

**REGULAR MEETING NOTICE/AGENDA OF THE
Northeast Public Development Authority**

**MEETING OF FRIDAY, July 14th, 2023,
10:30 A.M. – Northeast Community Center**

A regular meeting of the Northeast Public Development Authority will be held at **10:30 A.M on Friday, July 14th, 2023**, at the Northeast Community Center – 4001 North Cook Street.

The meeting will be conducted in a regular format and will be open to the public. Public testimony will be taken, and discussion will be limited to appropriate officials and staff.

Executive Session

At any time during or after the regular agenda, the NEPDA Board may choose to adjourn into Executive Session for the purpose of discussing privileged legal matters. This portion of the meeting would be closed to the public.

NORTHEAST PUBLIC DEVELOPMENT AUTHORITY (NEPDA) REGULAR BOARD MEETING AGENDA

Date: July 14th, 2023

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

Location: Northeast Community Center - 4001 N Cook St., South Room (lower level), or virtual via Zoom

Join Zoom Meeting:

<https://zoom.us/j/5453150461?pwd=VWUzRTg2Y3I5dGhRcVNJS2pCeW8yZz09>

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

Discussion Items:

10:30 am - 10:35 am

Welcome and Introductions

Approval of Minutes:

Approval of meeting minutes from June 9th, 2023

Public Comment

10:35 am - 11:05 am

Proposed General Facilities Charges Discussion – Continued

1. Committee summary and next steps
2. Alternative approaches to waivers
3. PDA Comment submittal

11:00 am - 11:30 am

Esmerelda Commerce Park Agreement

1. Review draft Development Agreement
2. Project update

Executive Session to discuss with legal counsel litigation, potential litigation and/or legal risks, per RCW 42.30.110(1)(i)

11:30 am - 11:40 am

3011 E Wellesley Property

1. Asset transfer process update
2. Project next steps

11:40 am - 11:45 am

Infrastructure Projects

1. E Wellesley Ave. reconstruction
2. Freya St. water main/G&O
3. NSC/Wellesley status

11:50 am - 12:00 pm

Executive Director Update

1. Financials review
2. Boundary expansion update
3. Beacon Hill tank reimbursement request
4. Subarea Plan update
5. Upcoming NEPDA board meetings

12:00 pm

Other Business, Closing

Next Meeting: September 8th, 2023, 10:30 am - 12:00 pm

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: June 9th, 2023

Meeting Time: 10:30 am

Location: Northeast Community Center, South Room, or virtual via Zoom

Attendees

NEPDA Board of Directors

- Councilmember Michael Cathcart
- Commissioner Josh Kerns
- Scott Simmons
- Marlene Feist

Not in attendance:

- Cheryl Stewart
- Angel Fiorini

Board Staff

- Jesse Bank, Executive Director
- Megan Clark, Legal Counsel

Guests

- Steve MacDonald, City of Spokane
- Amanda Beck, City of Spokane
- Shae Blackwell, City of Spokane
- Ron Valencia, Spokane County

Welcome and Introductions

Councilmember Cathcart called the meeting to order at 10:32 AM.

Public Comment

No public comments.

Approval of Minutes

1. Chair Cathcart called for a motion approving the minutes of the May 12th NEPDA board meeting. A motion was made by member Simmons and seconded by member Feist. A vote was taken and passed unanimously.

General Facilities Charges

1. ED Bank reported that the Mayor's GFC Review Committee had just had its third session with one more to go later in the month. The group is narrowing its focus and proceeding toward an official recommendation later in the summer.
2. In line with the timing of that recommendation, ED has kept this item on the agenda in order to continue discussion on the matter. The hope is that the PDA board can submit a recommendation to Public Works later this summer.

