

December 15, 2023, Regular Board Meeting

8:30 AM – 12:30 PM

Hilton Garden Inn, Spokane, WA

Minutes – Board Meeting

Attendance

S3R3 Solutions Board Members present: Greg Birchell, Al French, Garrett Jones, Paul Katovich, Larry Krauter, Scott Simmons, Betsy Wilkerson

S3R3 Solutions Staff present: Karen Corkins, Project Manager; Sueann Herkel, Executive Administrative Manager; Taudd Hume, Legal Counsel; Chris Pengra, Executive Director

Guests physically present: Dick Edwards (Hawkins Edwards), Steve MacDonald (City of Spokane) Julia McHugh (Citizen of Palisades Neighborhood)

Meeting called to order 8:30 AM

Welcome and Introductions:

A roll call was conducted, and it was determined that there is a quorum.

Public Comment/Courtesy of the Floor:

Public Comment was requested by Board Chair Al French three times; there was no public comment.

Executive Director Chris Pengra requested that, due to the attendance of new board members, each person either on the board or staff member of S3R3 introduce themselves. He then asked Board Vice Chair Larry Krauter to give a brief history of S3R3 Solutions to which he responded accordingly. The overarching message was that S3R3's structure is unique to the state of Washington and that S3R3 will continue to leverage its structure to create economic benefits for the region through its economic development activities. It was recognized by several board members that S3R3 has multiple purposes including helping businesses navigate the development and permitting process, marketing the value of the Spokane region to potential businesses, and providing incredible service to all stakeholders involved within the County/City to develop vacant land available on the West Plains. A main point discussed and reiterated was that time kills deals. Therefore, it is imperative that S3R3 serve as a liaison and catalyst to progress development deals efficiently.

8:55AM – Board Member Garrett Jones joins the meeting.

Executive Director Chris Pengra began the discussion regarding the history and future of the PDA and asked specifically “why” each person serves S3R3. He gave his personal statement and asked the board members to do the same. Several stated their individual whys which could be surmised as follows: effect change, provide opportunities to achieve growth, bring jobs that create economic opportunity, equity, and provide pathways for advancement, to improve the lives of the people that live in the region, and showcase the amazing qualities of the Spokane region.

Executive Director Chris Pengra continued the board meeting by reviewing 2023, discussing the revenue sources for S3R3 and the overall financial performance. Note – the slides presented by Mr. Pengra will be included with the minutes. Please refer to the referenced slides for specifics.

Executive Director Chris Pengra presented the board with an overview of 2024 to include outward focus, target industry recruitment, advance current project and develop infrastructure funding strategy. The board focused on the opportunities with hydrogen with a focus on distribution, workforce availability, workforce development, the Tech Hub, Aerospace and defense industries, and other strategic targets. Note – the slides presented by Mr. Pengra will be included with the minutes. Please refer to the referenced slides for specifics.

Action Item No. 1 – Consent Agenda

Board Chair Al French called for a motion to approve the Consent Agenda Action Item No. 1 which includes minutes for the October 12, 2023 regular Board Meeting and financials for September and October of 2023. Board Member Paul Katovich motioned for approval, Board Vice Chair Larry Krauter seconded, motion passed unanimously.

Executive Director Chris Pengra continued discussion with regard to the 2024 proposed budget. He thoroughly reviewed the projected spend. Board Secretary Greg Birchell asked for clarification regarding the \$1,510,000.00 projected for Sales Tax on New Construction income and asked if that was an accurate amount to speculate. Board Treasurer and CEO of Spokane County confirmed that as an accurate amount and S3R3 is correct in anticipating that dollar amount.

The board appreciated his attention to detail and made several positive comments and suggested that Mr. Pengra make adjustments throughout the year but the budget is a great reflection of S3R3's direction. Other specific comments regarding the budget were as follows:

- "I support the budget as presented." Board Chair Al French
- "It is greater than the previous budget but is right for the growth strategy presented." Board Treasurer Scott Simmons
- "I fully support the proposed budget." Board Member Betsy Wilkerson
- "The budget presented is a map to move forward." Board Member Garrett Jones

Action Item No. 2 – Approval of 2024 Budget

After hearing the comments regarding the 2024 Budget, Board Al French called for a motion to approve the budget as presented. Board Member Greg Birchell motioned for approve, Board Vice Chair Larry Krauter seconded, motion passed unanimously.

Unfinished Business

None

New Business

None

Board Member Items

None

Executive Session

None

At 11:30AM, the December 15, 2023 board meeting was adjourned.

As noted, slide presentation is attached for reference.

2024 BUDGET PRESENTATION



S 3 R 3
S O L U T I O N S

WHERE LAND STRATEGICALLY INTERSECTS
ROAD, RAIL & RUNWAY
TO DRIVE BUSINESS GROWTH

An aerial photograph of a dam and its surrounding urban environment. The dam is a large concrete structure with water cascading over it. To the right of the dam is a large, multi-story brick building. In the background, there are various residential and commercial buildings, a bridge, and a river. The image is semi-transparent, allowing the text to be overlaid.

