

AGENDA

NORTHEAST PUBLIC DEVELOPMENT AUTHORITY (NEPDA)

Date: 5/8/2020

Time: 10:30 AM to Noon

Location: *Call-in only.* If you wish to attend the meeting telephonically, please call the following number: 253-215-8782. The Password for the call is: 88201485057#. The Meeting ID is: 548927#. If you have problems accessing the meeting, please contact: 509-477-2265.

Attendees: Northeast Public Development Authority Board of Directors

Discussion Items:

10:30 am to 10:35 am	Welcome & Introductions
10:35 am to 10:40 am	Approval of Minutes: Approval of Minutes from April 10, 2020
10:40 am to 10:50 am	Board Updates <ul style="list-style-type: none">• Beacon Hill GFC Waiver Exemption – Michael Cathcart
10:50 am to 11:40 am	Executive Director Updates <ul style="list-style-type: none">• April Action Item approved by email<ul style="list-style-type: none">○ Marketing & Communications• Wellesley Avenue / NSC / 2020 TIB Grant• Havana & Rowan / 2021 Build Grant• Beacon Hill – Permit Status• Whitworth University• Hillyard Chamber• CARES Act – Spokane County<ul style="list-style-type: none">○ Wellesley Ave○ Havana Street and Rowan Ave.○ 2017 Master Plan update○ Grant funding○ Broadband○ BNSF○ Hillyard Visioning Study○ Hillyard zoning analysis and catalyst site studies• Covid-19
11:40 am to 11:55 am	Action Items <ul style="list-style-type: none">• Action Item No. 01: Executive Director will request Spokane County CARES Act funding for board approved NEPDA priorities• Action Item No. 02: Board approval authorizing Megan Clark to prepare Registered Agent, Resolutions, and Employee Handbook.• Action Item No. 03: Board approval authorizing Megan Clark to prepare general resolutions for the NEPDA• Action Item No. 04: Board approval authorizing Megan Clark to prepare an NEPDA employee handbook Motions <ul style="list-style-type: none">• Motion No. N/A

AGENDA

11:55 am to 12:00 pm **Notable items, Around the Room, Closing**

NEXT MEETING: June 12, 2020, 10:30 AM to Noon. Northeast Community Center, 4001 N Cook Street, Spokane, WA 99207 (south conference room, lower level).

DISCLOSURES

AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION: The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or. Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.

EXECUTIVE SESSION: An Executive Session may be called during the meeting. The purpose must be announced and is limited by RCW 42.30.110. Examples include: (1) to discuss with legal counsel litigation, potential litigation and/or legal risks (RCW 42.30.110(1)(i)); (2) to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110(1)(b)); and (3) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing public property shall be taken in a meeting open to the public)(RCW 42.30.110(1)(c)).

NORTHEAST PUBLIC DEVELOPMENT AUTHORITY

Minutes – Regular Meeting

Date: 4/10/2020

Meeting called to order: 10:30 AM

Location: Board Members attended via Zoom. Public Call-in was available through Spokane County

Welcome and Introductions

Commissioner Kerns noted that a quorum was present.

Attendees:

NEPDA Board of Directors

- Josh Kerns
- Michael Cathcart
- Gerry Gemmill
- Scott Simmons

Board Staff

- David Guthrie, Executive Director
- Megan Clark, EMLVO, Legal Counsel

Guests

- Ron Valencia, Spokane County
- Shae Blackwell, City of Spokane
- Chad Coles – Spokane County

Approval of Minutes

A motion was made by Gerry Gemmill to approve the February 14, 2020 meeting minutes. The motion was seconded by Michael Cathcart. The motion passed unanimously. It was noted that the NEPDA did not meet in March, due to the Covid-19 Outbreak.

Public Comment:

Bigalow Gulch, Forker, Sullivan and the Sullivan Trent interchange Grant Request.

Chad Coles, Spokane County provided an overview of a “Build Grant” request for improvements to Bigalow Gulch and Forker Road. This is similar to the prior INFRA grant request, which the NEPDA supported. Chad noted that the applicants hope to receive grant approval for either the INFRA or Build grant, not both.

It’s important for a wide variety of stakeholders to show support, which increases the probability of grant approval. Chad asked the NEPDA to write a second letter of support and agree to donate \$15,000 toward the project, if the Build Grant is awarded. \$15,000 is the same amount the board agreed to donate for the INFRA grant. The NEPDA has agreed to a “single” donation of \$15,000, regardless of which grant is received. If neither grant (INFRA or Build) are awarded, the NEPDA obligation to donate \$15,000 is null and void. The NEPDA donation is not due until project completion in 2025.