MINUTES - Regular Meeting

3. Member Feist shared a presentation outlining the three available options for the PDAs: retain the GFC waiver and use PDA revenue to make improvements, rescind the waiver and allow needed improvements to be made using the GFC system, or develop special connection charges that the PDA can use to direct its own capacity improvements.
 - a. Member Feist reminded the group that there are no Federal or State programs that fund water/sewer infrastructure in the way that roads are funded, so some other mechanism is needed. Right now, that mechanism is GFC charges and the remainder is covered by ratepayers.
 - b. ED Bank asked what would happen if the PDA Board, County Commissioners, or City Council decided to not amend the ILA to change the way GFCs are treated in the PDA? Member Feist responded that, due to state law, the PDA's share of those fees would not be able to be added to the GFCs that everyone else pays. Instead, the ratepayers would cover this charge.
4. Councilman Cathcart asked where the conversation around upper versus lower zones stands with respect to GFCs. He felt the delineation of the various zones was somewhat arbitrary and penalizes areas of the NEPDA district, perhaps unfairly. Member Feist indicated that the delineation was made such that all areas in which water needs to be passed through a booster pump became the "upper" zone and the remainder constitutes the "lower."
 - a. Councilmember Cathcart indicated that if a dual-zone system was pursued, he'd advocate for the entirety of all the PDAs to be included in the lower zone.
5. Councilmember Cathcart asked what the ask of the PDAs will be. ED replied that he would like to have a consolidated statement on behalf of the organization submitted by the time this process reached Plan Commission in September. Councilmember asked to keep this question on the agenda for July. ED Bank indicated he would do so.
6. ED Bank indicated that City Planning and Economic Development departments are working on incentive packages that would defray the cost of GFCs for certain desirable activities, such as living-wage job creation.
7. Member Simmons asked if anyone knows how much GFC revenue has actually been waived in the PDA area since inception of the waiver process. Member Feist indicated that number is difficult to produce because much of the city core has had a waiver in some form or another for many years, and the waivers don't show up in records as being waived, they just were never charged.
8. Commissioner Kerns asked how this question has been received by S3R3. Steve MacDonald replied that there is some confusion over how this is to be handled within that PDA, and those discussions are ongoing. Commissioner Kerns countered by saying the members he's spoken with are not confused, they are opposed. He reminded the group that this decision isn't up to the PDAs but to the City Council and County Commission to change the ILAs, omitting the GFC waiver.
 - a. He continued by highlighting the GFC waivers as being the principal selling point for developers looking to build in the PDAs, as it was the only upfront incentive they could expect. He asked who is pushing the concept of removing the waivers. Member Feist said that no one is "pushing" this idea, it is a realization that the GFC charges are insufficient to cover the cost of new growth, and that the fees need to be updated in the fairest, most equitable manner.
 - b. Commissioner continued by stating the original intent of the PDAs was to use the waiver to entice businesses to move into the area, and that the revenue pledged to the PDA – the 75% of incremental income – should be used to cover any infrastructure needs. He felt this fact continues to get lost in the conversation. Member Simmons proposed a scenario that, in the absence of an ILA amendment, the PDA board could elect to use some portion of that incremental revenue to pay the City its GFC fees, thereby creating a de facto waiver.
 - c. ED Bank added, with ample respect to Commissioner Kerns' points, that the 75% incremental revenue is in no way sufficient today to cover some of these expenses. Let alone all the other things the PDA needs to do – paving roads, providing other incentives, recruiting, etc. There will surely come a point when the growth has arrived at such a point where those funds will become sufficient, but that point is not today.

Esmerelda Commerce Park

1. ED Bank reminded the group that the Developer's proposed counteroffer for a new incentive package is \$625k at permit for the horizontal infrastructure and a further \$625k at completion of a first building. The original NEPDA offer stipulated the second payment at completion of a second building.
2. Based on this new proposal, ED Bank shared an updated economic impact forecast for the project. The forecast was prepared with the assistance of a variety of agencies including the City, the County, and the Treasurer's Office. The forecast relied on a series of assumptions, but based on those assumptions the project is forecasted to be a net benefit to the PDA of approximately \$6 million by the sunset of the organization in 2040. This indicates that investing incentive dollars into the project is beneficial and should affirm the PDA's intent to do so.
 - a. The forecast did show that while the overall project is something the PDA should support financially, there is a potential funding gap associated with the timing of the second payment.
 - b. ED Bank suggested that while cash flow is now strong, there will be a number of capital-intensive projects coming online at the same time, and that the organization should consider using leverage – secured against future cash flow – to cover some portion of the cash needs.
3. After reviewing the analysis and mitigating factors, ED asked the board what they wanted to do as a next step – counter back or accept the current counter.
 - a. Several potential approaches were discussed
 - b. Councilman Cathcart proposed splitting the second payment in two – half at completion of the first building and the remaining half at permit for the second building. The group's consensus was that this approach is a good compromise between the two offers and directed ED Bank to propose it to the developer.

