

AGENDA

**NORTHEAST PUBLIC DEVELOPMENT AUTHORITY (NEPDA)
REGULAR BOARD MEETING**

Date: May 14, 2021

Time: 10:30 AM to Noon (Pacific Time)

Location: Zoom Meeting

Join Zoom Meeting

<https://us02web.zoom.us/j/84649921163?pwd=MnA0WDhvNXE5ZE9VQmlucmVFUHVBT09>

Meeting ID: 846 4992 1163

Passcode: 191969

One tap mobile

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Attendees: Northeast Public Development Authority Board of Directors, Invitees and Guests

Discussion Items:

10:30 am to 10:35 am	Welcome & Introductions
10:35 am to 10:40 am	Approval of Minutes: Approval of Regular Meeting Minutes from April 9, 2020
10:40 am to 11:00 am	Public Comments: None scheduled
10:40 am to 11:00 am	Board Comments: Michael Cathcart – Status of proposed amendment to City Plan Commission Work Plan, including South NEPDA Sub-area Plan.
11:00 am to 11:45 am	Executive Director Updates <ul style="list-style-type: none">○ Manufacturing incentives○ Local Improvement District (LID)○ Wellesley Ave - reconstruction<ul style="list-style-type: none">○ EDA○ TIB○ American Recovery Act○ 3011 E Wellesley - IPG Grant○ RAISE Grant (formerly BUILD)○ Federal Legislation○ Hillyard Merchants Association○ City of Spokane – Traffic Impact Fees○ TIF Legislation○ Esmeralda Commerce Park○ Marcom
11:45 am to 11:55 pm	Action Item No. 1: TBD Action Item No. 2: TBD

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

NEXT MEETING: June 11, 2021, 10:30 AM to Noon. By Zoom, or at the 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

Date: April, 09, 2021

Meeting Time: 10:30 AM

Location: Board Members and Public attendance via Zoom.

Welcome and Introductions

Board Chair Kerns called the meeting to order at 10:31 AM. He noted that a quorum was present.

Mr. Kerns welcomed Marlene Feist to the board. He noted that Marlene will replace Scott Simmons as the Mayor's designee on the NEPDA board. He also explained that Scott Simmons is the new County designee. Scott will replace Gerry Gemmill, who will be retiring at the end of the month. Gerry explained that this will be his last NEPDA board meeting as a result. The board thanked Gerry for his distinguished service on behalf of the County and NEPDA.

Attendees:

NEPDA Board of Directors

- Josh Kerns
- Michael Cathcart
- Cheryl Stewart
- Cindy Wendle
- Scott Simmons
- Gerry Gemmill
- Marlene Feist

Not in attendance:

- Jordan Tampien

Board Staff

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

Guests

- Ron Valencia, Spokane County
- Shae Blackwell, City of Spokane
- Pete Rayner, Beacon Hill

Approval of Minutes

Commissioner Kerns asked if anyone was opposed to approving the Regular Board Meeting Minutes from March 12, 2021. Scott Simmons noted that the minutes referred to Marlene Feist as the "interim" Public Works Director for the City of Spokane. She has since been appointed Public Works Director by the Mayor. Therefore, the word "interim" should be deleted from the minutes. Subject to this revision, Board Chair Kerns asked if there were any other objections. Hearing none, a motion was made by Cheryl Stewart to approve the minutes. The motion was seconded by Scott Simmons. The motion passed unanimously.

Public Comment:

Pete Rayner, the owner and developer of Beacon Hill, provided an update to the board. Mr. Rayner discussed initial planning concepts for Beacon Hill. He has hired DTJ Planning in Boulder, CO to assist with master planning for the project. He explained the concepts are preliminary in nature. Josh Kerns asked how many homes will be built at Beacon Hill. Mr. Rayner said the zoning allows as many as 3,000 residential units, but they anticipate building between 1,500 and 2,000 housing units, including multi-family, townhomes, and single-family houses. The topography limits the density, and the goal is to provide a lot of green space, public space, trails, and related community amenities. He said his goal is to build a community, not a sub-division. He also implored the NEPDA to facilitate reconstruction of Wellesley Avenue, which he described as the “road to Baghdad.” He strongly supports mixed-uses on Wellesley Avenue, including commercial and high-density residential. Councilman Cathcart asked about his plans east of Havana, abutting the NEPDA. Mr. Rayner indicated the area east of Havana is likely to include high and medium-density housing, including apartments and townhomes.

