and/or business following construction ☒ yes ☐ no
If not, who is the project being developed for? _____
Property Address: 601 East Riverside Ave, Spokane, WA 99202 Parcel number(s): 35173.1126
Legal Description (Attach additional sheets if needed): See attached

PROJECT INFORMATION

Project Name: Catalyst Building Date Application Completed: 4/2/2018
[X] New Construction: # of square feet: 163,000 # of stories 5
[] Rehabilitation of Existing Structure: # existing square feet: _____ # additional square feet added: _____
What was the prior use? Vacant Land How many prior employees? 0
Were there prior retail sales? n/a
Type of development ☐ Manufacturing ☒ Office ☐ Retail ☐ Housing ☐ Mixed use ☒ Other
Other description Higher Education
If retail or mixed use with retail, do you have a verifiable estimate on the projected annual retail sales? ☐ yes ☒ no
If yes, what is the estimate and how can it be verified? _____

If no, provide an average annual sales per square foot estimate, using published industry data for the retail sector nearest to the type proposed. "ICSC - Shopper Spending and Sales/Sqft - Annual Report" www.icsc.org What is that estimate? _____
Stand Alone Coffee Shop: \$454,800 (\$600 per square foot x 758 square feet)

Estimated total expenditures in the rehabilitation or construction of the entire project: \$ 50,000,000

Description of project(s)' basic features and any other unique features that relate to the evaluation matrix criteria (Attach additional sheets if necessary): First CLT office building in the state, highly energy efficient, public-private partnership, collaboration and innovation, anchor building for South U District redevelopment effort, see attached for more information

Est. Construction to begin (date) 2018 Construction completion 2020
☒ "Before" photos provided electronically. ☒ Site and building plans provided electronically

Will the construction of the project be phased? ☒ no ☐ yes If yes, what will be constructed in each phase and when?

JOB CREATION

How many fulltime permanent employment positions will the project create? (list the fields and the number of jobs in each field)

Higher education - 50

Lawyers - 10

Technology - 150

Professional Office - 250

A&E Professionals - 70

Students - 650

What will be the hourly and/or annual wages of each position be? If you don't have verifiable job and wage information for the business(s) to be located in the project, then use the latest published data from the Washington State Employment Securities Department Occupational Employment and Wage Estimates for the Spokane MSA.

<https://fortress.wa.gov/esd/employmentdata/reports-publications/occupational-reports/occupational-employment-and-wage-estimates>.

See attached

AFFIRMATION

Initial each statement below:

PCA

As owner(s) of the property described in this application, I hereby declare under penalty of perjury under the laws of the State of Washington that this application for Incentives and any accompanying documents have been examined by me and that they are true, correct, and complete to the best of my knowledge.

PCA

The applicant acknowledges that completing and submitting this application is not a guarantee of any specific financial incentive.

DeA

This application will be used by staff to determine if a project meets the definition of a "Project of Citywide Significance." Additional information may be required for review of project qualifications for incentives.

PCA

Any incentive that the applicant may receive will require a Development Agreement between the Applicant and the City that will not be valid until it is approved by City Council and signed by the Mayor.

PCA

Following the approval of the Development Agreement, the original is required to be recorded at the County. At that time, the recording fees for the filing and recording of "Development Agreement" will need to be paid to the City of Spokane by the Applicant.

Signed at Seattle, Washington, this 30 day of March 2018.

Signature(s) of all Owner(s) and Contract Purchaser(s)

Project of Citywide Significance: A single private development project which entails the development, construction or physical improvement to real property located within the City of Spokane which equals or exceed \$5 million in value, not including the value of the property itself, for which there is evidence that such project will provide significant public benefits as such term is defined in the Administrative Policy adopted by Council Resolution 2016-0036.

