

*June 13, 2024 Board Meeting 7:30 – 9:00AM*  
*7106 W Will D. Alton Lane, Suite 103, Spokane, WA 99224*  
*509-381-4152*

*This meeting will be held in person with an online option.  
Instructions on how to join the call are as follows:*

*Join Zoom Meeting*

*<https://us06web.zoom.us/j/86861566766?pwd=cRVdmS2zMWtza9ZVqGJjnnVhll6QzP.1>*

*Meeting ID: 868 6156 6766*

*Passcode: 998578*

*For a complete packet of materials please go to [S3R3Solutions.com](http://S3R3Solutions.com)*

## **Welcome and Introductions**

## **Public Comment/Courtesy of the Floor**

## **Action Items**

- Action Item No 1: Consent Agenda
  - Approval of Minutes for the April 11, 2024 Board Meeting
  - Approval of Financials for March 2024
  - Approval of Financials for April 2024
- Action Item No 2: Budget Amendments

## **Updates, Presentations and Briefing**

- Marketing and Business Development Activity
- Wetland Mitigation Bank
- West Plains Transportation Study
- Operations Update

## **Other Business**

- Unfinished Business
- New Business

## **Board Member Items**

## **Executive Session**

## **Adjourn**

**AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION:** S3R3 Solutions is committed to providing equal access to its facilities for persons with disabilities. Individuals requesting reasonable accommodations or further information may call, write, or email S3R3 Solutions at 509.381.4152; 7106 W Will D Alton Lane, Suite 103A, Spokane, WA, 99201; or [sueann@s3r3solutions.com](mailto:sueann@s3r3solutions.com). Persons who are deaf or hard of hearing may contact S3R3 Solutions through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.



**Action Item No: 06132024-01**

**Board Meeting Date: June 13, 2024**

**Subject: Consent Agenda**  
**1) Approval of April 11, 2024 Board Meeting Minutes**  
**2) March 2024 Financials**  
**3) April 2024 Financials**

**Background:**

April 11, 2024 minutes for the regularly scheduled monthly board meeting.  
Financials for March and April of 2024.

**Recommendation:**

Recommendation is for the S3R3 Solutions Board to approve the consent agenda items as presented.

**Submitted By:**

Chris Pengra, Executive Director

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**Date Action Taken:** \_\_\_\_\_

**Motion By:** \_\_\_\_\_

**Seconded By:** \_\_\_\_\_

**Action Taken:** (Approved) (Rejected) (Deferred to: \_\_\_\_\_)

**Approved as modified:** \_\_\_\_\_

April 11, 2024, Regular Board Meeting

7:30 – 9:00 AM

7106 W Will D Alton Lane, Suite 103A, Spokane, WA 99224

## Minutes – Board Meeting

### Attendance:

**S3R3 Board Members physically present:** Al French, Greg Birchell, Larry Krauter, Scott Simmons

**S3R3 Board Members present online:** Paul Katovich, Betsy Wilkerson

**S3R3 Board Members absent:** Garrett Jones

**S3R3 Solutions Staff present:** Sueann Herkel, Executive Administrative Manager; Chris Pengra, Executive Director

**S3R3 Solutions Staff present online:** Taudd Hume, Legal Counsel

**Guests physically present:** Julia McHugh, Citizen of Palisades Neighborhood

**Guests present online:** Marcia Davis, City of Spokane; Steve MacDonald, City of Spokane; Alex Sylvain, Parametrix

### Meeting called to order 7:32 AM

#### Welcome and Introductions:

Roll call conducted, quorum is present.

#### Public Comment/Courtesy of the Floor:

Julia McHugh voiced concerns about filling wetlands in the West Plains, specifically the Palisades Neighborhood. She is asking public officials to protect the public.

7:40 AM – Vice Chair Larry Krauter joins the board meeting.

#### 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 February 8, 2024 and January and February 2024 Financials. Board Secretary Greg Birchell motioned for approval, Board Member Betsy Wilkerson seconded, motion passed unanimously.

