DECLARATION OF SUPPORT

East Sprague Business Improvement District

Purpose of the East Sprague Business Improvement District

The owners and operators of businesses, multi-family residential buildings containing four or more residential units, and mixed-use projects (multi-family residential and commercial)—collectively, 'Ratepayers'—located within the proposed boundaries described below, are requesting that the City of Spokane **establish a business improvement area known as the East Sprague Business Improvement District**, as authorized by the RCW Chapter 35.87A on Parking and Business Improvement Areas.

The purpose of this district is to **provide programs and other services that improve the general economic climate and enhance the environment of East Sprague** in Spokane, as outlined in the enclosed East Sprague Business Improvement District Business Plan.

1. Introduction

TO THE CITY COUNCIL OF SPOKANE:

We, the owners of property located within the proposed Business Improvement District ("Ratepayers"), hereby request that the City of Spokane establish a Business Improvement District (BID) as authorized by the RCW Chapter 35.87A, within the boundaries described below (and shown in Exhibit A) for the purpose of providing programs and other services which improve the general economic climate and enhance the environment of East Sprague.

2. Geographic Boundary

The proposed BID includes the area that is geographically depicted in Exhibit A (East Sprague Business Improvement District Boundaries), and described below. When a street or alley is named, the area boundary is the centerline of the right-of-way including vacated portions unless otherwise specified in the description. In case of a conflict between the description of the area and Exhibit A, the description shall control.

- From the intersection of S Fiske Street and E 1st Avenue, proceed west along E 1st Avenue to S Perry Street.
- From the intersection of S Perry Street and E 1st Avenue, proceed south along S Perry Street a half block to 1st – Pacific Alley.
- From 1st – Pacific Alley and S Perry Street, proceed west until Hamilton Street / I-90.
- From Hamilton Street / I-90, proceed north until the railroad.
- From the intersection of N Erie Street and the railroad, proceed northeast along the railroad right-of-way, then proceeding southeast and east along the railroad right of way until N Fiske Street.

- From the intersection of N Fiske Street and the railroad right-of-way, proceed south to E Sprague Avenue.
- From the intersection of N Fiske Street and E Sprague Avenue, proceed west to S Fiske Street.
- From the intersection of S Fiske Street and E Sprague Avenue, proceed south to E 1st Avenue.

3. Program and Services

A general description of the programs and services to be provided by the East Sprague Business Improvement District is set forth in the BID Business Plan (Exhibit B; also available at www.esbiz.org).

4. Operations, Management, and Assessment Formula

We request that the City of Spokane, as set forth in this declaration of support:

- Levy these special assessments based on the classifications of the businesses, multi-family residential buildings containing four or more residential units, and mixed-used projects (multi-family residential and commercial) detailed below, using the Spokane County Assessor's 2015 property information (including but not limited to assessed value, taxable value, lot size, and present use) upon Ratepayers within this area;
- Contract with the East Spokane Business Association to administer the operation of the BID, including management the assessment funds and,
- Establish a Ratepayer Advisory Board to oversee the BID operations. This Ratepayer Advisory Board shall include representation from all sizes and classifications of ratepayers.

Therefore, we hereby request that the City Council of the City of Spokane establish the BID per the following:

I. The City of Spokane would levy special assessments upon all ratepayers in the area shown in Exhibit A for the purposes of operating the BID as described in the BID Business Plan.

II. The City of Spokane would levy the special assessment by applying an assessment rate to each Ratepayer as described in Section III.

   A. Properties classified by the Spokane County Tax Assessor's Office as residential properties with three units or less shall not be assessed.

III. Ratepayers will be assessed by the City of Spokane annually, beginning with the year of the authorization (2016). Beginning in January 2016, the assessment on each property within the BID will be the following:

   A. For properties in Zone 1, the assessment will be 2.5¢ per Lot Square Foot (LSF) plus 60¢ per $1,000 Total Assessed Value (TAV) based on the 2015 Spokane County records, with a minimum of $200 per property parcel and a maximum of $1,000 per property parcel.

B. For properties within Zone 2, the assessment will be 1.3¢ per LSF plus 30¢ per $1,000 of TAV based on the 2015 Spokane County records, with a minimum of $100 per property parcel and a maximum of $500 per property parcel.

C. For properties within Zone 3, the assessment will be 0.6¢ per LSF plus 15¢ per $1,000 TAV based on the 2015 Spokane County records, with a minimum of $50 per property parcel and a maximum of $250 per property parcel.

5. Assessment Installments & Annual Increments

I. Ratepayers will be assessed by the City of Spokane annually beginning with the base year of authorization (2016). A ratepayer may elect to make payment in equal semi-annual installments.

II. After the first assessment year, the LSF rate and the TAV rate shall be adjusted by an Inflationary Factor, which will be equal to the change in the annual Consumer Price Index (CPI-U-Spokane) or 3% per year, whichever is less, subject to the following conditions:

1. Assessments in the second and third assessment years, as adjusted pursuant to this subsection, shall be based upon the first assessment year.

    i. For the second assessment year (2017), the assessments will equal the first year assessments multiplied by a CPI Factor that is the lesser of 3% or the percentage change in CPI-U-Spokane between June 2015 and June 2016.

    ii. For the third assessment year (2018), the assessments will equal the first year assessments multiplied by a CPI Factor that is the lesser of 6% or the percentage change in CPI-U-Spokane between June 2016 and June 2017.

