

# AGENDA

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

**Date:** June 11, 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

+12532158782,,84649921163#,,,,\*191969# US (Tacoma)

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

### Discussion Items:

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10:30 am to 10:35 am	<b>Welcome &amp; Introductions</b>
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10:35 am to 10:40 am	<b>Approval of Minutes:</b> Approval of Regular Meeting Minutes from May 14, 2021
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	<b>Public Comments:</b> None scheduled
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10:40 am to 10:50	<b>Board or Staff Comments:</b> Megan Clark – MRSC
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10:50 to 11:40 am	<b>Executive Director Updates</b> <ul style="list-style-type: none"><li>○ Procurement Policy</li><li>○ Grants<ul style="list-style-type: none"><li>○ City (Covid Relief) Grant Funding Request</li><li>○ County (Covid Relief) Grant Funding Request</li><li>○ RAISE Planning Grant</li><li>○ TIB Grant</li><li>○ Avista</li></ul></li><li>○ Esmeralda Commerce Park</li><li>○ NEPDA Spokane County Land Analysis</li><li>○ Marketing &amp; Communication</li></ul>
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11:40 am to 11:55 pm	<p><b>Action Item No. 1: RESOLUTION 2021-010</b> of the Northeast Public Development Authority (the “NEPDA”) to authorize the Executive Director to contract with the Municipal Research and Services Center of Washington (MRSC) to have their official rosters hosted in the online database for the NEPDA’s use for small public works contracts, consulting services, and vendor services developed and maintained by MRSC through MRSC Rosters and authorizes the NEPDA Executive Director to sign that contract.</p> <p><b>Action Item No. 2: RESOLUTION 2021-011</b> of the Northeast Public Development Authority (the “NEPDA”) to authorize the Executive Director to execute a contract with T-O Engineers, Inc. for purposes of preparing an application for a planning grant under the Rebuilding American Infrastructure with Sustainability and Equity (“RASE”) grant funding program, and permitting the Executive Director and T-O Engineers, Inc. to</p>
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# AGENDA

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submit the RAISE grant application to the United States Department of Transportation for consideration.

**Action Item No. 3: RESOLUTION 2021-012** of the Northeast Public Development Authority (the “NEPDA”) to authorize the Executive Director to prepare and issue to select qualified companies an informal request for proposal for ongoing marketing services supporting the NEPDA and the Hillyard Merchants’ Association.

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

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**NEXT MEETING:** July 9, 2021, 10:30 AM to Noon, at the Northeast Community Center, 4001 N Cook Street, Spokane, WA 99207 (south conference room, lower level).

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## 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:** May 14, 2021

**Meeting Time:** 10:30 AM

**Location:** Board Members and Public attendance via Zoom.

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**Welcome and Introductions**

Board Chair Kerns called the meeting to order at 10:40 AM. He noted that a quorum was present.

**Attendees:**

NEPDA Board of Directors

- Josh Kerns
- Michael Cathcart
- Cindy Wendle
- Scott Simmons
- Marlene Feist

Not in attendance:

- Jordan Tampien
- Cheryl Stewart

Board Staff

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

Guests

- Mark Burus, Jacobs Engineering
- Shae Blackwell, City of Spokane

**Approval of Minutes**

Commissioner Kerns asked if anyone was opposed to approving the Regular Board Meeting Minutes from April 9, 2021. Hearing no objections, a motion was made by Cindy Wendle to approve the minutes. The motion was seconded by Scott Simmons. The motion passed unanimously.

**Public Comment:**

None

**Board Updates**

South NEPDA Sub-Area Plan

Michael Cathcart discussed the status of his proposed amendments to the City of Spokane Plan Commission Work Plan, including the adoption of a South NEPDA Sub-area Plan. Michael expressed frustration, noting that a decision had been deferred twice. He and Council President Beggs have discussed funding the Sub-Area Plan with American Recovery Act dollars. This will require City Council

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support. Josh Kerns asked about the timing of receipt of ARP funds. Cindy Wendle noted that funding was expected shortly. Scott Simmons advised that funding is expected next week. Michael explained that he and the Executive Director have discussed preparing a list of NEPDA funding priorities. David Guthrie suggested funding for Wellesley Ave. is needed. Scott Simmons asked how much funding is required. Guthrie explained that at least \$700,000 is needed, which is about 20% of the total TIB grant we have prepared. If we submit an EDA grant, which is also nearly complete, we need 30%, or nearly \$1 million. We have a strong TIB application, but funding is limited this year. Guthrie noted that he has been advised by TIB that they will only award \$8 million to \$9 million for all of eastern Washington. We need \$3.4 million for Wellesley Ave. reconstruction, which is a very high percentage of total TIB dollars available for the region. TIB wants to spread the money around the region. Therefore, smaller grants are likely to be more competitive.