For Staff Use Only:

- | | |
|---|--|
| <input type="checkbox"/> Application signed by owner(s) and contract purchaser(s) | <input type="checkbox"/> Site/Building plans received electronically |
| <input type="checkbox"/> Before photos received electronically | <input type="checkbox"/> Zoning |
| <input type="checkbox"/> GIS Map | <input type="checkbox"/> Right-of-way requirements |
| <input type="checkbox"/> Utility requirements | <input type="checkbox"/> SEPA |
| <input type="checkbox"/> Study requirements | <input type="checkbox"/> Taxable value |
| <input type="checkbox"/> Assessed value | <input type="checkbox"/> State and Federal incentives |
| <input type="checkbox"/> Plan/District implementation | <input type="checkbox"/> Age of existing structures |

Legal Description: 601 E Riverside – Spokane County Parcel 35173.1126

1ST Addition to 3rd Addition to Railroad Addition; All of Block 2 and that portion of vacated Sheridan Street described as follows: Beginning at the intersection of the westerly line of Block 2 and the southerly line of Lot 1, Block 3 extending easterly to said westerly line of Block 2; Thence westerly along said southerly extended line of Lot 1, Block 3 to its intersection with the center line of vacated Sheridan St.; Thence northerly along center line of vacated Sheridan St. to its intersection with northwesterly line of Block 2 extended south-westerly to said center line; Thence north-easterly along said extended north-westerly line to the northwest corner of Block 2; Thence south along the West line of Block 2 to the point of beginning of the Burlington Northern Railroad; Thence north-easterly and easterly along said line parallel to and 50 feet south-easterly and southerly at right angles to said east-bound main tract to a point on the east line of Block 2; Thence southerly along said east line to the south-east corner of Block 2; Thence westerly along the south line of Block 2 to the south-west corner of said block; Thence northerly along the west line of said block to the point of beginning and vacated Hatch St. adjacent; TOGETHER WITH: Tract center line as now located and constructed; Thence northerly along said parallel line to the point of intersection with the center line of vacated Sheridan St.; Thence south along said center line to the intersection with the easterly extension of the south line of Lot 1, Block 3; Thence westerly to the point of beginning those portions of Lot 1,8,9,10 and 11 of Block 3, TOGETHER WITH: Vacated Sheridan St. and that certain property lying adjacent to said lots defined as follows: Beginning at the south-east corner of Lot 1, Block 3; Thence westerly along south line of said Lot 1 and westerly extension to the point of intersection with the west line of Lot 11, Block 3; Thence northerly along said west line and northerly extension to the point of intersection with a line drawn parallel with and 50 feet distant southerly of measured at right angles to the Burlington Northern Railroad Company's east bound main line; TOGETHER WITH: All that portion of Sheridan Street between Blocks 1 and 2, and Block 3, 1st Addition to 3rd Addition to Railroad Addition, from 25 feet north of Riverside Street Vacation Ordinance No. C34817, CR: RES 2011-0086. Commonly known as 601 E. Riverside Avenue, Spokane WA; Spokane County Parcel No. 35173.1126.

Catalyst Building Job Creation

Position Type	# of Positions	Average Annual Wage	Total
Higher education	50	\$ 80,000	\$ 4,000,000
Technology	150	\$ 100,000	\$ 15,000,000
A&E Professional	70	\$ 80,000	\$ 5,600,000
Lawyer	10	\$ 150,000	\$ 1,500,000
Professional Office	250	\$ 65,000	\$ 16,250,000
Student	650	\$ 10,000	\$ 6,500,000
TOTAL	1180		\$ 48,850,000

FACT SHEET

Quick Look

- 163,000 square feet office and academic building
- First commercial building in Washington built out of Cross-Laminated Timber (CLT), a locally-sourced sustainable mass-timber product
- Eastern Washington University is the primary tenant
- Avista and Kattera will be tenants as well
- Construction begins Fall 2018
- Scheduled to be completed Spring 2020

The Catalyst Building

THE BUILDING

The 163,000 square-foot building is the first in a series of developments in the South University District and will be the first office building in the state constructed out of environmentally friendly cross-laminated timber (CLT). Kattera will manufacture the CLT in its new Spokane factory. The building is intended to demonstrate the possibilities of the integration of economic vitality, regional sustainability and energy efficiency.