Motion: A motion was made by Gerry Gemmill to approve two items:

- The executive director sending a letter confirming NEPDA project/Build Grant support
- NEPDA contribution of \$15,000 if the Build Grant is awarded.
 - The motion was seconded by Michael Cathcart. Discussion ensued. Both motions passed unanimously.

Action Item: The Executive Director was authorized to send a letter of support, including an agreement to donate \$15,000 at or near project completion, which is expected in 2025.

Executive Director Updates

Esmeralda Commerce Park / Development Agreement

It was noted that the Spokane City Council approved the Development Agreement between the City and LB Stone (Developer). This includes a financial commitment to reimburse Developer for certain public road and utility improvements, if and when Developer meets certain requirements, including:

- Developer agrees to construct one or two buildings in Phase 1, consisting of 96,000 SF. Phase 1 building improvements will be completed by 12/31/2021.
- Including Phase 1 improvements, Developer agrees to build not less than 410,000 SF by December 31, 2029.
- Developer further agrees to construct the Public Improvements not later than 12/31/2021.
- Developer agrees to dedicate the Public Improvements not later than 12/31/2029.
- Developer agrees to a pro-rata reimbursement formula for the Public Improvements.

Action Item: None taken.

Beacon Hill / GFC waivers

- The NEPDA has committed \$650,000 to reimburse Beacon Hill for water tank and water system public improvements.
- Funding for reimbursements noted above are from GFC's, to the extent available
- GFC's are waived in the NEPDA, which jeopardizes reimbursement funds
- Developer previously asked the City to collect GFC's for Beacon Hill, to ensure a source of revenues for reimbursement of Developer's public water related expenses.
- The Developer believes the intent of the parties to the Development Agreement is to have GFC's reimburse Beacon Hill for agreed upon public water expenses.
- Commissioner Kerns said that the Board of County Commissioners has agreed to exclude GFC waivers for Beacon Hill.
- Councilman Cathcart stated that the Spokane City Council has not formally considered the matter. Scott Simmons noted that documentation has been prepared to exclude Beacon Hill from GFC waivers. This documentation will be provided to Councilman Cathcart.

Action Item: Councilman Cathcart agreed to review the documentation referenced by Scott Simmons, and discuss eliminating GFC waivers for Beacon Hill with the other Council members.

Financial Update

The board previously discussed the status of revenue allocation of incremental tax revenues to the Public Development Authorities. It was noted that meetings were held with City, County and 3 PDA's. Spokane County, the City of Spokane, and Department of Revenue are developing a process, and related software, to collect and accurately allocate revenues to the three PDA's. The County will have to estimate the sales tax to be allocated to each PDA, when there are multiple businesses reporting sales tax in a PDA. The County will allocate revenues in 2020 for increases above the 2019 base year in the City. The County will allocate revenues in 2021 for increases above the 2020 base year in the County.

The Executive Director explained that the West Plains-Airport PDA and U-district PDA utilize an investment account at the County, which is called a "D" Fund. The investment account offers a favorable rate of return, and expedites transfer of incremental tax revenues from the County to the PDA. When the NEPDA needs to access these funds, it can initiate an electronic funds transfer to our primary bank account.

To establish the investment account, a board resolution is required. Megan Clark stated that she has reviewed and approved the Pooling Agreement and prepared a Resolution for Board approval, authorizing the establishment of the Investment account.

Motion: A motion was made by Gerry Gemmill to approve two items:

- Board authorization to establish the Spokane County "D" Fund (investment account).
- Board approval of the Spokane County Pooling Agreement.
 - The motion was seconded by Scott Simmons. Both items passed unanimously.

Action Item: The Executive Director was authorized to work with Margaret Smith at Spokane County to establish the NEPDA investment account.

Budget

The Executive Director explained that the County will initiate payment of \$120,000 to the NEPDA, in accordance with Section 7 of the reformed Interlocal Agreement. Additional payments required by the ILA will be deposited to the NEPDA investment by the dates set forth in the ILA.

It was noted that Michael Cathcart previously requested the NEPDA budget. The budget was provided prior to the scheduled March board meeting. Discussion ensued about the importance of the Esmeralda Commerce Park and Beacon Hill projects to the NEPDA budget. Both projects will result in substantial construction sales tax revenue. If these projects are delayed due to the Covid-19 Outbreak, NEPDA budget (revenue) assumptions will have to be revised. No further action required at this time.

Covid-19

The Executive Director stated that he is evaluating how we can use this pandemic to make our organization better, and provide greater value to the businesses within the NEPDA, including;

- Community outreach, brand identity and marketing activities
- Disaster readiness modifications

Action Item: The Executive Director is developing, with our Whitworth intern, a comprehensive database of all businesses in the NEPDA. There are approximately 350 businesses according to County GIS data. The goal is to provide a single point of contact for information regarding any Federal, State or Local resources available to business and other stakeholders within the NEPDA focus area.

