

ORDINANCE NO. 07-555

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FEDERAL WAY, WASHINGTON, ESTABLISHING A REVENUE DEVELOPMENT BOUND ON THE SOUTH BY 324TH ST.; BOUND ON THE WEST BY 11TH PL. S., BY THE WESTERN PROPERTY LINE OF THE FEDERALWAY PUBLIC SCHOOLS BUS AND MAINTENANCE FACILITY ON THE NORTH SIDE OF 320TH ST., AND BY PACIFIC HIGHWAY S.; BOUND ON THE NORTH BY THE NORTHERN BORDER OF THE AFORMENTIONED FEDERAL WAY PUBLIC SCHOOLS BUS AND MAINTENANCE FACILITY AND A LINE EXTENDED FROM THERE EASTWARD TO PACIFIC HIGHWAY S., BY 312TH ST., EXCEPT RUNNING ALONG THE SOUTHERN BOUNDARIES OF THE MULTIFAMILY DEVELOPMENTS LOCATED ON THE SOUTH SIDE OF 312TH ST. BETWEEN PACIFIC HIGHWAY S. AND 23RD AVE. S., BY S. 317TH ST., EXCEPT INCLUDING THE TRUMAN HIGH SCHOOL SITE ON THE NORTH SIDE OF 317TH ST.; AND BOUND ON THE EAST BY 23RD AVE. S. SOUTH OF 320TH ST. FOR THE LOCAL INFRASTRUCTURE FINANCING TOOL PROGRAM.

WHEREAS, in 2006 the State Legislature authorized a Local Infrastructure Financing Tool ("LIFT") Program outlined in RCW 39.102 et seq; and

WHEREAS, the State Legislature expressly found that public infrastructure promotes community and economic development, stimulates business activity and helps create jobs; and

WHEREAS, the State Legislature developed a process whereby a city may establish a Revenue Development Area ("RDA") and apply to the Community Economic Revitalization Board ("BOARD") for funding through a credit against the State's portion of sales and use tax and an allocation of property tax revenue with matching city funds; and

WHEREAS, pursuant to State Law no more than one RDA may be created within a county:
and

WHEREAS, the City of Federal Way is proposing to establish a RDA in specific areas of the Federal Way City Center, in order to finance public infrastructure improvements through incremental local tax revenues generated within the RDA, and matching State LIFT revenues generated within the RDA;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FEDERAL WAY, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Proposed Public Improvements for LIFT Financing in the Revenue Development Area (RDA).

The City anticipates using the LIFT funds for the following types of public improvements:

- A. New "grid roads," and portions thereof, as well as expansion and/or improvement of existing rights-of-way, intended to provide more circulation routes and disperse traffic more evenly within the City Center;
- B. Public open spaces, such as plazas, pocket parks, pedestrian and bicycle trails, etc.; and
- C. Public parking facilities

All such improvements are embodied in the Transportation, Capital Facilities, Parks and Recreation, Land Use and City Center elements of the Federal Way Comprehensive Plan.

Section 2. The Boundary of the RDA.

The boundary of the RDA is generally:

- o Bound on the South by S. 324th St.;
- o Bound on the West by 11th Pl. S.; by the western property line of the Federal Way Public Schools bus and maintenance facility on the north side of S. 320th St.; and by Pacific Highway S.;
- o Bound on the North by the northern border of the aforementioned Federal Way Public Schools bus and maintenance facility and a line extended from there eastward to Pacific Highway S.; by S. 312th St., except running along the southern boundaries of the multifamily developments located on the south side of S. 312th St. between Pacific Highway S. and 23rd Ave. S.; by S. 317th St., except including the Truman High School site on the north side of S. 317th St.; and
- o Bound on the East by 23rd Ave. S. north of S. 317th St.; by 28th Ave. S.; by the Interstate 5 right-of-way; and by 23rd Ave. S. south of S. 320th St.

The more complete description of the boundary is referenced and incorporated herein as Attachment "A". In addition, the City has determined that as of January 1, 2007:

1. Taxable real property within the RDA boundaries does not exceed one billion dollars in assessed value.
2. The average assessed value per square foot of taxable land within the RDA does not exceed seventy dollars (\$70).
3. The RDA does not contain more than 25% of the total assessed value of taxable real property within the City.
4. There is no other RDA currently in King County.
5. The RDA consists of contiguous tracts, lots, pieces, or parcels of land without islands of properties been excluded nor has the City excluded parcels where economic growth is unlikely to occur.
6. The RDA boundary would not be changed for the period that local infrastructure financing is used.