#### Action Item No. 2 Memorandum of Agreement with the City of Spokane Regarding ARP Funds

The Spokane County Board of County Commissioners awarded S3R3 Solutions an allocation of up to \$2,000,000 from the ARP/SLFRF funding of which \$1,000,000 of that allocation is to be used by the City of Spokane for the construction of a booster pump station. The MOA provides for the reimbursement to the City for the cost of said project. Board Treasurer Scott Simmons discussed the trigger date of the end of 2024 and asked if Executive Director Chris Pengra was comfortable with that date; he is if the board is. Both parties acknowledged and are keenly aware of the timelines. Board Chair Al French called for a motion to approve Action Item No. 2. Board Vice Chair Larry Krauter motioned for approval, Board Member Betsy Wilkerson seconded, motion passed unanimously.

**Action Item No. 3 Memorandum of Agreement with the City of Spokane Regarding ARP Funds**

The Spokane County Board of County Commissioners awarded S3R3 Solutions an allocation of up to \$2,000,000 from the ARP/SLFRF funding of which \$1,000,000 of that allocation is to be used by the Spokane International Airport for construction of sewer improvements. The MOA provides for the reimbursement to the Airport for the cost of said project. Board Chair Al French called for a motion to approve Action Item No. 3. Board Secretary Greg Birchell motioned for approval, Board Member Katovich seconded, with an abstention from Board Vice Chair Larry Krauter, the motion passed unanimously.

**Updates, Presentations and Briefings**

Executive Director Chris Pengra updated the Board regarding his recent traveling schedule which held the purpose of developing industry understanding, building relationships and prospecting with the result being lead development. Mr. Pengra is projecting marketing material by the end of May for the Aerospace Conference. Board Vice Chair Larry Krauter thanked Mr. Pengra for hearing the direction of the board and proceeding accordingly.

An update on the Wetland Mitigation Bank included a briefing on the nine public comments as they were registered with the Department of Ecology. Our partners, Habitat Bank, will respond to said comments. The Mitigation Bank Instrument Review Team (IRT) will hold a scheduled kickoff meeting in the first two weeks of May, 2024. Stakeholder meetings are being planned ahead of the IRT kickoff meeting.

**Unfinished Business**

None

**New Business**

None

**Board Member Items**

None

The April 11, 2024, S3R3 Board Meeting was adjourned at 8:02AM.

2024 S3R3 Solutions		Mar-24	YTD 2024	YTD 2023	24-23 Difference
<b>Non-Op Revenue</b>					
Property Tax - Base Contribution	\$872.56	\$916.78	\$139,916.12		(\$138,999.34)
Sales Tax - Contribution from New Construction			\$183,361.04		(\$183,361.04)
Sales Tax - Contribution from Sales from New Business			\$182,758.00		(\$182,758.00)
Utility Tax - Contribution from New Business	\$35,835.48	\$61,625.42	\$13,684.09		\$47,941.33
Interest	\$6,660.70	\$19,159.93	\$8,967.15		\$10,192.78
Special or Extraordinary Items		\$20.25	\$275.31		(\$255.06)
<b>Non-Op Revenue Total</b>	<b>\$43,368.74</b>	<b>\$81,722.38</b>	<b>\$528,961.71</b>		<b>(\$447,239.33)</b>
<b>Operating Revenue</b>					
Building Lease	\$78,851.21		\$220,323.06		\$16,230.57
Amazon Reconciliation Income	\$63,316.20				
<b>Operating Revenue Total</b>	<b>\$142,167.41</b>	<b>\$299,869.83</b>	<b>\$220,323.06</b>		<b>\$79,546.77</b>
<b>Total Sources</b>	<b>\$185,536.15</b>	<b>\$381,592.21</b>	<b>\$749,284.77</b>		<b>(\$367,692.56)</b>