Sustainability and Efficiency

The building will be net zero ready, meaning it will generate the electricity it uses through solar panels on the roof and additional renewable energy technologies. It will also include the following sustainability features:

- 400kW of PV on the roof
- Use of CLT means the building will have a smaller carbon footprint than that of comparable buildings built using steel and concrete
- Rainwater recovery for gray water system inside building
- Efficient radiant heating/cooling system throughout the building
- Heat recovery of all exhaust air
- High performing building envelope design
- LED Lighting
- Low waterflow plumbing fixtures
- Sun shading at lobby
- Shower rooms to encourage bike commuting
- Smart building management system to maximize building operations efficiency

Collaboration

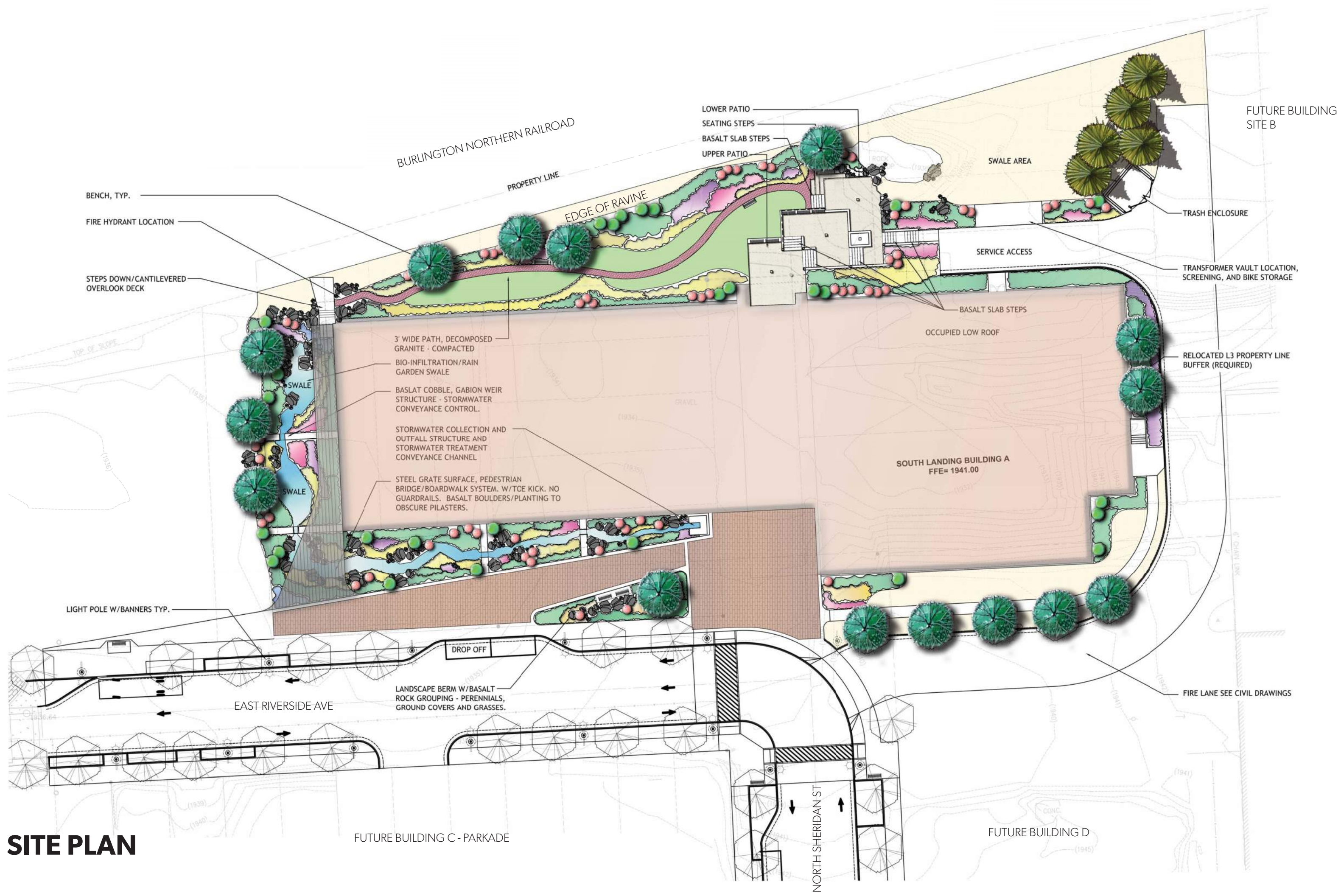
Catalyst will be a place where industry and academia intersect to foster collaboration and innovation. The building is designed with two wings connected by a collaborative atrium, where students and professionals can come together to create and test new ideas.

