

West Plains/Airport Area

Public Development Authority

June 21, 2018

11:30 AM – 1:00 PM

Minutes

Attendance

WP-AA PDA Members present: Theresa Sanders, Ben Stuckart, Gerry Gemmill, Larry Krauter, Al French, Bill Butler

WP-AA Executive Director: Todd Coleman

Staff/Guests present: Boris Borisov, Taudd Hume, Todd Woodard, Cody Rohrbach, Matt Zarear, Greg Fible, Chad Coles, William Galle, Katherine Miller, Ethan Murnin, Mzrieme Barrentine

Meeting called to order 11:30 am

Welcome & Introductions - Larry Krauter welcomed Todd Coleman as the newly hired Executive Director of the West Plains - Airport Area PDA.

Review of Minutes – Al French made a motion to approve the minutes from the May 17, 2018 meeting and the May 30, 2018 Special Meeting. Theresa Sanders seconded. **Motion passed 5-0** for the May 17, 2018 minutes with Bill Butler abstaining (due to being absence during that meeting). **Motion passed unanimously** for the May 30, 2018 meeting.

Financial Report – Ben Stuckart presented an invoice for legal counsel and another invoice for travel reimbursement for Mr. Butler who traveled to the Choose WA meeting to represent the WP-AA PDA. Gerry Gimmell made a motion to approve invoices. Al French seconded. **Motion for legal counsel invoice passed unanimously. Motion for travel reimbursement passed 5-0 with Mr. Butler abstaining.**

Organizational Items: Lease Agreement Follow-up – Larry Krauter reported the lease agreement was executed by the Board last month. We will soon get a bid and timeframe for when the space will be made available.

NMA Update – Bill Butler gave an update on his trip to the Choose WA Council meeting. Mr. Butler was able to meet with Department of Commerce representatives and other jurisdictions such as Pierce County. Spokane needs more exposure at the state level with regards to the opportunities the City can offer for the NMA project.

Todd Woodard provided a summary on the NMA report for Washington State. Overall, the state has a high rating but scored low on infrastructure. Brian Bonlender, Director of WA State Department of Commerce will be in Spokane in July and it would be a good idea to provide Brian with an update on our NMA aerospace development plan and its connection to the Opportunity Zone and WP-AA PDA. We have also asked Patrick Jones to review the report and look at quality of life issues such as cost of housing, schools, bond rating etc., as part of Spokane’s report card. Al French stated Mr. Jones has reviewed data for Spokane County in the past to

validate tax data comparisons with other communities and is a reliable source for review. Gerry Gimmell asked if we have robust data on Spokane's recreational assets. Todd Woodard reported this info is in the report in addition to quality of labor force and our high retention rate. The Board agreed all this info should be in the marketing package. Todd Woodard also talked about the Opportunity Zone designation. One of the selected census tracts crosses over into the PDA. We are still waiting for Treasury and the IRS to issue guidelines.

Mr. Woodard reported that he has reached out to the International Economic Development Council for data regarding what kind of enterprises come in around warehouse projects like Project Rose. Al French reported the applicant (Project Rose) expects several companies to follow them.

Larry Krauter reported he met with State House Representatives J.T. Wilcox and Matt Shea and discussed the need for Commerce to be better involved and engaged with Spokane. Both representatives followed up with Commerce and the organization agreed that Eastern Washington needs to be better represented at the State level. The Board discussed the need to have representation on the State Choose WA Board. Currently, the representative on this Board is GSI. Board members agreed that they would like to pursue two options: (1) request for the WP-AA PDA to have an additional seat on the Choose WA Board; (2) send a letter to GSI asking for the WP-PDA to represent Spokane on the Board.

Project Rose – Al French reported on the developer agreement between the County and the Applicant to memorialize a path forward. The agreement addresses requirements for the project as a result of the SEPA process. In addition to the developer agreement an MOU has been drafted in support of the BUILD Grant. This MOU has been agreed to in concept by the County, City, PDA and WSDOT.

The third agreement is a commitment from the County to contribute an additional \$99,000 to the WP-AA PDA. The suggestion is to use these funds for Public Safety. This is at the request of the Applicant but the decision is up to the PDA Board. Applicant is asking for an interlocal agreement between the WP-AA PDA and Fire District 3 which will cover fire service temporarily between the time Project Rose is online and when a County Fire Levy kicks in which will provide Fire District 3 with a revenue stream. Fire District 3 will also provide \$27,000 in this interim timeframe.

The fourth agreement is an interlocal agreement between the County and the WP-AA PDA for the reimbursement of funds for the rebuild of Geiger Blvd from the project location to Highway 902. This updated roadway is necessary for the project. The total cost of this upgrade is \$2.1 million and will initially be paid by the County. The County will pay for \$1.2 million of that cost and is seeking to be reimbursed \$900,000 by the WP-AA PDA. The WP-AA PDA will receive about \$2.2 million from sales tax generated by Project Rose (based on the revenue sharing agreement) and therefore should be able to provide the requested reimbursement.

These four agreements/documents should address the needs of Project Rose.