Section 3. The Estimated Cost of the Proposed Public Improvements and the Portion of Costs Identified to Be Financed by the LIFT.

The following estimated costs of the public improvements proposed include:

- Five Million Dollars (\$5,000,000) for open space, public arts, and enhanced pedestrian sidewalks/trails between Steel Lake and Celebration Park
- Ten Million Dollars (\$10,000,000) in public parking spaces in privately developed parking structures (i.e. approximately one hundred (100) stalls in each of the four super-blocks in the City Center for a total of 400 stalls).
- Twenty Million Dollars (\$20,000,000) in grid-road improvements, cross-walks, bike-lanes, and traffic control improvements.

The City anticipates half of the above costs will be financed by the LIFT program funding, if awarded by the state, with the remaining half to be funded primarily with incremental local tax revenues generated in the RDA, together with grants, and other public/private funding sources.

Section 4. The Estimated Time For Using the City's Excise Tax and Property Tax Allocation Revenues To Be Used for the LIFT Financing.

The City will dedicate the portion of excise tax and property tax allocation revenues needed, together with other resources for a period not to exceed twenty-five years to match the amount of LIFT funding awarded from the state to finance the above proposed improvements.

Section 5. Commencement Date For Using the City's Excise Tax and Property Tax Allocation Revenues for the LIFT Financing.

The City intends to begin using the City's excise tax and property tax allocation revenues for the LIFT financing by the later of:

1. July 1, 2008; or
2. July 1 of the year following RDA approval by the Board.

Section 6. Findings.

The City Council finds the following in accordance with RCW 39.102.070:

1. No LIFT funds will be used to finance, design, acquire, construct, equip, operate, maintain, remodel, repair, or reequip public facilities funded with taxes collected under RCW 82.14.048.
2. No funds will be used for public improvements other than projects identified within the capital facilities, utilities, housing, or transportation element of the City's comprehensive plan, except for qualified historical preservation activities.
3. The proposed public improvements to be financed in whole or in part using LIFT financing are expected to encourage private development and increase the fair market value of real property within the RDA.
4. The City has issued a request for proposals for a mixed-used development project on the former AMC Theater site within the RDA boundaries and expects to select a responder in July 2007 to enter into negotiations, resulting in a development agreement in the fall of 2007.
5. The City has also received a letter of intent from the owner of the Pal-Do World Plaza for a redevelopment project that would convert the existing strip-mall into a major mixed-use project.
6. The City anticipates that private development in the RDA, as a result of the public improvements, will be consistent with the City's Comprehensive Plan and development regulations.
7. LIFT financing:
 - A. Is not expected to be used for the purpose of relocating a business from outside the RDA, but within the state, into the RDA; and
 - B. Will improve the viability of existing business entities within the RDA.
8. The public improvements proposed to be financed in whole or in part, by LIFT financing are reasonably likely to:
 - A. Increase private residential and commercial investment within the RDA.
 - B. Increase employment within the RDA.
 - C. Improve the viability of existing communities that are based on mixed-use development within the RDA.

- D. Generate, over the period of time the local option sales tax will be imposed, state excise tax allocation revenues and state property tax allocation revenues derived from within the RDA equal to or greater than the respective state contributions.
9. The RDA where the LIFT financing would be used are those areas the City deems in need of economic development or redevelopment.

Section 7. Process to Establish the RDA.

Prior to the presentation and enactment of this ordinance establishing an RDA, the City took the following steps in accordance with RCW 39.102.080:

1. The City has determined it would not be necessary to use any other local taxing district's excise tax or property tax allocation revenues in the LIFT financing, and therefore, no cosponsoring agencies or written agreements are necessary.
2. The City has inventoried and determined there are no low-income housing units in the proposed area; therefore, no impact would result from development within the RDA.
3. The City has inventoried and estimated impacts of the RDA on small businesses and developed a mitigation plan that is incorporated and referenced herein as Attachment "B".
4. The City has produced a reasonable estimate of projected net job growth and net housing growth caused by creation of the RDA over the next 25 years. Net job growth is projected to total 6,086 jobs, allocated to the following general categories:

Retail:	3,347 jobs
Office:	1,765 jobs
Hotel:	730 jobs
Civic/Cultural/Educational:	243 jobs

Net housing growth is projected to total 1,500 units.

5. We anticipate that the spectrum of housing availability within the City Center will be substantially broadened to include ownership at all levels (from entry-level to middle-income to upper-income) and rental from lower-income to middle- and upper-income.