<b>Operating Expenses</b>					
<b>Office Expenses</b>					
Office Lease	\$1,432.53	\$4,297.59	\$5,440.00		(\$1,142.41)
Leasehold Excise Tax					\$0.00
Tax and License		\$246.50	\$261.00		(\$14.50)
Utilities (Electricity, Natural Gas, Disposal)	\$151.66	\$934.31	\$837.51		\$96.80
Office Supplies	\$334.85	\$2,270.17	\$1,132.35		\$1,137.82
Communications (Phones, internet & postage)	\$765.65	\$2,074.78	\$2,407.65		(\$332.87)
Business Meals / Meetings	\$350.06	\$989.84	\$1,141.61		(\$151.77)
Office Equipment	\$287.92	\$863.76	\$830.52		\$33.24
<b>Office Expenses - Total</b>	<b>\$3,322.67</b>	<b>11,676.95</b>	<b>12,050.64</b>		<b>(\$373.69)</b>
<b>Human Resource</b>					
Salaries	\$22,883.33	\$136,661.74	\$54,741.57		\$81,920.17
Federal Employment Taxes	\$1,764.88	\$11,168.58	\$3,888.64		\$7,279.94
State Employment Taxes		(\$674.69)	\$197.03		(\$871.72)
Health Benefits	\$2,475.80	\$8,399.44	\$4,140.66		\$4,258.78
Public Employee Retirement Systems	\$2,123.60	\$7,007.10	\$3,705.50		\$3,301.60
<b>Human Resource Total</b>	<b>\$29,247.61</b>	<b>162,562.17</b>	<b>66,673.40</b>		<b>\$95,888.77</b>

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<b>Capital/Infrastructure Improvements Total</b>						
Building	\$187.83	\$563.49	\$521.10	\$42.39		
Ground Lease	\$3,403.12	\$10,209.36	\$10,208.56	\$0.80		
<b>Capital/Infrastructure Improvements Total</b>	<b>\$3,590.95</b>	<b>10,772.85</b>	<b>10,729.66</b>	<b>\$43.19</b>		
<b>Professional &amp; Personal Services</b>						
Legal		\$10,812.50	\$5,630.00	\$5,182.50		
Accounting Services	\$1,601.73	\$4,334.37	\$1,399.40	\$2,934.97		
Insurance				\$0.00		
Advertising & Marketing		\$1,031.25	\$16,364.75	-\$15,333.50		
SCIP Management fees	\$67.33	\$197.15	\$127.24	\$69.91		
Interest	\$13,524.36	\$41,205.34	\$44,315.58	(\$3,110.24)		
IT Services	\$957.57	\$2,329.17	\$3,335.90	-\$1,006.73		
Consultant, PW and Vendor Rosters	\$353.00	\$935.50		\$935.50		
Conferences/Association Meetings		\$5,314.40	\$1,948.72	\$3,365.68		
Dues and Subscriptions	\$603.41	\$1,882.63	\$505.92	\$1,376.71		
Stormwater Study		\$706.00	\$5,595.00	-\$5,595.00		
Cleaning / Janitorial			\$1,017.00	(\$311.00)		
Air Cargo / Conair-2022				\$0.00		
Bank Charges & Fees	\$15.94	\$49.46	\$40.51	\$8.95		
Wetlands	\$8,293.32	\$23,954.96	\$42,222.46	-\$18,267.50		
Fiber				\$0.00		
Transportation	\$32.83	\$59.39	\$3,532.19	(\$3,472.80)		
<b>Professional &amp; Personal Services Total</b>	<b>\$25,449.49</b>	<b>\$92,812.12</b>	<b>\$126,034.67</b>	<b>-\$33,222.55</b>		
<b>Travel</b>						
Travel Expenses	\$1,672.63	\$15,359.25	\$369.69	\$14,989.56		
<b>Travel Expenses Total</b>	<b>\$1,672.63</b>	<b>\$15,359.25</b>	<b>\$369.69</b>			
<b>Total Expenses</b>	<b>\$63,283.35</b>	<b>\$293,183.34</b>	<b>\$215,858.06</b>			

**Net Income****\$122,252.80****88,408.87****533,426.71****(\$445,017.84)**

These financials statements have not been subjected to year end audit or review and no assurance is provided on them.