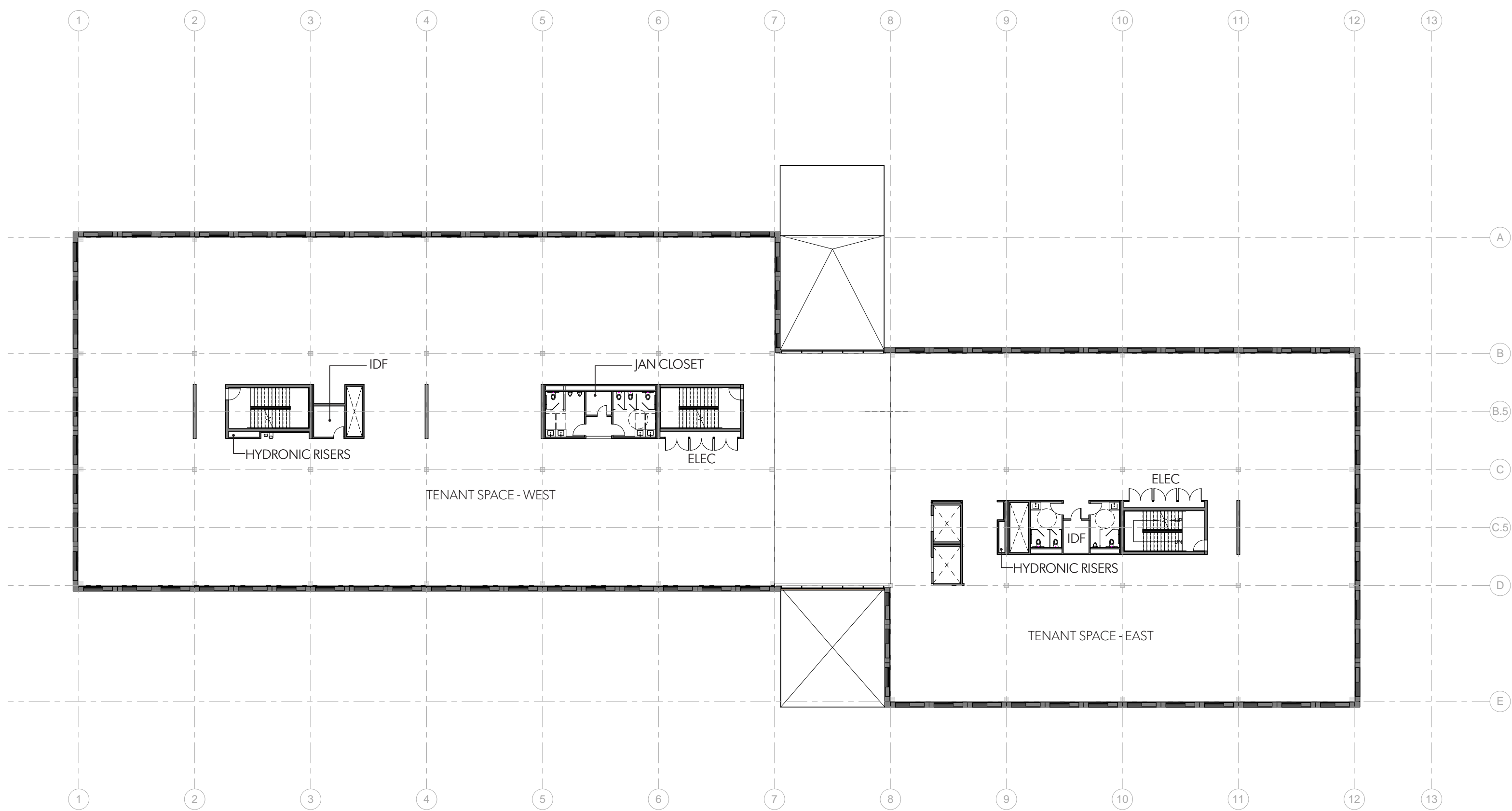
THE TENANTS

Eastern Washington University (EWU) will be the building's primary tenant, moving their Computer Science, Electrical Engineering and Visual Communication Design (VCD) programs from the Cheney campus to the new Spokane location. The South University District location will allow Eastern to be an innovation HUB that brings business and the university together to create solutions for the region. EWU's spaces will feature modern, high-tech classrooms and dry labs that will provide students with immersive learning experiences.