Cindy Wendle advised that matching funds for infrastructure will be difficult to obtain. Josh Kerns asked about the timing of grant awards after the City receives its allocation of relief dollars. Michael noted that we need to be proactive. There will be a lot of requests for funding. Scott Simmons asked the Executive Director to provide a list of funding priorities for board review and approval. Cindy said she would send an eight page funding summary, outlining allowable uses of grant funds. Commissioner Kerns noted that a lot of CARES Act funding has been allocated, and many pandemic related needs have been met through other agencies and funding sources. This should open up funding for additional needs, which align with NEPDA priorities.

Guthrie also noted that we need funding for a full NEPDA Sub-Area plan, not just the South NEPDA area. This is expected to cost about \$250,000. A full northeast Spokane Sub-Area Plan would provide a strategic plan for the NEPDA board, which is aligned with City and County planning, and which gives northeast residents a voice in the process. This is critical, given the high levels of mistrust many northeast residents have toward the City. We also need approximately \$200,000 to meet the local match requirement for a \$1 million RAISE planning grant. He noted that funding for a lobbyist to support NEPDA grant applications is also important. The RAISE planning grant will provide funding for engineering, design, right-of-way, environmental, geotech, cultural/social/economic analysis, for reconstruction of Wellesley, Freya, Myrtle, Rowan, Havana, and other roads in the NEPDA. If we can complete all planning, we are much closer to having “shovel ready” projects, which significantly increases the competitiveness of our infrastructure grant applications.

The Executive Director also advised that City Planning has recommended against CM Cathcart’s proposed South NEPDA Sub-Area Plan. They cite following reasons: 1) the City can’t afford to convert (lose) any industrial zoned property, 2) residential uses may be allowed in Planned Industrial Zone (P.I.Zone) with a binding site plan or PUD, 3) Planning believes additional marketing is needed, and 4) Planning believes additional economic development is needed.

Mr. Guthrie responded by noting that the NEPDA has about 75 years of industrial land, the West Plains has 81 years. The idea we don’t have sufficient industrial land in the City is not accurate. While a P.I. Zone may allow residential, the challenges in securing these entitlements are high, and unlikely to be approved by the City. Furthermore, there is a big difference between a legally permissible use, and land uses that are encouraged. Planning believes additional marketing is needed. Guthrie questioned how much money will need to be spent on marketing to overcome inadequate infrastructure, i.e. dirt roads? With respect to Item 4, Guthrie explained that the foundation of economic development are entitlements and infrastructure. He reminded the board that the City’s 6-year Capital Plan does not include any funding to improve infrastructure in northeast Spokane.

### Executive Director Updates

- Entitlements, Funding, Right-of-Way
  - Mr. Guthrie explained that he met with Shauna Harshman, City Council Manager of Neighborhood Connectivity Initiatives and Transportation Benefit District Administrator; and, Erik Poulsen, Legislative Director with the City, on 5/11/2021. The purpose of the meeting was to discuss NEPDA priorities requiring City of Spokane support. The following items were discussed:
    - The need for a full NEPDA Sub-Area Plan was discussed. Shauna stated that the NEPDA has a sub-area plan, which is the 2017 NEPDA Master Plan. Guthrie advised that this is “not” a Sub-Area plan. It’s also inadequate and flawed. The 2017 Master Plan considers a small portion of the current NEPDA. It does not consider downtown Hillyard, or land in the County. The Master Plan did not consider alternative zoning or land uses, or the potential economic, cultural or social impact of the NSC. The Plan did not engage the community in a visioning process to reimagine what downtown Hillyard should look like when the NSC opens. Finally, the Plan incorrectly focused on assembling many small parcels into larger “catalyst” sites. Guthrie explained that the NEPDA doesn’t have the legal authority to condemn and aggregate property, nor does it have the capital to do so, and City has no political interest in condemning small parcels to make larger ones. If we can’t aggregate parcels for political, legal and financial reasons, why is this premise the foundation of the 2017 Master Plan?
    - Ms. Harshman noted that Sub-Area plans are expensive. Guthrie estimated that we will need \$250,000, which should be available from Covid relief funding. The City is expected to receive ~\$80M, and the County ~\$100M. David Guthrie explained that a full Sub-area Plan aligns residents, City and County Planning, and NEPDA board. He also noted that infrastructure and other grant requests aligned with a Sub-Area plan are more competitive.
    - The need for local grant match funding is needed. Guthrie explained that a small PDA like the NEPDA, focused on revitalizing a disadvantaged community, typically doesn’t have millions of dollars needed to fund the “local match” requirements for infrastructure grants to reconstruct roads. We need the City to change how it allocates capital, to prioritize investment in areas that have suffered from historical underinvestment. This includes revising the 6-Year CAP Plan scoring matrix to prioritize allocation of capital to disadvantaged census tracts.
    - The Executive Director explained that the right-of-ways in most of the City within the NEPDA are inadequate, and the NEPDA will need assistance from the City in acquiring right-of-way, i.e. to reconstruct roads to meet the City’s Complete Street standards. To build out a grid network of paved roads connecting to the NSC requires right-of-way from hundreds of property owners. Funding to hire a right-of-way firm or consultant to assist the NEPDA is required.
    - Guthrie also noted that we could use help from a City lobbyist, or funding to support hiring our own lobbyist. This is required to increase the probability of infrastructure grant application approval. Ms. Harshman and Mr. Poulsen appeared receptive, and understood NEPDA priorities and concerns.
- Manufacturing Incentives
  - Mr. Guthrie noted that he and NEPDA legal counsel have discussed creating manufacturing incentives in the NEPDA, using a City of Arlington ordinance as a rough template. Megan Clark researched options available to the NEPDA board. She concluded that we could not create an incentive unique to the NEPDA, which did not also apply to all other PDA’s or