2024 S3R3 Solutions		Apr-24	YTD 2024	YTD 2023	24-23 Difference
<b>Non-Op Revenue</b>					
Property Tax - Base Contribution	\$37,148.25	\$38,065.03	\$179,283.16		(\$141,218.13)
Sales Tax - Contribution from New Construction			\$183,361.04		(\$183,361.04)
Sales Tax - Contribution from Sales from New Business			\$182,758.00		(\$182,758.00)
Utility Tax - Contribution from New Business	\$13,557.45	\$75,182.87	\$19,242.71		\$55,940.16
Interest	\$20,189.83	\$39,349.76	\$12,618.10		\$26,731.66
Special or Extraordinary Items		\$20.25	\$275.31		(\$255.06)
<b>Non-Op Revenue Total</b>	<b>\$70,895.53</b>	<b>\$152,617.91</b>	<b>\$577,538.32</b>		<b>(\$424,920.41)</b>
<b>Operating Revenue</b>					
Building Lease	\$78,851.21	\$315,404.84	\$293,764.08		\$21,640.76
Amazon Reconciliation Income		\$63,316.20			\$84,956.96
<b>Operating Revenue Total</b>	<b>\$78,851.21</b>	<b>\$378,721.04</b>	<b>\$293,764.08</b>		<b>\$84,956.96</b>
<b>Total Sources</b>	<b>\$149,746.74</b>	<b>\$531,338.95</b>	<b>\$871,302.40</b>		<b>(\$339,963.45)</b>

<b>Operating Expenses</b>					
<b>Office Expenses</b>					
Office Lease	\$2,865.06	\$7,162.65	\$5,440.00		\$1,722.65
Leasehold Excise Tax					\$0.00
Tax and License	\$116.38	\$362.88	\$261.10		\$101.78
Utilities (Electricity, Natural Gas, Disposal)	\$289.64	\$1,223.95	\$1,354.75		(\$130.80)
Office Supplies	\$232.41	\$2,502.58	\$1,341.62		\$1,160.96
Communications (Phones, internet & postage)	\$669.89	\$2,744.67	\$3,090.82		(\$346.15)
Business Meals / Meetings	\$373.67	\$1,363.51	\$1,632.86		(\$269.35)
Office Equipment	\$287.92	\$1,151.68	\$1,107.36		\$44.32
<b>Office Expenses - Total</b>	<b>\$4,834.97</b>	<b>16,511.92</b>	<b>14,228.51</b>		<b>\$2,283.41</b>
<b>Human Resource</b>					
Salaries	\$22,883.32	\$159,545.06	\$73,270.59		\$86,274.47
Federal Employment Taxes	\$1,736.22	\$12,904.80	\$5,327.32		\$7,577.48
State Employment Taxes		(\$674.69)	\$197.03		(\$871.72)
Health Benefits	\$5,497.87	\$16,919.38	\$5,520.88		\$11,398.50
Public Employee Retirement Systems	\$2,123.60	\$9,130.70	\$4,941.82		\$4,188.88
<b>Human Resource Total</b>	<b>\$32,241.01</b>	<b>197,825.25</b>	<b>89,257.64</b>		<b>\$108,567.61</b>

<b>Capital/Infrastructure Improvements Total</b>					
Building	\$187.83	\$751.32	\$814.04	(\$62.72)	
Ground Lease		\$10,209.36	\$13,611.68	(\$3,402.32)	
<b>Capital/Infrastructure Improvements Total</b>	<b>\$187.83</b>	<b>10,960.68</b>	<b>14,425.72</b>	<b>(\$3,465.04)</b>	
<b>Professional &amp; Personal Services</b>					
Legal	\$4,738.75	\$15,551.25	\$5,630.00	\$9,921.25	
Accounting Services	\$1,707.33	\$6,041.70	\$3,077.25	\$2,964.45	
Insurance	\$3,453.32	\$3,453.32	\$3,453.32	\$3,453.32	
Advertising & Marketing	\$691.40	\$1,722.65	\$70,385.25	-\$68,662.60	
SCIP Management fees	\$66.24	\$263.39	\$174.73	\$88.66	
Interest		\$41,205.34	\$59,329.94	(\$18,124.60)	
IT Services	\$3,278.06	\$5,607.23	\$3,605.90	\$2,001.33	
Consultant, PW and Vendor Rosters	\$2,080.00	\$2,662.50		\$2,662.50	
Conferences/Association Meetings	\$271.27	\$5,585.67	\$2,693.72	\$2,891.95	
Dues and Subscriptions	\$275.00	\$2,157.63	\$530.92	\$1,626.71	
Stormwater Study			\$5,595.00	-\$5,595.00	
Cleaning / Janitorial	\$353.00	\$1,412.00	\$1,356.00	\$56.00	
Air Cargo / Conair-2022			\$3,308.92	(\$3,308.92)	
Bank Charges & Fees		\$49.46	\$54.02	-\$4.56	
Wetlands	\$7,830.82	\$31,785.78	\$58,029.46	-\$26,243.68	
Fiber			\$0.00	\$0.00	
Transportation	\$104.93	\$5,732.28	\$3,532.19	\$2,200.09	
<b>Professional &amp; Personal Services Total</b>	<b>\$24,850.12</b>	<b>\$123,230.20</b>	<b>\$217,303.30</b>	<b>-\$94,073.10</b>	
<b>Travel</b>					
Travel Expenses	\$1,422.56	\$11,213.85	\$402.19	\$10,811.66	
<b>Travel Expenses Total</b>	<b>\$1,422.56</b>	<b>\$11,213.85</b>	<b>\$402.19</b>		
<b>Total Expenses</b>	<b>\$63,536.49</b>	<b>\$359,741.90</b>	<b>\$335,617.36</b>		