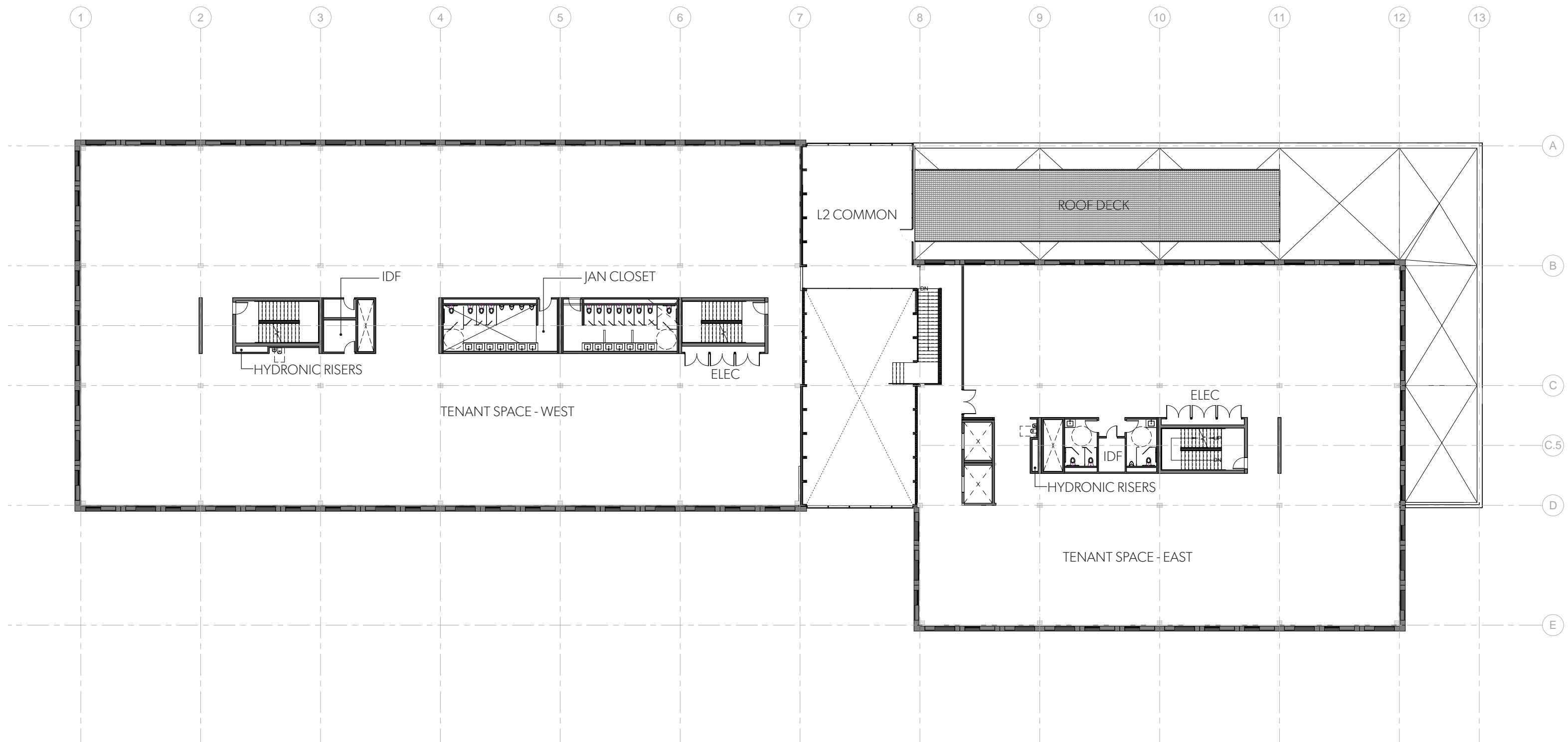
Avista and Kattera will be tenants in the building as well.