Section 8. Notice and Public Hearing.

Pursuant to RCW 39.102.100 the City:

1. Published notice of the public hearing in the official newspaper, *The Federal Way Mirror*, ten days before June 5, 2007, on May 26, 2007, and posted notice in the following eight locations on May 25, 2007:
 - a. Gateway Center: Gateway Center Boulevard
 - b. Hillside Plaza
 - c. The Commons at Federal Way
 - d. Pal-Do World Plaza
 - e. SeaTac Village
 - f. Celebration Center
 - g. Pavilions Center Phase II
 - h. Wal-Mart/Top Food Center

2. On May 4, 2007 the City mailed the notice of the public hearing and intent to establish an RDA to all identified property owners, business operators located in the RDA, and identifiable community-based organizations with involvement within the RDA via United States mail.

A copy of the notice is referenced and incorporated herein as Attachment "C".

Section 9. Severability. The provisions of this ordinance are declared separate and severable.

The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 10. Effective Date. This ordinance shall take effect and be in force five (5) days from the time of its final passage, as provided by law.

Section 11. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

PASSED by the City Council of the City of Federal Way this 19th day of June, 2007.

CITY OF FEDERAL WAY


MAYOR, MICHAEL PARK

ATTEST:



CITY CLERK, LAURA HATHAWAY, CMC

APPROVED AS TO FORM:



CITY ATTORNEY, PATRICIA A. RICHARDSON

FILED WITH THE CITY CLERK: 5/25/07
PASSED BY THE CITY COUNCIL: 6/19/07
PUBLISHED: 6/23/07
EFFECTIVE DATE: 6/28/07
ORDINANCE NO 07-555
K:\ord\2007\RDA

ATTACHMENT A

Beginning at the intersection of 11th Pl. S. and S. 324th St., north along and including 11th Pl. S. to S. 320th St., west along and including S. 320th St. to the western boundary of the Federal Way Public Schools bus and maintenance facility at 1066 S. 320th St. being parcel number 0821049188, north along the western boundary of said property to the northern boundary of said property, east along the northern boundary of said property and continuing east along the northern boundary of 1400 S. 320th St. being parcel number 0821049121 to the intersection with the western boundary of Pavilion Center II located at 31601 Pacific Highway South being parcel number 0821049196, continuing east on the same line to the northwest corner of parcel 0821049078, continuing along the northern boundary of said parcel to the northwest corner of 31717 Pacific Highway South being parcel 0821049229 continuing along the northern boundary of said parcel to Pacific Highway South, north along and including Pacific Highway South to S. 312nd St., east along and including S. 312nd St. to the Brightwater Apartments, located at 31224 20th Ave. S. being parcel number 0921049018, south along the western boundary of said property to the south end of said property, east along the southern boundary of said property to 2201 S. 312th St. being parcel number 0921049284, continuing east along the southern boundary of said property to 23rd Ave. S., south along and including 23rd Ave. S. to S. 317th, east along and including S. 317th S., to Truman High School located at 31455 28th Ave. S. being parcel number 0921049054, north along said property to its northern edge, east along said property to 28th Ave. S., south along and including 28th Ave. S. to S. 317th S., east to the western edge of the Interstate 5 right-of-way, south along the western edge of the Interstate 5 right-of-way to S. 320th St., west along and including S. 320th St. to 23rd Ave. S., south along and including 23rd Ave. S. to S. 324th St, west along and including S. 324th St., to 11th Pl. S.

ATTACHMENT B

ESTIMATED IMPACT OF THE RDA ON SMALL BUSINESS AND LOW-INCOME HOUSING AND PROPOSED MITIGATION PLAN

I. IMPACT AND MITIGATION ON LOW-INCOME HOUSING

The RDA does not currently contain any housing units; therefore, there is no anticipated negative impact on low-income housing that would result from the proposed public improvements and the anticipated private redevelopment.

II. INVENTORY OF BUSINESSES

The RDA encompasses most of the City Center Core and Frame area, with 326 business enterprises and around 4,500 total jobs.

Given that some of the existing structures in the area are dated, of lower-grade, and/or comprise low-density development, they are prime candidates for redevelopment.

The current commercial market conditions and the creation of RDA would likely speed up the process of redevelopment.

Such redevelopment project would likely require relocation of existing businesses. Until the area is fully redeveloped, there would be substantial capacity and opportunity for such businesses to find comparable locations within or in close proximity to the RDA.