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industrial zoned land in the City. We were hoping to encourage additional development in the NEPDA, by offering unique incentives not offered elsewhere in the City. After researching this in detail, Ms. Clark has concluded a unique (NEPDA) incentive does not appear to be legally permissible.

- City of Spokane – offsite infrastructure improvements
  - The Executive Director explained that he and Ms. Clark 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. According to City staff, the City council had adopted changes to the LID ordinance in the recent past, making LID approval more difficult. Ms. Clark’s research did not find evidence of material changes by Council to the City LID ordinance. Guthrie explained that 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). The goal is to reduce the upfront cost to owners or developers considering building in the NEPDA, making the NEPDA more competitive. He explained that while LID’s are not impossible, they are difficult to enact, time consuming, and expensive. Therefore, this does not appear to be a viable route to pay for offsite costs or to fund local match requirements in most situations.
- Wellesley Ave – Reconstruction
  - EDA grant: The Executive Director explained that our EDA grant is on hold presently. The EDA states a “beneficiary” is required. A beneficiary is a large company that will “only” locate adjacent or near Wellesley Ave. if road reconstruction occurs. At this time, we (NEPDA) don’t have a beneficiary. City staff suggested submitting the EDA grant without firm local match funding. If the EDA grant is awarded, then we should apply to the TIB for a grant, which can be used as the local match (for the EDA grant). Guthrie said he and the NEPDA transportation engineer spoke with the TIB, who said the EDA will NOT allow us to use a TIB grant for the local match
  - TIB – Pavement Preservation Grant: Guthrie noted that the City believes this is a good option. TIB only requires a 20% local match (\$660,000), and 90%+ of the work required for TIB has been completed. The application is due in August. The NEPDA will submit a TIB grant application to reconstruct Wellesley. He also said that the probability of grant approval was low. The TIB only has \$8 million to \$9 million available for all of eastern Washington. The NEPDA request of \$3.3 million represents a very high percentage of the total funding available. TIB prefers to spread the money around, meaning a higher number of small grants.
- 3011 E Wellesley - Foreclosure
  - The Executive Director advised the board that the NEPDA has been awarded a \$200,000 Ecology (IPG) grant, but the grant is in jeopardy because we don’t have a viable path to property ownership. NEPDA legal counsel spoke with a City attorney, who said they are not interested in foreclosing. The matter will be complex and expensive, due to the property owners pending criminal legal proceedings. The City lien amount is approximately \$500K, and there are additional judgements (liens) on the property of approximately \$300K. Michael Cathcart expressed frustration at the City’s unwillingness to foreclose on its lien, and said he would follow up with City staff.
- American Recovery Act
  - The Executive Director explained that the NEPDA had worked closely with City to submit our infrastructure priorities, including reconstruction of Freya, Myrtle, Rowan and Wellesley. On 4/27/2021, Guthrie spoke to Patrick Bell at Cathy McMorris Rodgers



