

CITY COUNCIL AGENDA TOPIC

Ordinance authorizing execution of the First Amendment to the 2009 Spring District Catalyst Project Development Agreement, pursuant to the provisions of Chapter 36.70B RCW and section 20.25D.035 of the Land Use Code (LUC); providing for severability; and establishing an effective date.

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EXECUTIVE SUMMARY**ACTION**

Council will consider the Ordinance, which authorizes the City Manager to execute amendments to a 2009 Development Agreement (DA) between the City and WR-SRI 120th LLC (Wright Runstad) for the Spring District Catalyst Project. Following discussion, Council may take action on the Ordinance.

RECOMMENDATION

Move to adopt Ordinance No. 6771.

BACKGROUND/ANALYSIS**Background**

On July 10, 2009, the City entered into a DA with Wright Runstad for the Spring District development, which qualified as a Catalyst Project under Land Use Code (LUC) 20.25D.035. The DA reduced fee-in-lieu rates for certain Tier 1 amenities for the life of the project and allowed for extended vesting, while also requiring the construction of developer-funded Catalyst Project infrastructure in connection with development of the Spring District. To date, Wright Runstad has developed 19 parcels in the Spring District, and eight parcels remain as future development sites.

With the DA set to expire in 2027, Wright Runstad approached the City with a request to extend the DA term for an additional ten (10) years. The City and Wright Runstad then initiated negotiations to amend the terms of the Spring District DA, including terms governing the length of the DA, the established Tier 1 amenity fee-in-lieu rates under the DA, and certain provisions in the original 2009 DA governing administration of the DA during the life of the Catalyst Project. The City Council held study sessions on August 7, 2023 and November 20, 2023 to further consider and negotiate the proposed Spring District DA amendments.

The finalized DA amendment is provided as Attachment A in strike-draft format, with final edits negotiated between the City and Wright Runstad included therein. These final edits fix typos, memorialize the City process for amending the DA, and provide consistency and uniformity between certain provisions in the DA amendment and the original 2009 DA. Wright Runstad and its attorneys

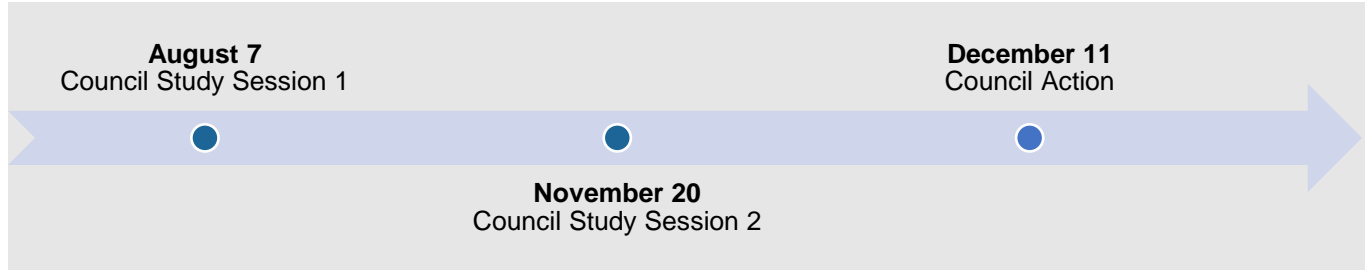
have reviewed and approved the proposed final DA amendment, which is also included as Attachment A to the attendant Ordinance authorizing execution of the DA amendment.

Separate from but related to the DA, the City Council will hold a public hearing and consider the proposed Land Use Code Amendment (LUCA) that is necessary to conform the provisions of LUC 20.25D.035 with the applicable provisions in the DA amendment, as required by the Local Project Review Act (RCW 36.70B.170). In turn, after Council adoption of the LUCA, the terms in the DA amendment regarding the 10-year extension of the DA term as well as the DA amendments adjusting the Tier 1 fee-in-lieu provisions are required in order for the provisions in the DA to remain consistent with the regulations in the LUC.

Review Process

On August 7, Council considered the proposed DA amendments for the Spring District Catalyst Project in BelRed. Following discussion, Council directed staff to resume negotiations with Wright Runstad and requested additional information regarding the developer-funded infrastructure and public benefits associated with the Spring District and DA amendments. On November 20, and based on Council feedback and continued negotiations with Wright Runstad, Council considered revised amendments to the DA. After Council review of the revised DA amendment and further discussion, Council directed staff to finalize the DA amendment for action at the December 11 City Council meeting.

The below table details the steps in the review process for the proposed DA amendment (and associated conformance LUCA):



POLICY & FISCAL IMPACTS

Policy Impact

The proposed DA amendment is consistent with the following Comprehensive Plan policies for the BelRed Subarea:

- **POLICY S-BR-79.** Establish a financial strategy that provides for the costs of public infrastructure and amenities needed to support BelRed development and identified as specific projects in this Plan to be born[e] by various parties based on their relative shares of impacts and benefits. Cause developing properties to contribute the principal share of needed public improvements, to the extent they are the primary beneficiary of such improvements. Implement existing and new financial tools as needed to carry out this strategy.

Discussion: Redevelopment of the Bel-Red Subarea requires a broad array of investments in public infrastructure and amenities. Various classes of properties,

including developing properties, existing properties, and the general City should share these costs based upon the relative share of benefits they receive.

- **POLICY S-BR-81.** Allow for private development to voluntarily advance the building of public infrastructure improvements, in order to enable land use to proceed in sync with the availability of needed infrastructure; consistent with the phasing approach set forth in Policy S-BR-4. Such investment may be repaid in part by latecomers agreement or similar device.

Fiscal Impact

Under the final DA amendment, Wright Runstad will continue to pay a Tier 1 fee-in-lieu amenity rate that is below the published rate that would otherwise be applicable to private development in BelRed. The DA amendment will lock in the \$4 per square foot fee-in-lieu rate for Tier 1 amenities through May 3, 2027; but after May 3, 2027, the DA amendment will raise the fee-in-lieu rate to 55 percent of the published Tier 1 fee-in-lieu rate, then finally increase to 60 percent of the published rate after May 3, 2031. Under the terms of the final DA amendment, the City may, at its option, apply Tier 1 fee-in-lieu amenity payments made by Wright Runstad to support the development of affordable housing.

OPTIONS

1. Adopt the Ordinance authorizing execution of the First Amendment to the 2009 Spring District Catalyst Project Development Agreement, pursuant to the provisions of Chapter 36.70B RCW and section 20.25D.035 of the Land Use Code (LUC); providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. Final Spring District DA Amendment
Proposed Ordinance No. 6771

AVAILABLE IN COUNCIL LIBRARY

N/A