

DOWNTOWN INVESTMENT GUIDELINES

December 7, 1999

Vision

The City's Comprehensive Plan contains many policy statements supporting downtown redevelopment including:

"Ensure that the downtown remains the functional heart of the region, pursuing further development of retail, employment, entertainment, cultural, arts, tourist activities and particularly housing. Develop plans for under-utilized existing parking lots in the Downtown."

"Concentrate development in areas already served by public facilities and services. Use the provision or planned provision of public facilities and services as a means of directing development into desirable areas. Ensure development patterns that can be provided with public facilities and services in the most cost-effective manner."

"Promote housing opportunities in the Downtown area which will contribute to the support of commercial and cultural activities while minimizing traffic congestion, air pollution and energy use."

The Community Vision statement in the City's Strategic Plan states in part,

"Vancouver has a vibrant downtown where people throughout the community gather to live, work, shop and enjoy many entertainment options".

Within the Plan's Strategic Commitments, are the statements:

"We are revitalizing the downtown by encouraging mixed use, residential and retail development activities."

and

"Provide effective public financial investment that will enable capable developers to develop successful real estate projects in the downtown."

Purpose

The purpose of the City's participation in downtown redevelopment is to implement the City Comprehensive Plan, the vision of the City's Strategic Plan and of the Esther Short Subarea and Redevelopment Plan.

Principles

Prudent risk management is a high priority.

Over a period of no more than 20 years, the net present value of the City's financial participation in public/private partnerships should be neutral or positive using a discount rate equal to or greater than the City's anticipated average investment yield.

The City should not financially participate in public/private partnerships to any extent greater than is necessary to allow the developer to earn a fair market return given the amount of investment and the risk of the project.

The City will prefer financial participation that minimizes the impact on the City's non-voted debt capacity.

The City will provide for the repayment of outstanding public debts related to downtown redevelopment.

Objectives 2000 - 2010

The following development goals are established for the 2000 - 2010 period subject to:

- Continued economic and population growth in Clark County
- Downtown retail, office and residential occupancies at or above 93%
- Hotel occupancies at or above 70%

Residential: 1,500 additional units accommodating a diverse socio economic population.

Commercial: 900,000 s.f. of additional office and 475,000 s.f. of additional retail of high density, class A space.

Lodging: 900 additional rooms of three diamond or better lodging facilities.

Special Projects: New unique projects in the downtown that stimulate the City's economy and contribute to the vision of a vibrant downtown with many entertainment opportunities.

Potential Areas of Public Participation

- Acquiring and/or disposing of land;
- Vacating streets that are no longer required for efficient traffic circulation;
- Remediating environmental contamination;
- Developing, purchasing, leasing and operating public parking;
- Constructing public improvements adjacent to private development including but not limited to sidewalks, street trees, fountains, plazas, ornamental lighting, traffic signals, kiosks and street furniture;
- Commissioning and installing public artworks;
- Replacing antiquated public infrastructure;
- Developing of related public assets, e.g. pedestrian connections and park improvements;
- Participating in undergrounding overhead utilities;
- Waiving systems development charges;
- Exempting property taxes on new or redeveloped multi-family housing for up to ten years;
- Awarding low interest loans for low/mod income multi-family housing;
- Expediting land use/building permit approvals, including processing in compliance with the City's planned action ordinance.
- Design and land use controls.

The use of any of these means in any public / private agreement is NOT intended to set a precedence for the level of City participation in any other similar agreement.

Addendum 1

Projects

The City has participated in or anticipates participating in the following downtown projects:

Acquisition and Demolition of General Brewing Properties (Completed)

Expenditures:

- Land Acquisition: \$2,000,000
- Demolition: \$1,087,258
- Interest: \$954,232 (through 8/31/99)

A plan is now being developed to pay off the interfund loan that financed this acquisition. Sources of repayment may include the sale of land and other assets and other City capital resources.

Esther Short Park (Committed)

- Reconstruction : \$2,000,000 (City)
- Reconstruction \$2,000,000 (Private Donation)

Bonding: General Obligation Bonds
Impact on Non-Voted Debt Capacity: \$2,000,000

Heritage Place (Committed)

Expenditures:

- Public improvements: \$611,000 (Sidewalks, plaza, street lights, street trees)
- Environmental remediation: \$109,000

Revenues:

- Property sale: \$150,000
- Condo sales: \$606,000 (\$6,000 each on 101 unit sales)
- Present value of new taxes: Not calculated.

Other Financial Participation:

- Tax exemption on all residences for ten years.
- Replacement of obsolete sanitary sewer and water lines.
- Waiver of systems development charges.

Bonding: None.

Impact on Non-Voted Debt Capacity: None.

Park Center (Committed)

Expenditures:

- Parking (assuming three separate phases in 1999 dollars): \$15,250,000
- Environmental remediation: Unknown.

Revenues:

- Property sales: \$960,000
- Sale of parking facility to developer (estimated): \$6,500,000 (in 1999 dollars)
- Net present value of parking fees and new tax revenues: (\$30,400) to \$972,000

Other Financial Participation:

- Tax exemption on rental residential homes only for ten years.
- Replacement of obsolete sanitary sewer and water lines.
- Waiver of systems development charges.