Councilman Cathcart noted that he was introducing proposed amendments to the Plan Commission Work Plan for City Council consideration. Specifically, Michael is requesting approval for a “South NEPDA” sub-area plan, which will evaluate alternative zoning and land use options, to facilitate mixed-uses along Wellesley Ave., and higher density housing, generally between Wellesley, Rich, Freya and Havana. Scott Simmons asked about the zoning in the proposed South NEPDA sub-area. David Guthrie explained that the land is zoned Light Industrial from Wellesley one block south, and transitions immediately into Residential Single Family. He also noted that land south of Wellesley and adjacent Freya Street is a Centers zone. Mr. Simmons stated that the NEPDA focus does not include single family housing. A rezone to a higher density may therefore be warranted in the current single-family zone. He also noted that community outreach with the property owners in the affected area would be required. Michael Cathcart agreed, and confirmed this would be done.

Cindy Wendle asked Mr. Rayner if he had an estimate of owner vs non-owner occupied homes that are planned. Pete said they haven’t finalized their market analysis, so this has not been determined at this time. He did note that unlike many developments today, which separate owner and non-owner housing, it was his intent to integrate owner and non-owner occupied housing throughout the development. These types of housing units should not be segregated. Mr. Rayner noted that he would like to build condominium units, but the legal liability is too high in the State of Washington. In his opinion, the State makes it difficult and costly to provide housing for families earning at or near the area median income. The Executive Director noted that condo developer liability is very high in the State of Washington, which limits new construction. Josh Kerns noted that the state legislature attempted to reform the law(s) relating to condo liability a couple of years ago, but the final bill was “watered down,” and the changes adopted were essentially meaningless.

Cheryl Stewart expressed her support for Beacon Hill, and also suggested that the NEPDA consider changes to the “Complete Streets” requirement in the industrial areas of NEPDA. The City’s complete street standards require too much right-of-way, disproportionately impacts small property owners, and increases construction costs significantly. Industrial areas don’t require the same types of street improvements that are typical in a shopping center or typical commercial street. Scott Simmons stated that Complete Streets are considered a “sacred cow” by many departments in the City, and there will be pushback if we attempt to vary from these standards. Scott, Cheryl and Michael Cathcart agreed that a master plan and “vision” were needed to overcome potential resistance. The Executive Director noted that variances to Complete Streets had been granted elsewhere in the City, and that he would discuss this matter with the NEPDA transportation engineer. Cheryl suggested that the Complete Street standards in the NEPDA were hindering development. David Guthrie agreed, and said that Complete Streets required acquisition of significantly more right-of-way, complicating negotiations with property owners, increased

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land acquisition and construction costs, and increased the risk of property owner litigation. Mr. Simmons explained that the NEPDA should not settle for lower quality roads, and pointed to Playfair Industrial Park as an example of the type of roads that are required.

Ms. Stewart asked about alternatives to onsite Stormwater retention? Onsite Stormwater retention reduces the buildable land on a site, which is especially problematic on small sites. The Executive Director reminded the board that the NEPDA has approximately 700 parcels of less than ½ acre. Scott Simmons noted that S3R3 had commissioned a regional Stormwater plan for the West Plains (S3R3) PDA area. The total cost was estimated at nearly \$200 million, which is cost prohibitive. David Guthrie noted that a similar study was prepared by the City for northeast Spokane, but the City would not agree to manage the system, and offered no financial support. The NEPDA would have to convince the County to bond for tens of millions of dollars to build a regional system, and then manage collection and enforcement of all revenues (fees) paid by every property owner. Further, nearly every parcel in the NEPDA would have to agree to participate in a regional system. According to the City's consultant who prepared the regional Stormwater system analysis, without near unanimous support, the regional system was not financially (or legally) viable. The NEPDA board had discussed the merits of this plan in 2020, and decided against pursuing a regional Stormwater system managed by the NEPDA. In effect, the NEPDA would become a small "utility" company, and we don't have the resources to manage this at this time. Discussion ensued, and no decision was made with respect to the development of a regional Stormwater retention system in northeast Spokane.