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(CMR) office, who said the NEPDA priorities had been “pulled” from the submittal (House earmark priorities). Guthrie reminded the board that earmarks provide 100% funding, with no local match requirement. Patrick Bell said our priorities were pulled because of incomplete applications, which did not meet House requirements. Apparently, only projects on WSDOT’s STIP list could be included. According to the City, the WSDOT STIP requirement for submittal to the House was not fully understood/explained ahead of time. Guthrie explained that CM Cathcart and the NEPDA were successful in adding Wellesley Ave. to the list of funding priorities. On 4/30/2021, Patrick Bell, District Director, Deputy Chief of Staff for Congresswoman Cathy McMorris Rodgers, stated: *Community Project Funding requests have been submitted to the appropriate House committees: City of Spokane Northeast Infrastructure Wellesley-Freya to Havana.* On 5/5/2021, Mr. Guthrie asked CMR’s office about the “probability” of funding approval. Patrick Bell responded: *I consulted with our Legislative Director on your questions. Here are our thoughts:*

- *Timing is subject to the Democratic Majorities in both Chambers moving the bill. We have heard that the Majority in the House wants to pass the bill by 4<sup>th</sup> of July. If that timing holds, the bill could go to the Senate, and likely be acted on sometime in late summer or early fall.*
- *Probability of approval is very difficult to estimate, but given recent legislative history – expectations are low at the moment. Fair to say for now, it’s future is uncertain – even though there is bipartisan interest in infrastructure proposals.*
- Due to the uncertainty of Federal funding, we (NEPDA) will proceed with a TIB grant application to reconstruct E. Wellesley Avenue.
- Guthrie said that in his opinion, the City’s failure to understand all US House grant requirements is the single greatest missed opportunity in Hillyard’s history.
- RAISE (Rebuilding American Infrastructure with Sustainability and Equity) Grant
  - Guthrie advised the board that he is preparing to submit a RAISE planning grant. The deadline for submittal is July 12, 2021, which leaves very little time for grant preparation.
  - The purpose of the grant application is to secure up to \$1 million in funding for road design and related work. Our objective is to do all work needed to create “shovel ready” projects, including:
    - 25% ROW design for Freya, Myrtle, Rowan and Havana, and potentially additional County Roads (TBD). Pending Meeting with County to evaluate infrastructure funding priorities
    - Affected property owner exhibits
    - Drone survey and base mapping
    - ROW acquisition estimates
    - Construction cost estimates
    - Planning level look at environmental conditions, including probable required Environmental Impact Assessments (EA)
    - Geotechnical analysis, Archeology
    - Economic benefit (Economic Impact Assessment)
    - Historical/Cultural/Social analysis
    - Grant Application development

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- Federal Legislation
  - The Executive Director briefly discussed the need to reduce or eliminate the local match requirement for infrastructure grants in disadvantaged census tracts. This is a major barrier for a small PDA, which doesn't have a lot of capital. The Executive Director will work with State Senator's to introduce legislation.
- Hillyard Merchants Association – Grant funding
  - David Guthrie informed the board that our grant application to Innovia was denied. This grant application was to secure funding to support the Hillyard Merchants Association.
- City of Spokane – Traffic Impact Fees
  - Mr. Guthrie explained that \$1 million was set aside by the prior Administration for Traffic Impact Fee waivers, i.e. as an incentive to new development. Incentives were awarded on a first come first serve basis. In 2020, City Legal determined the waiver of fees was “arbitrary” and should be revised. Council passed a Traffic Impact Fee waiver moratorium as a result.
  - Todd Coleman and David Guthrie discussed this situation with Council President Breean Beggs, and created a Matrix for determining fees (waived). City Planning recommended against using a matrix. Instead, City Planning recommended allocating the Traffic Impact Fees to the PDA's, to be used for economic development. Guthrie advised Breean Beggs that he felt the NEPDA would support an allocation of the fees to the NEPDA, in lieu of Traffic Impact Fee waivers (as incentives). Todd Coleman was prepared to recommend that S3R3 agreed to the same. Mr. Guthrie didn't think that any of the \$1 million has been allocated (prior to the moratorium). Therefore, the NEPDA could receive ~\$500K, which would provide significant working capital to facilitate economic development.
  - Scott Simmons commented that he attended the S3R3 board meeting the day before. Todd Coleman and Breean Beggs had explained the traffic impact fee waiver plan to their board. According to Breean, the City will use the traffic impact fee waiver “matrix.” The Executive Director was surprised by this decision. He noted that when he last spoke with Breean, it appeared that the City was in favor of allocating funds directly to the PDA. He said he would follow up on this with Council President Beggs.
- Tax Increment Financing (TIF)
  - Mr. Guthrie noted that TIF legislation had passed by the legislature. According to Gary Ballew at GSI, “*since declaring a TIF district requires positive action by the local government it will not supersede the revenue agreement.*” Therefore, no board action is needed. We will review the final TIF legislation when available.
- Esmeralda Commerce Park - Development Agreement
  - The Executive Director explained that it may be possible for the board to reallocate a portion of the \$1.25M previously earmarked for Esmeralda Commerce Park infrastructure reimbursement. This is dependent upon the City and the developer successfully amending the current Development Agreement. To date, the developer has been unresponsive. If the developer fails to construct Phase 1 of the Esmeralda Commerce Park by 12/31/2021, the agreement will be terminated. In this event, the full \$1.25M becomes available for use by the NEPDA for economic development. If the