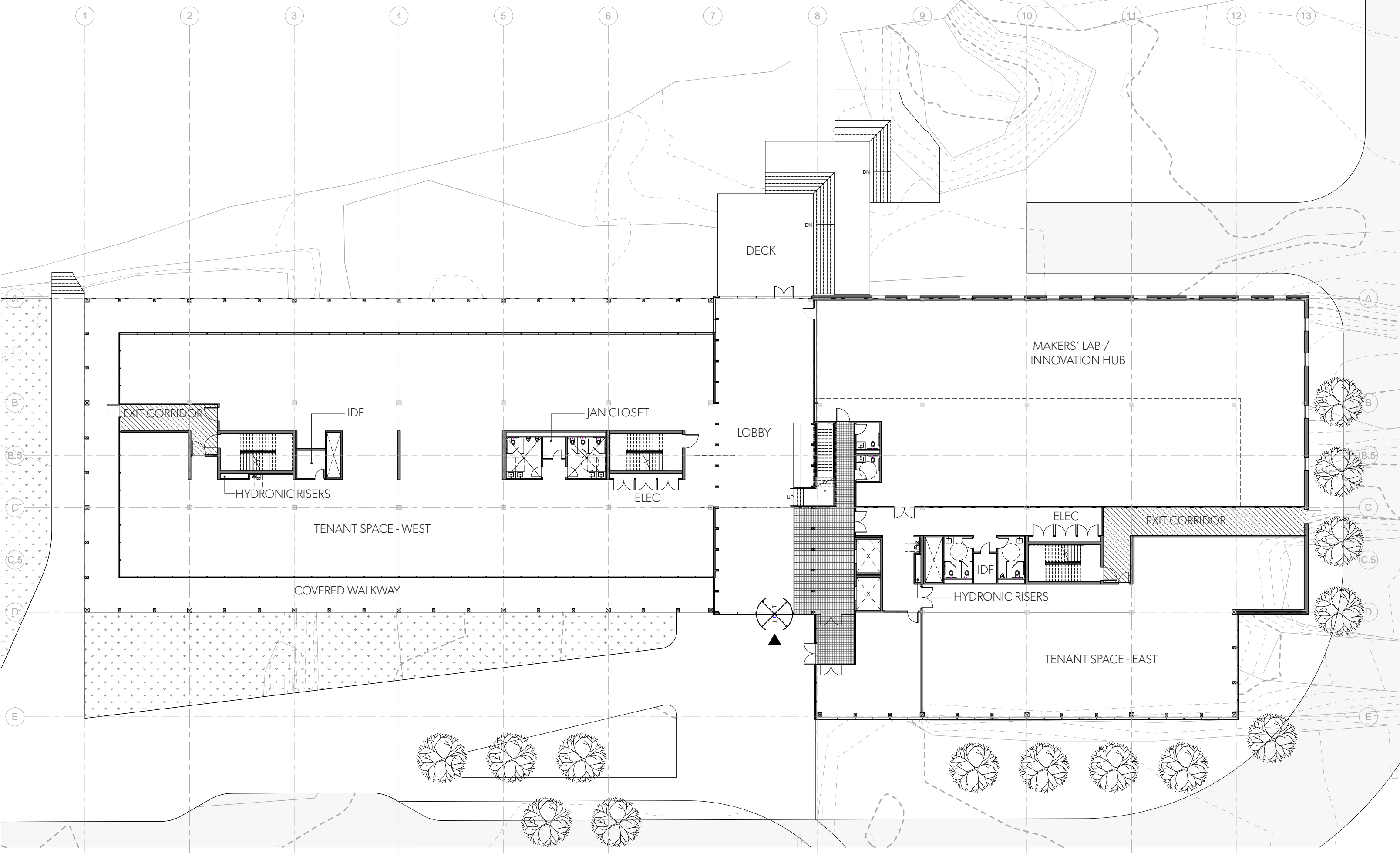
SITE PLAN





LEVEL 2





Existing Conditions

Photos Taken July 2017