Bonding: General Obligation and/or revenue bonds.

Impact on Non-Voted Debt Capacity: All or significant portion of debt.

Prestige Place (Based on previous agreement with Kaiser)

Exclusive negotiating period will run until March 31, 2000.

Expenditures:

- Public improvements: \$150,000
- Environmental remediation: Unknown.

Revenues:

- Property sale: \$500,000
- Present value of new tax revenues: Not calculated.

Other Financial Participation:

- Replacement of obsolete sanitary sewer and water lines.
- Waiver of systems development charges.

Bonding: General Obligation bonds.

Impact on Non-Voted Debt Capacity (estimated): \$150,000

Amtrak (Committed)

Expenditures:

- Roof, painting, track, lighting & sidewalks \$750,000 (Amtrak)
- Interior improvements, sidewalks and landscaping \$650,000 (State)
- Parking lot improvements \$150,000 (Amtrak)

Revenues: None

Bonding: None

Impact on Non-Voted Debt Capacity: None

Killian Pacific (Not committed)

Expenditures:

- Land acquisition: Exchange of similar sized parcels plus \$3,907 paid to City.
- Environmental remediation: Unknown.
- Parking: City will purchase parking structure upon completion for \$3,441,195.

Revenues/Benefits:

- Net present value estimated to be between \$653,178 and \$888,836.
- Internal rate of return estimated to be between 9.8% and 13.9%.
- Conversion of Main St. from one-way to two-way between 5th and 6th and potential to use Developer's costs as local match against State/Federal funds for other segments of Main and Broadway.
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Other Financial Participation:

- Waiver of systems development charges.
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Bonding: General Obligation and/or revenue bonds.

Impact on Non-Voted Debt Capacity: All or significant portion of \$3,441,195.

Washington Gateway Special Events Center (Not committed)

Note:

- Expenditures and revenues will technically belong to a Public Facilities District.
- City of Vancouver may have to guarantee some portion of the debt.

Expenditures:

- Land acquisition: \$4,000,000 - \$5,000,000
- Convention center, event center and parking: \$43,000,000 to \$46,000,000

Revenues (first stabilized year):

- Net cash flow: \$1,250,000

Other Financial Participation:

- Replacement of obsolete sanitary sewer and water lines.
- Waiver of systems development charges.

Bonding: City guarantee or funding of debt service reserve fund for convention portion of debt.
Impact on Non-Voted Debt Capacity: Approximately \$1.5 million.

Civic Center (Not committed)

Expenditures: \$20,000,000 to 35,000,000.

Revenues: Rent savings and sale of existing facilities.

Other Financial Participation:

- Replacement of obsolete sanitary sewer and water lines.
- Waiver of systems development charges.

General Obligation Bonds or Financing Lease Obligations.

Impact on Non-Voted Debt Capacity: Undetermined and dependent on financing structure.

Kirkland Union Manor Independent Senior Living (Partially Committed)

Expenditures: \$75,000 CDBG grant and \$75,000 CDBG loan.

Revenues: None

Other Financial Participation

- Waiver of systems development charges
- Tax exemption on 61 residential units for ten years

Bonding: None

Impact on Non-Voted Debt Capacity: None

Boise Cascade Redevelopment

Very preliminary discussions have been held with Boise Cascade about eventual conversion from heavy industrial to a more urban use. No redevelopment concepts, public/private partnerships, cost estimates or schedules have been developed.

Undergrounding Utilities

The City and Clark PUD are discussing geographic areas and tentative long range schedules for undergrounding overhead utilities in the downtown. Estimated costs, financing resources and cost allocations between agencies have not been resolved.

Replacement of Obsolete Sewer and Water Lines

Sanitary sewer and water line in the downtown were constructed in the early 1900s and are beginning to fail. As downtown parcels are being redeveloped, the lines serving these parcels are being replaced. Funding is from Capital Replacement Reserves.

Seventh Street Transit Center

C-Tran is preparing to begin engineering studies to reconfigure the Seventh Street Transit Center. Cost estimates have not been developed. Federal funding with local match is anticipated as the funding sources.

Downtown Traffic Study

The new Downtown Transportation System Plan recommends traffic signal and signing improvements and conversion of Main and Broadway from one-way to two-way. Cost estimates have not been developed.

Transportation Access

I-5 and its tributaries will be studied as part of the TEA 21 freight mobility studies. WDOT has pledged to include in this study an analysis of better freeway access to the downtown for motorists traveling south on I-5 and an analysis of better connectivity between downtown and the Historic Reserve. No cost estimates nor funding sources have been identified at this point.

Addendum 2

The attached spreadsheet, Downtown Redevelopment Investment Plan, is intended to reflect the capital investments necessary to further the City's vision and the Esther Short Subarea and Redevelopment Plans. It includes the projects listed in Addendum 1 and additionally provides approximately \$2,000,000 in additional debt per budget cycle beginning in 2001 - 2002. The spreadsheet does not include such financial participation as:

- Replacement of obsolete sanitary sewer and water lines.
- Waiver of systems development charges.
- Tax abatement on residential homes.
- Low interest loans.
- Vacation of streets.