City Center Existing Business Inventory				
	Business Type	No of Biz	FTEE	PTEE
27	Manuf.- Printing/Pub	2	27	4
42	Transportation- Truc	1	1	2
48	Communications- Tele	4	15	1
51	Wholesale- Groceries	2	4	4
53	Gen. Merchandise- Va	10	443	104
54	Food- Misc. Food Sto	22	194	232
55	Auto- Gasoline Servi	5	32	18
56	Apparel- Shoe Store	25	70	85
57	Furniture/Furnishing	3	17	19
58	Restaurants- Food Co	74	773	929
59	Retail Misc.- Hobby,	81	322	312
60	Banks- Depository In	7	67	8
61	Non-Depository- Mort	7	35	-
62	Security/Commodities	3	39	1
64	Insurance- Insurance	3	22	-
65	Real Estate- Agents/	3	38	6
67	Investment- Advice &	1	2	-
70	Hotels & Lodging- Ho	4	64	32
72	Personal Svc.- Barb	32	91	47
73	Business Svc.- Misc	7	36	-
76	Repair Services- Mis	1	1	1
78	Motion Picture- Thea	1	5	15
79	Recreational Service	5	40	118
80	Health Svc.- Office	16	38	19
82	Educational Services	2	101	13
83	Social Svc.- Child	2	5	6
84	Museums/Galleries/Ga	1	6	-
86	Membership Organizat	1	9	1
87	Accounting/Auditing/	2	4	10
Grand total		327	2,501	1,987

III. IMPACT AND MITIGATION ON SMALL BUSINESS

"Small business," as defined by RCW 19.85.030, is any business entity, including a sole proprietorship, corporation, partnership, or other legal entity, that is owned and operated independently from all other businesses, and that has fifty or fewer employees.

There are 161 businesses employing a total 720 employees, including 392 on part-time basis, within the RDA boundaries may fall under this definition. 67% of these businesses are retail in nature, including restaurants and fast food services, employing 74% of the employees, and 29% in the personal services industry, employing 24% of the employees.

City Center Small Business Inventory			
Business Type	No of Biz	FTEE	PTEE
42 Transportation- Truc	1	1	2
48 Communications- Tele	1	3	-
51 Wholesale- Groceries	2	4	4
53 Gen. Merchandise- Va	2	4	8
54 Food- Misc. Food Sto	11	14	41
55 Auto- Gasoline Servi	2	8	7
56 Apparel- Shoe Store	9	13	8
58 Restaurants- Food Co	43	120	202
59 Retail Misc.- Hobby,	40	52	51
64 Insurance- Insurance	2	2	-
65 Real Estate- Agents/	1	-	1
72 Personal Svc.- Barb	25	35	37
73 Business Svc.- Misc	4	26	-
78 Motion Picture- Thea	1	5	15
79 Recreational Service	1	1	-
80 Health Svc.- Office	13	32	9
82 Educational Services	1	1	1
83 Social Svc.- Child	1	3	6
87 Accounting/Auditing/	1	4	-
Grand total	161	328	392

It is very likely that many of these smaller business enterprises would be vulnerable to potential displacement from redevelopment of the area over time. For purposes of

calculating potential displacement impacts and net job growth, we have estimated that approximately 50% of the existing small businesses may be displaced, resulting in a total of 360 jobs potentially being displaced. Most of the displaced small businesses would likely be able to find comparable locations and rents both within and outside the RDA boundaries to relocate. Some may choose to relocate to one of the new redevelopment projects.

IV. PROPOSED MITIGATION PLAN FOR SMALL BUSINESS:

The primary purpose of the mitigation plan is to lay out practical ways to assist businesses in finding viable options for relocation, to minimize any business disruptions, and to retain as many businesses in Federal Way as possible.

1. Provide Sufficient Notice of Relocation

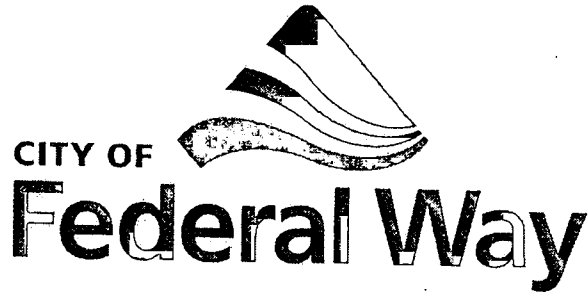
Notices will be provided so that all displaced businesses will have a reasonable period of time to find a comparable replacement location. To this end, the City would:

- i. Mail notices to affected businesses from any proposed new public improvements and private development projects at least 120 days prior to the start of construction;
- ii. Post notices conspicuously in the affected area at least 120 days prior to start of construction for any proposed new public improvements and private development projects.