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developer agrees to the terms of the proposed Development Agreement Amendment, the NEPDA will consider using some or all of the \$1.25 million for other economic development related investments.

- Marcom
  - David Guthrie advised the board that our website is functioning well, but we are updating the webmap functionality. He noted that he is securing proposals to ramp up our marketing efforts. We will need to budget for website and marketing support services. Guthrie hopes to secure an agreement from a local marketing agency to support NEPDA at a cost not to exceed \$2,000 per month.
  
- Make It Spokane (NEPDA)
  - Guthrie noted that Make It Spokane (MIS) is focused on brand awareness and outbound marketing (B2B) outside the region. This will include:
    - Electronic version of NEPDA trifold brochure
    - Collateral materials to mail to interested parties, e.g. pens, pads, cups, etc.
    - Build out email lists (to *capture the right contacts*)
      - We will purchase lists and or sub-out to a lead generation company.
      - Consider utilizing a service (Zoom) which will help provide the contacts needed to do outreach by phone or personal email.
      - Leverage other community resources to drive traffic to MIS, e.g. City and County of Spokane websites, City TV channel highlighting northeast businesses.
  - Outbound marketing vs. nurturing campaign.
    - *Outbound email marketing would be very different than a nurturing campaign.*
    - Nurture: We would use automation to nurture leads that are already showing (inbound) interest by opting into an email list when on the web site or some other digital tactic.
    - We will evaluate tactics to cause prospects to opt-in, e.g. Seminars and webinars connect with prospects.
    - Focus on building relationships with real estate and business brokers in eastern and western Washington.
    - Utilize CRM for email, drip, transformational stories, lead generation, and referrals.

**Goals:** Focusing on businesses outside the region, increase awareness of Spokane, and specifically northeast Spokane. Rapidly grow email contact list. Commence outbound marketing, lead generation, followed by a nurturing campaign. Highlight transformational stories of successful northeast businesses. Provide brokers with frequently updated real estate opportunities. Be the one stop resource to assist business relocation to northeast Spokane.

- Spokane Made (Hillyard Merchants Association)
  - Spokane Made (SM) is focused on brand awareness and outbound marketing (B2B and B2C) inside the region.
    - The opportunity for awareness of B2C might be bigger than B2B. Tactics include:
      - Billboards – 2 to 4 sites, 6-12 months, refresh
      - Direct Mailers to neighborhood with unique offers (discounts) to consumers in NE.

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- Facebook campaign – people can sign up to receive local stories and deals from NE Spokane businesses
- Free giveaway – local event tickets, raffle items of significance. Consumer must provide email to be eligible.
- Utilize “neighborhood” app to frequently post events, music, promotional offers, etc.
- Highlight a different business on the website weekly or more often as needed to rotate through all businesses. Let businesses know when they are being highlighted.
- Create video walking tours of unique aspects of downtown Hillyard. Post on website, social media.
- Promote northeast events, increasing B2C activity
- Bi-weekly email, quarter newsletter – provide valuable content for NE businesses

**Goals:** Focusing on businesses inside the region, increase awareness of the NEPDA and Hillyard as an up-and-coming shopping, dining and business district. Rapidly grow email contact list. Commence outbound marketing, lead generation, followed by a nurturing campaign. Highlight transformational stories of successful northeast businesses. Be perceived as an effective advocate supporting small business in northeast Spokane. Provide brokers with frequently updated real estate opportunities. Be the one stop resource to assist business relocation to northeast Spokane from inside the region.

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

Scott Simmons advised the board that he is working with the City and County to develop a simple repeatable process to insure all PDA's receive their share of incremental tax revenues. The Executive Director reminded the board that the NEPDA is receiving its share of property tax revenues, but is not receiving our share of retail or construction sales tax, despite repeated efforts for over a year by the City, County and the three PDA executive directors to insure timely, accurate payment, of all incremental revenues due each PDA. He thanked Scott for his work in this regard.

**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).

Board Chair Kerns adjourned the meeting at 12:14 PM