3011 E Wellesley Property Update

1. ED Bank reminded the board that at the previous meeting, they had authorized ED to retain CBRE to perform an "as-proposed" project appraisal in order to strengthen the PDA's argument for the asset transfer.
 - a. CBRE prepared and submitted their report and ED incorporated their revenue, expense, and valuation assumptions into the pro formal model, which was shared with the group. The project still performs very well, and ED Bank remains confident in its viability.
 - b. Member Simmons questioned the construction cost and asked whether it uses prevailing wages, as we would be required to do. ED reminded Member Simmons that the cost factor used in the model was provided by CBRE but added that he isn't sure whether CBRE used prevailing wages in their assessment. Regardless, ED increased the cost number in the model to reflect prevailing wages, and the project still performs reasonably well.
2. ED Reported that he has spoken with the majority of City Council on this matter, as well as the boundary expansion, and found that on this issue there is broad support. More than one Councilmember indicated that the City should consider walking away from their lien and simply transferring the land to the NEPDA. ED expects that issue may be discussed by Council. The transfer will be briefed on 7/10 and will have a hearing on 7/24.

Boundary Expansion

1. ED Bank recounted positive conversations with Councilpeople on the boundary expansion as well. There seems to be broad support at the Council level. ED is briefing County Commissioners on 6/20.
2. Member Simmons asked ED to ensure all relevant documents are sent to Ginna at the County in preparation for the 6/20 briefing.

Executive Director Update

1. ED Bank reviewed May 2023 financials
 - a. Financial condition is very good.
 - b. Opposite to the previous month, this month's property tax remittance is significantly higher than expected. ED said he would follow up with the Treasurer's office to figure out what is happening there.
 - c. Member Simmons asked if there had been work to release the remaining \$550k that the City is currently holding for the Esmerelda incentive? ED indicated that work is underway at City Hall.
2. ED reported that fiber conduit had successfully been installed beneath Wellesley from Haven to Freya, per the NEPDA's request. The PDA did offer to foot some of the cost of this installation, but to date ED hasn't heard anything from Eric Finch on timing or amount.
 - a. Member Simmons asked whether there is any fiber in East Hillyard. ED responded that there is a line along Francis to the north. Steve MacDonald added that there is a line along Market St., and one in Regal, but very few crossings over the NSC, which is why this conduit project was an important one.
3. ED reported that the agreement with Spokane County for ARP funding has been executed. This pertains to the water transfer main replacement beneath Freya from Garland to Wellesley.
 - a. ED added that City Integrated Capital Management will seek additional funds from the Public Works Board (PWB) to complete full-width improvements.
4. ED reported that PWB funding may also be used next year to make up any budget shortfalls for the reconstruction of Wellesley.
 - a. ED has spoken to a number of property owners along the Wellesley corridor and it seems like a three-lane configuration for Wellesley is generally preferred.
5. Subarea plan kicked off last week. Consultants are performing document reviews now and doing a good deal of baseline work.
 - a. ED told the group he is forming a steering committee for the subarea plan, and asked if some NEPDA boardmembers would sit on the committee. Councilman Cathcart and Commissioner Kerns volunteered to do so.
 - b. Community outreach is slated to begin in July
6. ED Bank reported discussions with a food production startup that would like to be in Hillyard area. ED feels this is a great use and wants to see more of this type of user in the district as a means of differentiation from the other industrial areas.
7. ED closed with a reminder that we still have a vacant board seat, and encouraged board members to think about who should fill that role.

Other Business

1. No other business was reported

Notable items, Around the Room, Closing

There were no additional comments. Board Chair Cathcart adjourned the meeting at 12:01 PM.