<b>Net Income</b>	<b>\$86,210.25</b>	<b>171,597.05</b>	<b>535,685.04</b>	<b>(\$364,087.99)</b>	
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These financials statements have not been subjected to year end audit or review and no assurance is provided on them.





**Action Item No: 06132024-02**

**Board Meeting Date: June 13, 2024**

**Subject: Budget Amendment Approval**

**Background:**

During the December 15, 2023 board meeting, the S3R3 Solutions Board approved the budget as presented in order to provide a guidance tool to financially sustain the PDA's business plan to ensure short- and long-term growth. As stated in December, periodic revisions to the budget are anticipated to adapt to changing economic conditions such as the revision being presented today.

**Recommendation:**

Recommendation is for the S3R3 Solutions Board to approve the budget amendment as presented.

**Submitted By:**

Chris Pengra, Executive Director



**Date Action Taken:** \_\_\_\_\_

**Motion By:** \_\_\_\_\_

**Seconded By:** \_\_\_\_\_

**Action Taken: (Approved) (Rejected) (Deferred to: \_\_\_\_\_)**

**Approved as modified:** \_\_\_\_\_

# Q2 2024 Budget Amendments

## Revenue Budget Amendments

3612000 Other Miscellaneous Income – Increase of \$63,316.19 to account for the reimbursement of 2022 and 2023 operating expenses for the Amazon Air Cargo Facility. These are one time payments that will not be received in future years.

3614000 Interest Earned – Reduction of \$49,000 to comply with State financial reporting standards which requires banking interest to be reported separately from other investment income. Previously, this budget line item has been used to account for returns earned from the Spokane County Investment Pool (SCIP). This amendment reduces the Interest Earned budget to \$1,000, reflecting expected revenue from interest bearing bank and credit union accounts.

3370060 Leasehold and Interest – Increase the budget by \$90,000 to account for expected investment returns from S3R3 funds held in the SCIP. \$49,000 of this budget increase is offset by the reduction of in 3614000 Interest Earned. An additional allocation of \$41,000 is necessary due to account for higher than expected returns from the SCIP account held with the County.

## Expenditure Budget Amendments

5812501 Principal Paid on Wheatland Loan – Increase of \$500,000 to account for the principle payments on the bank loan for the Amazon Air Cargo Facility. The principle payments were absent from 2023 budget which served as the template for the 2024 budget. This amendment corrects the omission to reflect the payments which have been made every months since the inception of the loan.

5587041 Travel, Lodging – Increase of \$8,000 to account for remaining Business Development and Recruitment activities for 2024.

5587033 Job Supplies, Wetland Mitigation – Increase of \$98,000 to account for escrow payments for the Wetland Mitigation Bank property and additional consultant support for the wetland mitigation bank project.

## Housekeeping Budget Changes

Job Supplies, Stormwater – Remove from budget, no longer used. Not budgeted for 2024, no impact.

Legal & Professional Services, Conair - Remove from budget, no longer used. Not budgeted for 2024, no impact.