Agenda Sheet for City Council Meeting of: 04/18/2016

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Agenda Item Type | Resolutions
Agenda Item Name | 0650 - PUBLIC DEVELOPMENT AUTHORITY ASSET TRANSFER POLICY

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Bid # |
Requisition # |

Agenda Wording
A resolution regarding the Public Development Authority (PDA) Asset Transfer Policy.

Summary (Background)
The Public Development Authority (PDA) Asset Transfer Policy establishes policies and procedures to provide appropriate conditions and responsibilities of the parties and to ensure adequate revenue and funding of PDAs in order to fulfill the stated public purposes of the PDA.

Fiscal Impact | Budget Account
Neutral | $
Select | $

Approvals
Dept Head | KEY, LISA
Division Director | KEY, LISA
Finance | KECK, KATHLEEN
Legal | RICHMAN, JAMES
For the Mayor | SANDERS, THERESA

Additional Approvals
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ADOPTED BY
SPOKANE CITY COUNCIL:
4/18/2016
CITY CLERK
RESOLUTION

A Resolution regarding the Public Development Authority Asset Transfer Policy.

WHEREAS, the City of Spokane is a State of Washington first class charter city organized and existing under the Constitution and laws of the State of Washington; and

WHEREAS, the City is authorized by RCW 35.21.730 to create public development authorities to (i) administer and execute federal grants or programs, (ii) receive and administer private funds, goods or services for any lawful public purpose; (iii) improve governmental efficiency and services, (iv) improve the general living conditions in the urban areas in and around the City and (v) perform any lawful public purpose or public function; and

WHEREAS, The City Council has created a number of PDAs throughout the City for public benefit. Periodically a PDA has need for additional assets to implement and fulfill the terms and conditions of its organizational purpose and may request a transfer of assets or funds from the City. In order to maintain consistency, efficiency and transparency, it is necessary to establish a City wide policy to evaluate requests for asset transfer to PDAs.

WHEREAS, Chapter 39.34 RCW (Interlocal Cooperation Act) permits local governmental units to make the most efficient use of their powers by enabling them to cooperate on the basis of mutual advantage;

WHEREAS, the Public Development Authority Asset Transfer Policy establishes policies and procedures to provide appropriate conditions and responsibilities of the parties and to ensure adequate revenue and funding of PDAs in order to fulfill the stated public purposes of the PDA.

-NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPOKANE that the City Council hereby approves and supports the the Public Development Authority Asset Transfer Policy as developed.

ADOPTED by the City Council this 18 day of April, 2016.

City Clerk

Approved as to form:

Assistant City Attorney
1.0 GENERAL

1.1 The City of Spokane is authorized to create public development authorities (PDA) to (1) administer and execute federal grants or programs, (2) receive and administer private funds, goods or services for any lawful public purpose; (3) improve governmental efficiency and services, (4) improve the general living conditions in the urban areas in the and around the City and (5) perform any lawful public purpose or public function.

The City Council has created a number of PDAs throughout the City for public benefit. Periodically a PDA has need for additional assets to implement and fulfill the terms and conditions of its organizational purpose and may request a transfer of assets or funds from the City. In order to maintain consistency, efficiency and transparency, it is necessary to establish a City wide policy to evaluate requests for asset transfer to PDAs.

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This Policy shall apply to all City Departments.

3.0 REFERENCES

RCW 35.21.730
RCW 82.14.510
Chapter 82.14 RCW
4.0 DEFINITIONS

None

5.0 POLICY

5.1 It is necessary for the long term viability and success of PDA to establish policies and procedures to ensure appropriate conditions and responsibilities on the parties and ensure adequate revenue and funding of PDAs to fulfill the state public purpose of the PDA.

5.2 The City recognizes that requests for asset or fund transfer will be relatively fact specific depending on the PDA's charter, ordinance and governing agreements.

5.3 The City will evaluate all requests for the transfer of assets objectively and based on the listed criteria in this Policy.

6.0 PROCEDURE

6.1 Preliminary Information required, at a minimum:

6.1.1 Written request, signed by designated authority for PDA;

6.1.2 Business Plan, to include, but not limited to:

6.1.2.1 A statement of the nature of the activities proposed to be undertaken;

6.1.2.2 Reason and justification to support the activities;

6.1.2.3 Supporting documentation to demonstrate compliance with the conditions of the local revenue source including without limitation RCW 39.89; RCW 39.104;

6.1.2.4 Return on investment analysis; and

6.1.2.5 Performance measures used to evaluate and ensure long term viability.

6.1.3 Independent third party written fiscal analysis of revenue stream and pro forma.

6.2 Factors for Consideration. The following factors should be considered when the City considers a request in accordance with this policy:
6.2.1 Revenue Source. The long term stability, growth potential, statutory or regulatory limitations and similar limitations of the pledged revenue.

6.2.2 Public Works laws: Bidding/Prevailing wage. Compliance with local, state and Federal public works laws including but not limited to public bidding and prevailing wage.

6.2.3 Title/vesting of Real Estate owned by PDA. The preferred title and vesting of real property including liens and reversionary clauses and third party agreements.

6.2.4 Approval process consistent with current City contract policy. The extent to which the process for approval of contracts and agreements can follow existing City Contract policy.

6.2.5 Ownership and disposition of assets upon dissolution. The final ownership and disposition of assets including potential for transfer to non-public entities.

6.3 Options for Transfer of Funds or Assets – non inclusive as allowable under state and local laws.

6.3.1 PDA issues bonds. The PDA issues bonds to undertake certain specified “community renewal” activities or designated, approved PDA project. Bonds may be guaranteed by the City, consistent with state and local laws, and repaid via dedicated PDA revenue including, as applicable local sales and property tax allocation revenue. Bond revenue is managed by PDA. PDA Revenue to be assigned to repay principle and interest on outstanding bonds. The PDA would take title to real property but the City’s interest would be secured with a “first position lien” or similar title condition. The City could elect to purchase the revenue stream or bonds as applicable and consistent with any applicable state and local laws.

6.3.2 City transfers assets to PDA. City transfers assets (funds or real estate) to the PDA to provide necessary capitalization for the PDA to engage in specified “community renewal” activities or projects as dictated by Charter, ordinances and/or agreements of the PDA. The asset transfer may contain reversionary clauses, as applicable. This could allow the PDA flexibility to leverage assets.

6.4 Notification to PDA of Fund or Asset Transfer

6.4.1 The City will endeavor to evaluate and decide all complete requests for fund or asset transfer within Ninety (90) days of receipt of completed application and supporting materials.
6.4.2 All granted requests will be finalized into a contract between the City and PDA and consist of terms and conditions addressing, at a minimum:

6.4.2.1 Use of asset or funds must be for a public purpose as outlined in the charter, ordinances and agreements with the PDA;

6.4.2.2 Quarterly reports to the City and an annual presentation to City Council on the PDAs use of the asset;

6.4.2.3 Compliance with audit provisions and provide copy of annual audit to City;

6.4.2.4 Compliance with all public works requirements, including prevailing wage requirements, competitive bidder requirements, etc;

6.4.2.5 Consideration and repayment terms

6.5 Contract Terms for Asset Transfer

6.5.1 Any asset transfers from the City to a PDA shall be memorialized in a written agreement, contract or Memorandum of Understanding (MOU) outlining the specific terms for the asset transfer.

6.6 The contract, agreement or MOU for transfer of assets must be approved by City Council.

7.0 RESPONSIBILITIES

The City of Spokane Planning and Development Services Department shall administer this Policy.

8.0 APPENDICES

APPROVED BY:

City Attorney

Date

Director

Date