2. Assessments in the subsequent years will be recalculated using current records of LSF and TAV as maintained by the Spokane County Assessor's 2018 property information and the rates described in Section 4.III.

    i. For the fourth assessment year, to account for inflation and maintain the equivalent buying power, the assessment rate on LSF will be increased by an Inflationary Factor, which is equal to the change in CPI-U-Spokane since the first assessment year. The TAV rate will remain the same.

    ii. For the fifth assessment year (2020), the assessments will equal the fourth year assessments multiplied by a CPI Factor that is the lesser of 3% or the percentage change in CPI-U-Spokane between June 2018 and June 2019.

    iii. For the sixth assessment year (2021), the assessments will equal the fourth year assessments multiplied by a CPI Factor that is the lesser of 6% or the percentage change in CPI-U-Spokane between June 2019 and June 2020.

3. For subsequent years, the assessment will continue on this three-year cycle with updates to the value every three years after the first assessment year.

III. Annual Improvement Area assessments will be determined by the CPI Factor as set forth in Section 5.II, except in the case of new construction, as follows:

A. Once a year, current Spokane County Assessor's property data will be compared to Spokane County Assessor's property data from the previous year.

B. If there is an increase in Net Building Square Footage for a parcel, then the East Sprague Business Improvement Area assessment will be calculated using the new Spokane County Assessor's values. No Inflationary Factor shall be assessed on the parcel in the year the change was made. In each subsequent assessment year, the Inflationary Factor shall be limited to the lesser of:

   i. 3% per year from the year of the change; or

   ii. The CPI-U-Spokane from January of the year prior to the change to January of the year prior to the assessment year.

New assessments will be invoiced during the next billing cycle.

C. If there is no increase in Net Building Square Footage for a parcel, then assessments in the East Sprague Business Improvement Area will be calculated using the previous year's assessment multiplied by the annual CPI Factor in effect. New assessments will be invoiced during the next billing cycle.

6. Miscellaneous

A. A Ratepayer Advisory Board shall be appointed and shall be responsible for adopting bylaws, setting BID policy guidelines, and recommending approval of budgets, expenditures, and programs.

B. The City of Spokane will collect all funds, and upon collection of these funds, disperse them to the managing organization for the BID in accordance with an annual budget.

C. Subject to the continuing satisfactory performance of the East Spokane Business Association and recommendation of the Ratepayers Advisory Board, the City of Spokane will consider appointing the East Spokane Business Association to manage the program on behalf of the Ratepayers Board.

D. Non-assessable properties may contribute to the funding of BID services but are not directly charged. The East Spokane Business Association will negotiate funding contributions and services.
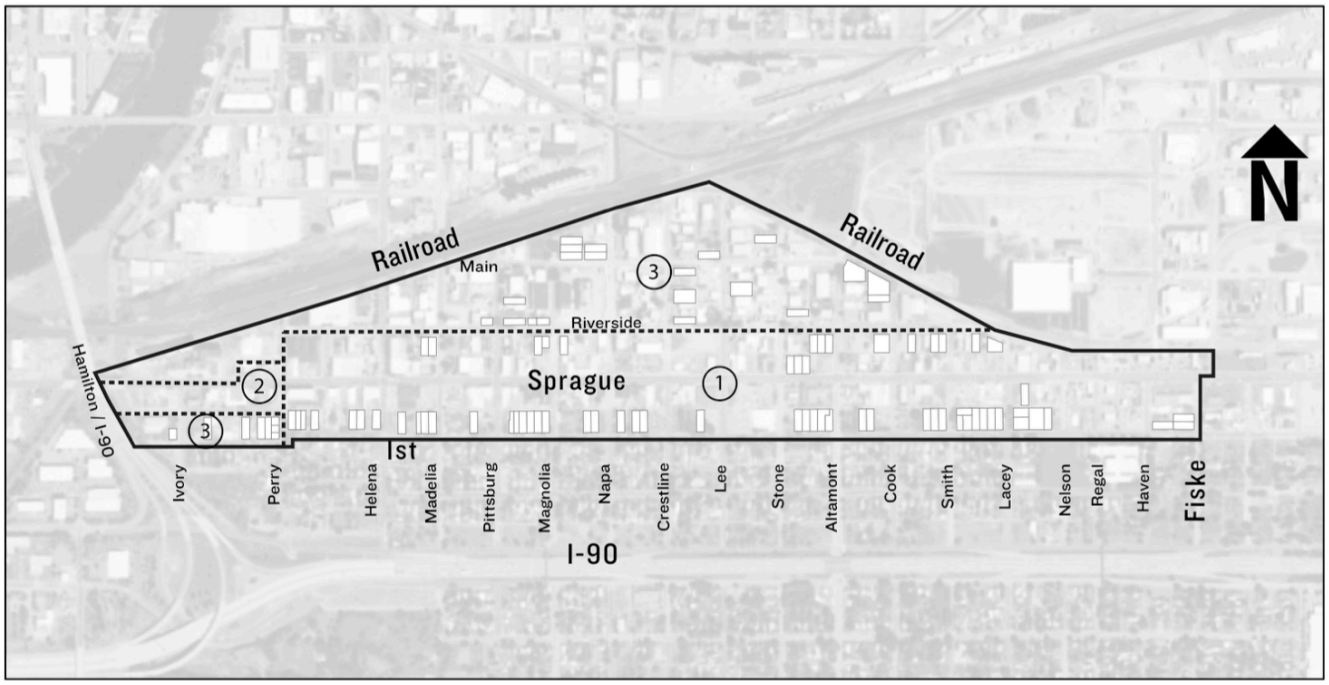
EXHIBIT A. East Sprague Business Improvement District Boundaries