Board Updates

N/A

Executive Director Updates

- **Manufacturing Incentives**
 - Mr. Guthrie and NEPDA legal counsel Megan Clark have discussed creating manufacturing incentives in the NEPDA, using a City of Arlington ordinance as a rough template. Megan Clark is researching options available to the NEPDA board, and will provide recommendations at the NEPDA regular board meeting in May. The goal is to encourage additional development in the NEPDA, by offering unique incentives not offered elsewhere in the City.
- **City of Spokane – offsite infrastructure improvements**
 - The Executive Director explained that he and Ms. Clark Megan have discussed researching alternatives to financing public street improvements as a condition of building permit approval in the NEPDA. This is a significant barrier to development in northeast Spokane. Small businesses generally cannot afford to build City streets, and this typically increases the owners land cost basis by \$3.50 to \$4.00 per square foot, which results in a much higher total land cost in the NEPDA than other industrial sub-markets in the region.
 - In lieu of paying for public roads as a condition of building permit, one option may be the use of a Local Improvement District (LID). Teri Stripes at the City of Spokane previously advised David Guthrie that Code changes may have increased barriers to LID approval. Megan Clark will examine prior and current LID ordinances, and provide a recommendation to the board at the regular meeting in May. The goal is to reduce the upfront cost to owners or developers considering building in the NEPDA, making the NEPDA more competitive, while creating a legal mechanism to finance the needed road improvements.

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- Wellesley Ave – Planning and zoning analysis RFP
 - Mr. Guthrie noted that he would like board approval to create an RFP to obtain proposals from planning firms to consider a potential corridor study for Wellesley, and rezone of the South NEPDA area, including Wellesley Ave, between Freya and Havana, to a mixed-use zone, similar to a Centers and Corridors Zone. *This is only required if Councilman Cathcart is unsuccessful in securing City Council approval for the South NEPDA sub-area plan, i.e. amending the Plan Commission Work Plan.* Guthrie noted that the Plan could facilitate redevelopment of Wellesley into a mix of uses, benefiting both Beacon Hill and the industrial areas within the NEPDA. When the Wellesley interchange is complete, and Beacon Hill is developed, the highest and best use of the five blocks on Wellesley, between Freya and Havana, is not light industrial. The Executive Director reminded the board that we have approximately 75 years of industrial zoned land in the NEPDA, based on historical absorption rates (Maul Foster Alongi, 2020). Therefore, we can afford to “lose” some industrially zoned land.
- Wellesley Ave Reconstruction
 - Mr. Guthrie reminded the board that the EDA will not allow the NEPDA to use the NSC as a local grant match, which requires us to fund approximately \$990,000 of the total cost (30% of \$3.3M). He noted that the board has several options available, including the following:
 - Pair a TIB grant with an EDA grant. In this scenario, the NEPDA will apply for a TIB grant to use as a local match for construction. According to the City, a TIB grant for construction expires in 18 months. The Executive Director and T-O Engineering have a call scheduled with TIB to discuss this option.
 - Submit a TIB grant for construction. A TIB grant only requires a 20% local match, because we are in a TIB Opportunity Zone. The problem with a TIB Grant is that there are limited funds available for the region. We need \$3.3M for construction, which represents a significant percentage of the total (estimated at \$8M - \$9M). In this case, we need to fund approximately \$660,000.
 - It may be possible for the board to reallocate some of the \$1.25M previously earmarked for Esmeralda Commerce Park infrastructure reimbursement. This is dependent up the City and the developer successfully amending the current Development Agreement.
 - According to the City, Senators Cantwell and Murray are focused on allocating capital to improve infrastructure in disadvantaged areas that connect that to the NSC. Funding may be available through The American Recovery Act. The Executive Director explained that he submitted plans and demographic information to the City (Integrated Capital Management), who said they will submit a complete list of priorities (earmarks) to Senator Cantwell, Murray and Congresswoman Cathy McMorris Rodgers offices. This includes funding for Wellesley, Rowan, Freya and Myrtle (within the NEPDA).
- 2021 Federal Agenda (GSI)
 - Guthrie explained that GSI (ADO) has prepared its 2021 Federal Agenda. At the NEPDA’s request, GSI added a request to fund transportation Infrastructure to connect with the future North Spokane Corridor to promote economic development in Northeast Spokane. This aligns with our American Recovery Act funding priorities.
 - Senator Cantwell – specifically identified connections to the NSC as a transportation funding priority in a Spokesman Review article on 4/1/2021, which aligns with the City of Spokane/NEPDA request to secure funding for Freya, Wellesley, Rowan and Myrtle.

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- Mr Guthrie explained that he reached out to Cathy McMorris-Rodgers office to discuss NEPDA infrastructure funding (The City had not yet spoken to CMR’s office). He noted that he has lobbied for the reduction or elimination of the local match for infrastructure grants in disadvantaged census tracts. Economic development groups in disadvantaged areas, or small rural communities, don’t have the funds to meet the local match requirements of most state and federal infrastructure grants. A legislative change is needed in this regard.