INTRODUCTIONS

BRIEF HISTORY OF THE PDA

STATEMENT OF PURPOSE

BEGINNING WITH WHY



BOARD MEMBERS

Al French

Chair
Spokane County Commissioner

Betsy Wilkerson

Member
President of City of Spokane Council

Larry Krauter

Vice Chair
CEO, Spokane International Airport

Garrett Jones

Member
Acting Spokane City Administrator

Scott Simmons

Treasurer
CEO, Spokane County

Paul Katovich

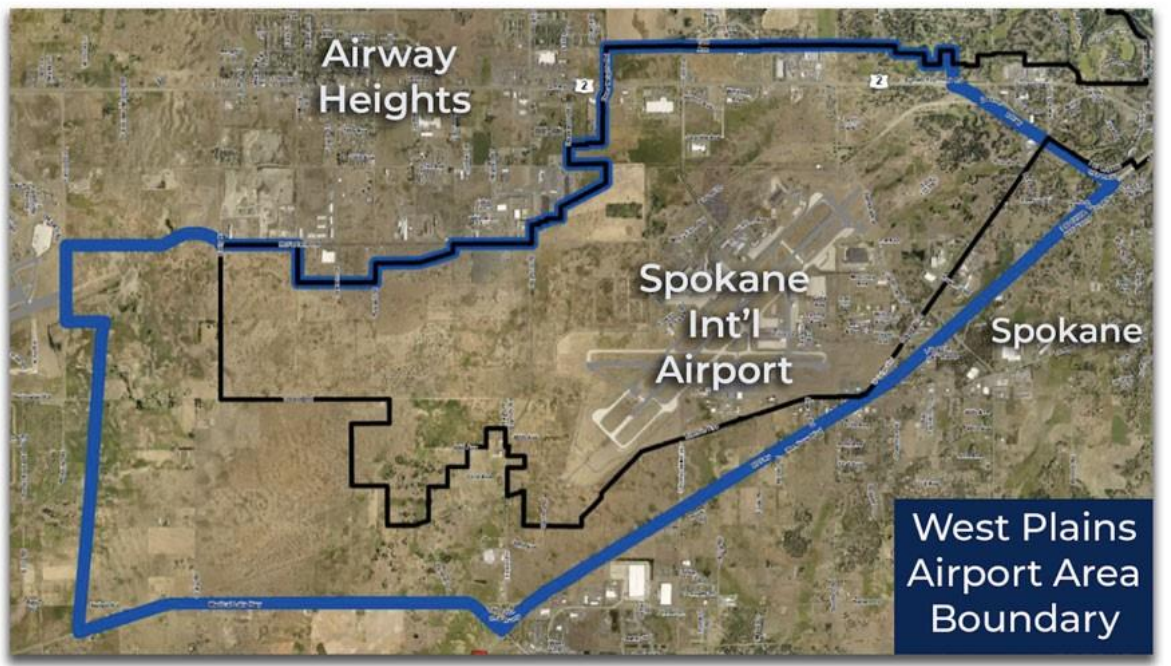
Member
CEO, HighLine Grain Growers Inc.

Greg Birchell

Secretary
CEO, Birchell Creative Group



HISTORY OF THE PDA



SERVICE PROVIDER

- Identifies opportunities for development in the West Plains
- Recruits businesses to join the WPAA
- Retains existing or regional businesses expanding footprint in PDA
- Plans and invests in infrastructure projects
- Supports strategic training and growth of available workforce
- Advocates for state and federal policy and funding support
- Serves as trusted advisor and strategic partner
- Ensures certainty of project budget, timeline and outcomes



OUR UNIQUE MODEL

Collaboration between Spokane County, City of Spokane, Spokane International Airport, private property owners

“The crux of S3R3 Solutions is the partnership between the City of Spokane, Spokane County and the Spokane International Airport. Nowhere else does this model exist in the US. This collaborative partnership allows us to draw larger businesses and economic development projects into our area than any of our individual components could bring in on their own.”

- Toby Brommeling, Past Executive Director,
West Plains Chamber of Commerce



OUR MISSION

S3R3 Solutions is a client-centered enterprise that marshals the resources of public and private service providers to recruit new and existing businesses into the West Plains Airport Area and drives economic prosperity through the creation of jobs.





STATEMENT OF PURPOSE

Founded in 2017 through a partnership between Spokane County, the City of Spokane, and Spokane International Airport, S3R3 Solutions is an economic development organization that catalyzes capital investment and strategic economic growth to create quality jobs in the West Plains region of Spokane County.

Our vision is to create lasting economic prosperity and resilience for future generations in Spokane County by investing in regional infrastructure, corporate recruitment, site selector marketing and regional business retention and expansion efforts .



An aerial photograph of a city featuring a river, a dam, and various buildings. The image is semi-transparent, serving as a background for the text.