Engineering and Professional Service Agreements

The Executive Director noted that we need to hire engineers and consultants to assist with NEPDA priorities, including;

- Infrastructure: Wellesley Ave /Freya, Havana, Rowan
- Broadband: throughout the NEPDA
- Data: List of businesses with contact info. Industrial land availability, historical absorption rates of industrial land by sub-market. Analysis of regional competition. A buildable lands report with mapping tool within the NEPDA boundaries.
- Marketing & Communication: Branding, communication plan, website, collateral materials.

Due to the uncertainty of receipt of revenues by the NEPDA, primarily due to potential delays in construction starts because of Covid-19, the Executive Director will request engineering and or consultant proposals that may be phased. This limits NEPDA financial commitments until such time as our revenue assumptions can be confirmed.

Action Items

- **Action Item No. 01: Marketing & Communications.** The Executive Director requested approval to negotiate a phased professional services agreement for marketing and communication work, including an NEPDA website. The NEPDA has received three proposals for this work. The contract terms and conditions to be approved by legal counsel. Discussion ensued. It was determined that the Executive Director should request best and final proposals from the top two companies. After vetting of the best and final proposals, the Executive Director will make a recommendation to the board. Commissioner Kerns noted that board approval may be provided via email.
- **Action Item No. 02: Industrial Lands Report.** The Executive Director requested approval to retain Maul Foster Alongi (MFA) to prepare a regional study of industrial land availability, prices, and absorption rates by sub-market. NTE 5K. Contract terms and conditions to be approved by legal counsel. Discussion ensued. Jordan Tampien discussed the importance of gathering the best data available. Better data results in more informed decisions, which impact our strategic and marketing plans.
- **Action Item No. 03: Sub-Area Plan.** The Executive Director requested approval to initiate northeast Spokane Sub-Area plan update discussion with City. Discussion ensued. Scott Simmons noted that the zoning in this area had not been updated in many years. Michael Cathcart noted that he was willing to work on zone changes within the NEPDA

to facilitate redevelopment. It was agreed that the Executive Director would discuss an update to the City sub-area plan for northeast Spokane.

- **Action Item No. 04 - Funding Plan.** The Executive Director requested approval to negotiate a professional service agreement to research grant funding options, schedule, and critical path. Outside of potential grants, there is very little funding available from the City for infrastructure in the NEPDA. NTE 9.5K. Contract to be approved by legal counsel. Discussion ensued. Commissioner Kerns asked if anyone had utilized a consultant for this type of research. Gerry Gemmill noted that Kari Grytdal is the Spokane County Grants administrator, and should be consulted prior to hiring a consultant to assist with this research. It was agreed that the Executive Director should contact Ms. Grytdal to discuss.

Motions: A motion was made by Michael Cathcart to approve the following:

- Action Item No. 1: The Executive Director is authorized to obtain best and final marketing and communication proposals from the two most competitive companies/proposals received. The motion was seconded by Scott Simmons, and passed unanimously.
- Action Item No. 2: The executive director is authorized to initiate discussion about a potential sub-area plan update with the City of Spokane. The motion was seconded by Scott Simmons, and passed unanimously.
- Action Item No. 3: The Executive Director is authorized to negotiate an agreement to retain MFA to prepare an industrial lands analysis. The motion was seconded by Josh Kerns, and passed unanimously.

Master Plan Discussion

- The YARD is characterized by a handful of large developments or parcels surrounded by relatively small parcels and small buildings with diverse ownership
- There are approximately 373 residential units in The YARD. Approximately 180 industrially zoned parcels are currently in residential use.
- There are over 680 unique assemblages averaging 0.75 acres each. An assemblage is defined as one or more contiguous parcels under the same ownership group.
- The existing building stock includes approximately 2 million square feet of space in 289 buildings, translating to an average building size of 6,845 square feet. Over half of The YARD's building stock in the City is in 29 buildings of 10,000 S.F. or more. The remaining buildings average 3,505 S.F.
- The 2017 Master Plan is based on the premise that small parcels can be assembled into a handful of large industrial (catalyst) sites. This premise appears flawed for the following reasons:
 - The NEPDA doesn't have the legal authority to assemble parcels
 - There is no political interest in condemnation to assemble private property
 - Assembling small parcels with existing improvements is difficult and frequently cost prohibitive
 - Buying properties and remediating and demolishing the improvements results in a land basis that is too high to justify industrial development. It doesn't pencil.
- Should the NEPDA focus on attracting small and mid-sized businesses, which aligns more closely with the real estate in The Yard, and may be a unique competitive advantage regionally?

It was noted that the next board meeting will be held on May 8, 2020, 10:30 AM to Noon.

Meeting Adjourned: 12:15 PM