- 3011 E Wellesley - Foreclosure
 - Mr. Guthrie suggested that the NEPDA ask the City to commence foreclosure proceedings on this property. He noted that we have a 200K Dept. of Ecology Integrated Planning Grant that is dependent upon the City foreclosing. If the City doesn’t foreclose, the NEPDA cannot obtain title, and our grant application will become invalid. He also suggested that he or Megan Clark will reach out to City attorney’s office to confirm the City’s intentions.

- Esmeralda Commerce Park - Development Agreement
 - The Executive Director has requested board approval of the terms and conditions of Amendment No. 1 to the Development Agreement between the City of Spokane and LB Stone, developer of Esmeralda Commerce Park. If the NEPDA board agrees, the Executive Director will return the draft agreement prepared by City attorney James Richman, to the Developer.
 - Amendment No. 1 - Proposal
 - Revise to state that the Developer may not request any reimbursement until 1/1/2029.
 - Extend completion of Phase 1 (96,0000 SF) to 12/31/2023
 - Add new termination language, which states that Developer's failure to complete Phase 1 by 12/31/2023, entitles the City to terminate the agreement with no further obligations/liability.
 - The prorata reimbursement formula does not change. For example, if the Developer only build 205,000 out of the total 410,000 SF proposed, they may only request 50% of the NTE reimbursement amount (after January 1, 2029).
 - The agreement termination date of December 31, 2029 is not changed.

- 2020 Construction
 - Guthrie explained that data sourced by MFA from the Spokane County website indicates the NEPDA should be paid our proportionate share of incremental taxes on at least \$3.6 million in construction in 2020. He noted that he has repeatedly asked the City for confirmation of amounts owed. While we have started receiving our share of incremental property taxes, we have not been paid for our share of retail or construction sales taxes. The three PDA executive directors have been working with the City and County on this since late 2019.

2020 NEW CONSTRUCTION

SUMMARY	Total	Com	Res
Brand New	\$2,219,900	\$1,594,700	\$625,200
Renovation/Expansion	\$1,384,700	\$1,246,800	\$137,900
Total	\$3,604,600	\$2,841,500	\$763,100

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Action Item No. 1: Resolution No. 2021-006: A RESOLUTION of the Northeast Public Development Authority to approve the Bylaws of the Hillyard Merchants' Association.

Motion: A motion to approve was made by Michael Cathcart. The motion was seconded by Scott Simmons. The motion was approved by unanimous vote.

Action Item No. 2: Resolution No. 2021-007: A RESOLUTION of the Northeast Public Development Authority to approve a proposed Amendment to the Esmeralda Commerce Park, LLC Development Agreement ("Development Agreement") related to the Esmeralda Commerce Park Project and authorize the Executive Director to present the proposed Amendment to the Developer, LB Stone Properties ("Developer") for consideration.

Motion: A motion to approve was made by Cheryl Stewart. The motion was seconded by Scott Simmons. The motion was approved by unanimous vote.

Action Item No. 3: Resolution No. 2021-008: A RESOLUTION of the Northeast Public Development Authority to authorize the Vice Chair to request the City of Spokane Planning Commission consider a narrowly focused sub-area planning effort for the "South NEPDA" area.

Motion: A motion to approve was made by Scott Simmons. The motion was seconded by Cheryl Stewart. The motion was approved by unanimous vote.

Action Item No. 4: Resolution No. 2021-009: A RESOLUTION of the Northeast Public Development Authority (the "NEPDA") to authorize the Executive Director to prepare a request for proposal/qualifications for planning, architectural and/or engineering services to review existing zoning and land use regulations, prepare a plan, related exhibits, and a proposal outlining actions necessary to facilitate the development of E. Wellesely within the NEPDA boundaries as a commercial mixed-use corridor, should the City of Spokane Planning Commission decline to consider a narrowly focused sub-area planning effort for the "South NEPDA".

Motion: A motion to approve was made by Cheryl Stewart. The motion was seconded by Scott Simmons. The motion was approved by unanimous vote.

Action Item No. 5: The Executive Director asked whether or not a resolution was required to approve Scott Simmons as Treasurer/Secretary of the Board because of his new position with the County. Megan Clark noted that Resolution 2021-002 approved Scott as that position already (and it does not designate him as the City representative in that Resolution).

Motion: A motion to reaffirm Scott's Board positions, despite his change in title from City to County was made by Michael Cathcart. The motion was seconded by Cindy Wendle. The motion was approved by unanimous vote.

Notable items, Around the Room, Closing: None

NEXT MEETING: May 14, 2021, 10:30 AM to Noon. By Zoom, or at the Northeast Community Center, 4001 N Cook Street, Spokane, WA 99207 (south conference room, lower level).

Board Chair Kerns adjourned the meeting at 12:11 PM