

ORDINANCE NO. 2023-02

AN ORDINANCE, of the City of Wenatchee designating the North Wenatchee Avenue Tax Increment Financing Area, fixing the boundaries thereof, and providing for related matters.

WHEREAS, the Washington State Legislature, during its 2021 legislative session, enacted Engrossed Substitute House Bill 1189 as Chapter 207, Laws of 2021, titled “AN ACT Relating to tax increment financing” and codified as RCW 39.114 (the “TIF Act”), which authorizes local governments, including cities, to carry out tax increment financing of public improvements needed to support vital private economic development projects; and

WHEREAS, the purpose of this ordinance is to designate an increment area that will enable the City of Wenatchee to carry out a tax increment financing of the public improvements needed to serve that increment area and the resulting private development within that increment area, all in compliance with the requirements of the TIF Act as more particularly described in this ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WENATCHEE DO ORDAIN as follows:

SECTION I

Definitions

Capitalized terms used in this ordinance shall have the meanings set forth in this Section I. The uncapitalized terms “public improvement costs,” “regular property taxes”

and “tax allocation revenues” used in this ordinance shall have the meanings provided for those terms by RCW 39.114.010, as the context requires.

(a) “City” means the City of Wenatchee, Washington.

(b) “Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(c) “County” means Chelan County, Washington.

(d) “Finance Director” means the Director of Finance of the City.

(f) “Increment Area” means the parcel of land within the North Wenatchee Avenue that is designated by Section II of this Ordinance as the “North Wenatchee Avenue Tax Financing Increment Area.”

(g) “Projection Analysis” means the City’s TIF Area Project Analysis – North Wenatchee Avenue submitted to the Washington State Treasurer on October 10, 2022, as supplemented by additional information requested by and provided to the Office of State Treasurer, for its review and comment.

(h) “Treasurer’s Review Letter” means the letter to the City from the Office of State Treasurer dated January 31, 2023, summarizing its review of and providing comments and recommendations with respect to the Project Analysis for consideration by the City.

SECTION II

Designation of Increment Area

The City designates the area described on Exhibit “A” attached hereto as the North Wenatchee Avenue Tax Increment Financing Area. In making this designation, the City takes note of the facts that the Increment Area (i) is the only increment area designated by the City under the TIF Act, (ii) is located within the boundaries of the City, (iii) does not include the City’s

entire territory, and (iv) does not have an assessed value on the date of this ordinance greater than the lesser of \$200,000,000 or twenty percent (20%) of the total assessed value of taxable property within the City of \$4,402,820,511. The assessed value of the proposed increment area is equal to 0.45% of the City's total assessed valuation.

SECTION III

Sunset Date of the Increment Area

The sunset date of the Increment Area is (i) December 31, 2048, which is the date not later than 25 years after the first year (calendar year 2024) in which tax allocation revenues will be collected on taxable property within the Increment Area (the "outside sunset date"), or (ii) if earlier, the date ("an early sunset date") on which the City certifies to the County Treasurer that all public improvement costs to be paid or reimbursed with tax allocation revenues derived from the Increment Area have been fully paid, including but not limited to reimbursements to the City for principal and interest payments required to be made by the City from revenue sources other than tax allocation revenues on general obligation bonds issued to finance the portion of public improvement costs that are intended to be paid and retired, in whole, from tax allocation revenues, as authorized by RCW 39.114.060(1).

SECTION IV

Identification of Public Improvements to be Financed

The public improvements to be financed consist of the following infrastructure improvements to be owned by the City and located within or outside of and serving the Increment Area:

A. McKittrick “Signature Street” – a new McKittrick Street grade separated underpass connection between North Wenatchee Avenue and Confluence Parkway.

This signature street will:

(i) Provide a new signalized intersection at McKittrick Street with improved access to adjacent parcels that will attract new commercial development and redevelopment.

(iii) Be designed as a complete street, including pedestrian friendly sidewalks and a protected bikeways.

(iv) Induce new drive-by traffic thereby increasing visibility necessary for creating development interest for existing “backwater” sites east of the BNSF rail line.

(v) Provide an alternative commuting route. This roadway will minimize traffic congestion on the existing busy North Wenatchee Avenue and provide a release valve for future traffic along Confluence Parkway.

(vii) Create and connect a new north to south Columbia Street connection including upgrading utilities to support adjacent development.

(viii) Specifically, the McKittrick Street extension and grade separation is critical for access to the developable property and opening opportunities for redevelopment. The McKittrick Street extension would provide access that is limited today, supporting existing businesses, enabling new business locations and strengthening the district as an employment address; establish a visible gateway from one of Wenatchee’s most traveled arteries.

B. Confluence Parkway – An arterial roadway and parallel route to North Wenatchee Avenue. Confluence Parkway will:

(i) Establish a new landscaped and tree-lined entry for auto and truck traffic from US2 into North Wenatchee.

(ii) Increase visibility, access and create an attractive setting for development.

(iii) Improve regional mobility for through traffic and relieve traffic congestion on North Wenatchee Avenue.

C. North Wenatchee “Boulevard Gateway” – Boulevard treatment of North Wenatchee Avenue enhances the character of this auto-dominated arterial. This boulevard enhanced street will:

(i) Include a landscaped median, lighting, and other streetscape elements that establish this segment of the corridor as a destination and a setting for new street-oriented development.