2023 YEAR IN REVIEW

REVENUE STRUCTURE

FINANCIAL PERFORMANCE



2023 YEAR IN REVIEW

- Executive Director hired
- Board of Directors vacancy filled
- Wrapping up West Plains Transportation Network Plan
- Wetland Mitigation Bank progress
- Infrastructure investment & coordination
- Planning for 2024
- Initial outbound recruitment efforts
- Customer Relationship Management (CRM) implementation
- Comprehensive review of all contracts, vendor relationships & risk assessment



REVENUE STRUCTURE

Revenue Sources

Business Operations

- Lease of Amazon Air Cargo Facility
- Future revenue from sale of Wetland Mitigation Bank credits

Real Property Tax

- PDA receives 75% of the incremental property tax increase over January 1, 2018
- City of Spokane and Spokane County split 25% equally (12.5%/12.5%)

Personal Property Tax

- PDA receives 75% of incremental tax increase over January 1, 2018
- City of Spokane and Spokane County split 25% equally (12.5%/12.5%)
- Value decreases with depreciation of assets



REVENUE STRUCTURE

Revenue Sources

Sales and Use Tax

- Washington State Department of Revenue receives 1% administrative fee
- PDA receives 75% of any sales tax on new business (New business being any business not previously reporting sales tax within the PDA) minus Washington DOR administrative fee.
- City of Spokane and Spokane County split 25% equally (12.5%/12.5%)

Leasehold Excise Tax

- Washington State Department of Revenue receives 1% administrative fee
- PDA receives 75% of the incremental leasehold excise tax increase over January 1, 2018
- City of Spokane and Spokane County split 25% equally (12.5%/12.5%)

Utility Sales Tax

- PDA receives 75% of utility tax of the incremental tax increase effective January 1, 2018 with the 2017 base year
- City of Spokane and Spokane County split 25% equally (12.5%/12.5%)



FINANCIAL PERFORMANCE

2023 REVENUES

Tax Receipts from all sources

- 95% of expected due to strong growth in the PDA

Operations

- 113% of expected due to lease structure

Gross Income

- 102% of expected



FINANCIAL PERFORMANCE

2023 Expenses

- Significant underexpenditure primarily due to Executive Director vacancy
- Total Expenses 69% of expectations
- Net Income 182% of expectations



An aerial photograph of a city featuring a river, a dam, and various buildings. The image is semi-transparent, serving as a background for the text.

2024 BOARD FOCUS

BUSINESS DEVELOPMENT DISCUSSION

2024 OPERATIONAL PRIORITIES & BUDGET



2024 BOARD FOCUS

Outward Focus

- Identify and pursue areas of opportunity
- Develop BD & Marketing strategy

Target Industry Recruitment

- Aerospace
- Advanced Manufacturing
- Life Science Manufacturing
- Logistics

Advance Current Projects

Develop Infrastructure Funding Strategy

- Identify and pursue grant funding opportunities



BUSINESS DEVELOPMENT DISCUSSION

Aerospace and Defense (Focus)

- Advantages over I-5 corridor
- International Interest in WA
- Robust supplier network
- Shared supply chain (between Aerospace & Defense)

Tech Hub (Focus)

- Support and alignment of S3R3 Solutions operations
- Long-term economic driver & industry anchor

Site Selector Community (Focus)

- Site Selectors Guild
- Go directly to the trough





BUSINESS DEVELOPMENT DISCUSSION

Advanced Manufacturing (all industries) (Focus)

- I-5 corridor
- US-Canada logistics

Hydrogen Economy

- PNWH2 Hub
- Regional Significance
- Connection to Aerospace R&D

Logistics

- I-5 corridor
- US-Canada logistics



2024 OPERATIONAL PRIORITIES

- **Business Development**
- **Marketing Strategy**
- **Identify Capital Improvement Priorities & Pursue Infrastructure Funding Opportunities**
- **Prepare for 2023/2024 State Audit**
- **Advance Current Projects**



Business Development

- **Major focus of 2024**
- **Outbound Recruitment Investment**
 - **\$17,055 in 2023 Expenditure vs. \$54,800 Budgeted for 2024**
(travel meals, lodging, & conference)
- **Deploy, Validate, Refine, Repeat**
- **Goal of 12 outbound trade missions during 2024**
- **Industry Conferences vs. Trade Missions**
- **Data Driven Recruitment**



Marketing Strategy

- **Marketing Investment**
 - **\$41,212 in 2023 Expenditure vs. \$242,000 Budgeted for 2024**
- **Website refresh designed for Economic Development**
- **Creative spend for photography & Video if necessary**
- **Print and Web content focusing on industry profiles (target industry)**
- **Strategic Recruiting (lead generation consultant)**





Identify Capital Improvement Priorities & Pursue Infrastructure Funding Opportunities

- **Develop Capital Project Priorities in partnership with Spokane City and neighboring Jurisdictions**
- **Pursue Federal & State Grants through contract grant writers**
- **Explore joint grant writing efforts with City, County, & others**



Prepare for 2023/2024 State Audit

- Investment in Independent Auditor
- 2023 revenues cause deeper State Audits for PDA
- \$10,000 Allocation for audit services