NEXT MEETING

September 8th, 2023, 10:30 – 12:00 PM, Northeast Community Center (4001 N. Cook St.) or virtual via Zoom

Northeast Public Development Authority
Profit & Loss
 June 2023

	Jun 23
Ordinary Income/Expense	
Income	
3370000 · Local Grants, Entitlements	
3370100 · State - Dept. of Ecology	7,108.50
3370040 · Property Taxes	36,387.15
3370050 · Leasehold & Interest	1,646.08
Total 3370000 · Local Grants, Entitlements	45,141.73
Total Income	45,141.73
Expense	
Donation	250.00
5587010 · Wages	8,461.54
5587020 · Payroll Expenses	
FICA	651.12
PFML	0.00
FUTA	0.00
Life and Disability	64.34
Total 5587020 · Payroll Expenses	715.46
5587040 · Legal & Professional Services	
Accounting Fees	772.00
Advertising & Marketing	398.00
Legal Fees	851.00
Outside Contract Services	7,108.50
Total 5587040 · Legal & Professional Services	9,129.50
5587041 · Travel	
Conference, Convention, Meeting	-65.00
5587041 · Travel - Other	47.45
Total 5587041 · Travel	-17.55
5587044 · Communications	
Website	89.73
Telephone, Telecommunications	50.00
Total 5587044 · Communications	139.73
5587046 · Rent & Lease	125.00
5587047 · Other Business Expenses	
Tax & Licenses	146.19
Bank Fees	16.00
Dues & Subscriptions	35.00
Total 5587047 · Other Business Expenses	197.19
Total Expense	19,000.87
Net Ordinary Income	26,140.86
Net Income	26,140.86

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them

Northeast Public Development Authority
Profit & Loss
 January through June 2023

	Jan - Jun 23
Ordinary Income/Expense	
Income	
3370000 · Local Grants, Entitlements	
3370100 · State - Dept. of Ecology	14,846.00
3370011 · Sales Tax - City	38,835.06
3370040 · Property Taxes	154,063.29
3370050 · Leasehold & Interest	4,974.95
Total 3370000 · Local Grants, Entitlements	212,719.30
Total Income	212,719.30
Expense	
Donation	750.00
5587010 · Wages	55,000.01
5587020 · Payroll Expenses	
FICA	4,232.36
SUTA	110.65
PFML	0.00
FUTA	588.50
Life and Disability	498.04
Health Insurance	193.02
Total 5587020 · Payroll Expenses	5,622.57
5587030 · Office Supplies & Software	
Repairs & Maintenance	198.42
Office Supplies	418.44
5587030 · Office Supplies & Software - Other	9.47
Total 5587030 · Office Supplies & Software	626.33
5587040 · Legal & Professional Services	
Engineering	5,000.00
Accounting Fees	3,844.10
Advertising & Marketing	9,407.92
Legal Fees	7,423.10
Outside Contract Services	19,846.00
Total 5587040 · Legal & Professional Services	45,521.12
5587041 · Travel	
Conference, Convention, Meeting	-10.00
Meals & Entertainment	152.62
5587041 · Travel - Other	548.18
Total 5587041 · Travel	690.80
5587044 · Communications	
Website	367.58
Telephone, Telecommunications	325.00
Total 5587044 · Communications	692.58
5587046 · Rent & Lease	750.00
5587047 · Other Business Expenses	
Tax & Licenses	146.19
Bank Fees	82.47
Dues & Subscriptions	35.00
Total 5587047 · Other Business Expenses	263.66
Total Expense	109,917.07
Net Ordinary Income	102,802.23
Net Income	102,802.23

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Northeast Public Development Authority
Balance Sheet
As of June 30, 2023

	Jun 30, 23
ASSETS	
Current Assets	
Checking/Savings	
1114000 · Spokane County Investment Pool	495,228.48
1111000 · 1111000 Checking WTB	197,964.77
Total Checking/Savings	693,193.25
Total Current Assets	693,193.25
TOTAL ASSETS	693,193.25
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
24000 · Payroll Liabilities	
SUTA	88.05
PFMLA	146.07
Total 24000 · Payroll Liabilities	234.12
Total Other Current Liabilities	234.12
Total Current Liabilities	234.12
Total Liabilities	234.12
Equity	
32000 · Unrestricted Net Assets	590,156.90
Net Income	102,802.23
Total Equity	692,959.13
TOTAL LIABILITIES & EQUITY	693,193.25

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