2. Provide Relocation Assistance

- i. City will provide lists of available commercial properties being offered for sale and/or lease, including site map and pertinent information, which may be considered as alternative sites.
- ii. City will make expedited permit review available for required tenant improvements for affected business enterprises that choose to relocate within the City.
- iii. City will encourage new property owner/developers to offer right of first refusal on similar commercial space in new projects.
- iv. City will, through its partnership with the Highline Community College Small Business Development Center, provide assistance to eligible small businesses in seeking relocation loans at the lowest available cost, as well as providing business assistance and referral services where applicable.

ATTACHMENT C



NOTICE OF PUBLIC HEARING

ON
ESTABLISHMENT OF REVENUE DEVELOPMENT AREA (RDA)
PURSUANT TO
LOCAL INFRASTRUCTURE FINANCING TOOL ("LIFT") PROGRAM
(RCW 39.102)

Pursuant to the State LIFT Program, outlined in RCW 39.102, the City of Federal Way is proposing to establish a Revenue Development Area (RDA) in the Federal Way City Center. The purpose of the RDA is to finance public infrastructure improvements through incremental, local tax revenues generated within the RDA, matched with State LIFT revenues generated within the RDA. Such new public infrastructure improvements are intended to complement and stimulate new private redevelopment projects within the RDA that will provide housing, jobs and goods and services, and increase the fair market value of real property within the RDA.

- Public infrastructure improvements contemplated include:
 - New "grid roads," and portions thereof, as well as expansion and/or improvement of existing rights-of-way, intended to provide more circulation routes and disperse traffic more evenly within the City Center;
 - Public open spaces, such as plazas, pocket parks, pedestrian and bicycle trails, etc.; and
 - Public parking facilities

All such improvements are intended to implement goals and policies embodied in the Transportation, Capital Facilities, Parks and Recreation, Land Use and City Center elements of the Federal Way Comprehensive Plan.

- The total proposed public infrastructure improvements to be financed through the local infrastructure financing program will be limited to \$35 million.
- The City is pursuing the maximum amount of the State LIFT funding at \$1 million per year for 25 years.
- The State LIFT funding requires an equal amount in local matching funds. Therefore, the City is proposing to use incremental sales, property, and other tax revenues generated from new private development within the RDA, together with approximately \$6 million from the City Center

Redevelopment Fund established by the City, as the local matching fund for the proposed infrastructure improvements.

- The estimated period during which the local infrastructure financing is contemplated to be used is 25 years.
- Infrastructure construction and associated redevelopment within the RDA may displace existing businesses over the long-term. Many businesses may be able to find new locations within redevelopment projects, while others may be displaced from the RDA. No low-income housing will be directly affected as the RDA includes no existing housing.
- The proposed RDA boundaries are described as follows:
 - Bound on the South by S 324th St;
 - Bound on the West by 11th Pl S; by the western property line of the Federal Way Public Schools bus and maintenance facility on the north side of S 320th St; and by Pacific Highway S;
 - Bound on the North the northern border of the aforementioned Federal Way Public Schools bus and maintenance facility and a line extended from there eastward to Pacific Highway S; by S 312th St, except running along the southern boundaries of the multifamily developments located on the south side of S 312th St between Pacific Highway S and 23rd Ave S; by S 317th St, except including the Truman High School site on the north side of S 317th St.; and
 - Bound on the East by 23rd Av S north of S 317th St; by 28th Ave S; by the Interstate 5 right-of-way; and by 23rd Av S south of S 320th St

You may also refer to the attached RDA map

The public hearing on this matter will be held during a regularly scheduled City Council meeting at the following date, time and place:

7:00 p.m., Tuesday, June 5, 2007
City Council Chambers
City Hall
33325 8th Ave South


For a copy of the draft Ordinance and information on how the limitations, conditions and findings, required by RCW 39.102, are met, you may access the City Council's agenda packet via the City's website at cityoffederalway.com or in person at the City Clerk's Office in City Hall, at the above address, as of Friday, June 1, 2007.

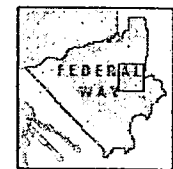
For more information, you may also contact Economic Development Director Patrick Doherty at patrickd@cityoffederalway.com or 253-835-2612.



Proposed City Center Revenue Development Area (RDA)

Legend

 Proposed RDA



0 500 1,000 Feet



This map is accompanied by no warranties and is simply a graphic representation.