Board members discussed these agreements in depth. Ben Stuckart asked if there is a pro-forma which summarizes the numbers as presented. Mr. French shared a pro-forma with Board Members. Mr. French reported that for transportation investment, Project Rose will provide \$700,000 to offset some of the costs with WSDOT at the Interchanges. Theresa Sanders asked what specifically will the Applicant provide for investment

in front of their property. As clarification, from a utility perspective the Applicant is paying for their own upgrades except the City of Spokane will pay for upsizing and will not seek reimbursement from the WP-AA PDA. The concern is mortgaging the PDA right away as it begins to formalize. The discussion further revolved around exactly who pays for what and is summarized below in bullet format:

- Applicant (Project Rose) is paying for all improvements in front of their building; this is from Thomas Mallen Rd to Geiger Interchange
- The remaining roadway between Hayford needs to be upgraded as it is weight limited; this is where County and PDA resources come in
 - Discussion: Is this improvement necessary for Project Rose to happen? Mr. French stated that without this improvement the project cannot move forward.
- While the improvement benefits Project Rose it can also facilitate future development
- The pro-forma provided by Mr. French shows that the construction sales tax for Project Rose will be about \$3 million; 75% of which will go to the PDA (about \$2,250,000).
- The County is requesting to be reimbursed \$900,000 by the WP-AA PDA

Larry Krauter asked if the \$2.1 million figure for the roadway upgrade is an exact number and what recourse the PDA has if actual project costs go up. Chad Coles, with Spokane County said the current estimates are based on a 20% design. Mr. Krauter suggested the Board consider working in contingencies into the agreement which take into consideration risk assumptions and limit liability.

Taude Hume provided a draft of the interlocal agreement for review. Board members discussed several issues including that it would be best for the PDA to directly receive its 75% allocation of various taxes (per the PDA revenue sharing agreement) and then reimburse the County.

Ben Stuckart stated that sections 2.3 and 3.2C of the agreement need to include language around proportionality; a 60/40 split between County and PDA. Larry Krauter agreed that this would ensure the PDA is signing up for a portion of the cost not to exceed a certain percentage. Mr. Krauter further stated that the agreement should have an off ramp – so for example if the bids for the project come in too high there is an opportunity to rebid the project.

Todd Coleman asked if there is a timeline for when the PDA has to reimburse the County. Al French said that the PDA can choose to reimburse over time until the balance is repaid in full. Mr. Coleman further stated that at this point the PDA does not have a budget and repayment of this investment could be set up to be a certain percentage of sales tax coming in from Project Rose over a certain timeframe as the PDA will also need revenue for other initiatives. Taude Hume stated that construction sales tax from Project Rose will be collected before the County begins the roadway improvement next October. These collections will provide further clarity as to how much sales tax will be generated as a revenue source to the PDA.

Theresa Sanders said that the agreement should have a termination clause if Project Rose does not occur. Mr. Hume stated this can be added to the agreement.

Motion: Ben Stuckart made a motion to approve the interlocal agreement between Spokane County and the WP-AA PDA subject to the following changes: Authorize Chair to have sections 2.3 and 3.2C amended to include a 60/40 sliding scale and remove utility language. Seconded by Al French. Discussion: Taudd Hume suggested the Board add a termination clause if project doesn't move forward. Mr. French suggested stating "subject to issuance of a building permit.;" Board members agreed to this addition. **Motion passed unanimously.**

Public Safety Resource Review – This discussion item is around an interlocal agreement between the WP-AA PDA and Fire District 3 which will cover fire service temporarily between the time Project Rose is online and when a County Fire Levy kicks in which will provide Fire District 3 with a revenue stream. Fire District 3 will also provide \$27,000 in this interim timeframe.

Cody Rohrbach with Spokane County Fire District 3 provided Fire Service maps that showed the response time to Project Rose given the current fire stations (between all agencies operating in this area) is about 7.5 minutes. Some solutions to this would be a new station (which would bring the time down to 1.5 min). Theresa Sanders spoke about the multiple fire stations currently within or close proximity to the PDA and stated the group could have a larger conversation in the future and asked what the requirement for Fire Safety that we need to meet now as it relates to Project Rose. Al French stated that providing about \$99,000 to Fire District 3 from the PDA would provide needed resources. These funds would provide additional FTE support to District 3. Board members discussed the need to have a larger conversation around public safety to prevent something like this from happening for every project that comes into the PDA.

Motion: Theresa Sanders made a motion to accept the terms of the letter from the County dated June 18, 2018. Whereas Spokane County will provide the PDA with \$99,000 and the PDA will agree to pay this amount to Fire District 3 within 30 days; then a second payment will be made to Fire District 3 on or before August 1, 2019 in the same amount. Al French Seconded. Discussion: Al French said the Board is authorizing the Chair of the PDA to enter into an agreement on behalf of the PDA. Taudd Hume stated he will draft an interlocal agreement to this effect. Board members agreed to include a termination clause that would void this agreement if Project Rose does not happen. **Motion passed unanimously.**

Meeting Adjourned 1:33 pm