(ii) Enhance this location as a destination for street oriented commercial and retail development.

SECTION V

No Issuance of Bonds Intended to Finance the Public Improvement Costs

The City does not intend to issue bonds to finance any portion of the public improvement costs.

SECTION VI

Increment to Take Effect on June 1, 2023

The tax increment for the Increment Area designated in Section II of this Ordinance shall take effect on June 1, 2023.

SECTION VII

Deadline for Commencement of Construction of Public Improvements

The City expects that construction of the public improvements identified in Section IV of this Ordinance will commence in the summer of 2023. In no event will construction of those public improvements commence later than December 31, 2027, the date five (5) years from the date of adoption of this Ordinance, unless that deadline is extended for good cause.

SECTION VIII

Required Findings by the City Council

Based upon the Project Analysis, the Council finds that:

- (a) The public improvements proposed to be paid or financed with tax allocation revenues are expected to encourage private development within the Increment Area, and to increase the assessed value of real property within the Increment Area;
- (b) The private development that is anticipated to occur within the Increment Area as a result of the proposed public improvements will be permitted consistent with the applicable zoning and development standards of the City, which is the permitting jurisdiction for the Increment Area;
- (c) The private development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements; and

(d) The increased assessed value of taxable property within the Increment Area that could reasonably be expected to occur without the proposed public improvements would be less than the increase in the assessed value estimated to result from the proposed private development with the proposed public improvements. The assessed value of property in the Increment Area as certified by the County Assessor, estimated increase due to the Increment Area, and estimated tax revenues to be generated are as follows:

- i) Total taxable assessed valuation for most recent tax year (2022) = \$19,740,983;
- ii) Estimated increase due to TIF based on known projects = \$50,000,000; and
- iii) Estimated Tax Revenues (local) to be generated = ±\$178,000/year or \$4,465,295 over 25 years.

SECTION IX

Preparation and Consideration of Project Analysis

As required by RCW 39.114.020(2), the City has caused to be prepared by staff the Project Analysis to describe and analyze, among other matters, the factors and considerations listed in that statute. The City Council takes note of the conclusion expressed in the Treasurer's Review Letter that the City's Project Analysis meets the requirements of RCW 39.14.020. In its consideration and adoption of this Ordinance, the City Council has reviewed and considered, among other things, the Project Analysis and the Treasurer's Review Letter, including the "Risk Factors" and "Recommendations" noted in the Treasurer's Review Letter.

SECTION X

Impact on Chelan County Fire Protection District No. 1

The Increment Area is currently included in the Chelan County Fire Protection District No. 1. The City has concluded that it will not be necessary to negotiate a mitigation plan with the District under RCW 39.114.020 (5).

SECTION XI

Public Briefings Held by the City

As required by RCW 39.114.020(7)(a), the City has held two public briefings for the community regarding the public improvements needed to serve the Increment Area. These public briefings were held on October 3, 2022 at 9 a.m. at City Hall, and October 4, 2022 at 5 p.m. at City Hall, and announced to the public at least two weeks prior to the date each briefing was held by publishing notice in the Wenatchee World, a legal newspaper of general circulation in the City and the greater Chelan County area, and by posting information on the City's website and on all of its social media sites. Each public briefing included a description of the Increment Area, the public improvements proposed to be financed with tax allocation revenues derived from the Increment Area, and a detailed estimate of tax revenues for the participating local governments and taxing districts, including the amounts allocated to the public improvements serving the Increment Area. The City also has provided additional briefings for elected and administrative officials of the County, the Wenatchee Valley Fire District, and the NCW Library District.

SECTION XII

Publication of Notice and Delivery of Ordinance

Designating Increment Area

Both prior to and following the adoption of this Ordinance, the City has published, and will publish, in the *Wenatchee World*, a legal newspaper of general circulation within the jurisdiction of the City, a notice that describes the public improvements, describes the boundaries of the Increment Area, and identifies the location and times where this Ordinance and other public information concerning the public improvements may be inspected. Following the adoption of this Ordinance, the City will deliver a certified copy of this Ordinance to the County Treasurer, the County Assessor, and the governing body of each taxing district within which the Increment Area is located.

SECTION XIII

General Authorization and Ratification

The appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the tax increment financing of the public improvement serving the Increment Area contemplated in connection with this Ordinance. All actions taken prior to the effective date of this Ordinance in furtherance of the purposes described in this Ordinance and not inconsistent with the terms of this Ordinance are ratified and confirmed in all respects.

SECTION XIV

Severability

The provisions of this Ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having

run, finds any provision of this Ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this Ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

SECTION XV

Effective Date of this Ordinance

This Ordinance shall take effect thirty (30) days from and after its passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF WENATCHEE, at a regular meeting thereof, this 23rd day of February, 2023.

CITY OF WENATCHEE, a Municipal Corporation

By: Frank J. Kuntz
FRANK J. KUNTZ, Mayor *Pro Tem*
Jose Cuevas

ATTEST:

By: Tammy Stanger
TAMMY STANGER, City Clerk

APPROVED:

By: Danielle R. Marchant
DANIELLE R. MARCHANT
City Attorney



I certify that this is a true and correct copy of Ordinance No. 2023-02, passed by the City Council on February 23, 2023.

Tammy Stanger
Tammy Stanger, City Clerk