

# North East Spokane

## Public Development Authority

November 9, 2018

1:00 PM – 3:00 PM

### Minutes

#### Attendance

---

**NEPDA Members present:** Anthony Carollo, Laura McAloon, Josh Kerns, Nicole Hydzik, Craig Riley, Scott Simmons, Mike Fagan

**Staff present:** Chris Green, Rick Romero, Charlie Wolff

**Consultants and Guests present:** Ron Valencia (Spokane County), Pete Rayner (Beacon Hill project), Drew Ulrick (NAI Black)

---

#### Meeting called to order

---

#### Discussion Items:

**Approval of September 14, 2018 Meeting Minutes** – Motion by Laura McAloon to approve the September 14 minutes; seconded by Nicole Hydzik. The motion passed unanimously.

**Approval of October 12, 2018 Meeting Minutes** – Motion by Laura McAloon to approve the October 12, 2018 minutes; seconded by Mike Fagan. The motion passed unanimously.

**Review of Top Ten Goals for 2018-2019** – The Board reviewed a list of the Top Ten priority projects for 2018, as the Board had designated earlier in the year. Discussion of specific items followed:

- **Funding for improvements to Wellesley Avenue secured.** Board Member Simmons indicated that the Freight Mobility grant for the Wellesley project had not been successful in the most recent funding cycle, leaving the \$750,000 of strategic funds allocated to that project by the Board without a match at present. Spokane Regional Transportation Council (SRTC) has not made a request for the Wellesley project yet.
- **Interlocal Agreement Updated.** An Interlocal Agreement has been drafted. Board Member Kerns has forwarded the draft to other County Commissioners, attorneys, and CEO and has not heard any concerns yet. He anticipates a vote in December rather than November.
- **NEPDA Executive Director hired.** Board Member Simmons mentioned the funding matrix discussed at the October meeting for funding an Executive Director position. Mr. Green provided a longer update on the hiring process later in the meeting.

- ***BNSF property purchased or leased.*** Board Members indicated that BNSF is looking for a rail user to take advantage of the existing transload infrastructure on the site, and is not interested in marketing the property as a light industrial site.
- ***Surplus property process completed for City Ranch site.*** Strategic funds are currently allocated to improvements on the site. Street Department facilities need to be moved off-site to make this property available.
- ***Transit needs discussed with STA.*** Presently STA routes do not go further east than Market Street. Board Member Fagan indicated that STA was considering many new service options for East Hillyard.

**Catalyst Sites discussion** – Rick Romero, Special Projects Manager with the City of Spokane, discussed the recent offer by LB Stone Properties to purchase a 23-acre site consisting of several parcels west of Freya Street (across from Esmerelda Golf Course) and north of Garland Avenue. The site, which is currently vacant, would be redeveloped as an industrial park similar to the Playfair Commerce Park in East Central. The offer requires the buyer to complete due diligence by the end of November. Romero described the status of negotiations between the prospective buyer and the City regarding required improvements.

Mr. Romero indicated that the site was platted in the late 1800s and annexed into the City of Spokane in the early 1900s. Many decades ago, the plat was vacated, and the rights-of-way within the plat may also have been vacated due to lack of use for five years. The conceptual layout for the industrial park includes a looped roadway for circulation, which the developer would construct and deed back to the City. In similar previous projects such as Playfair Commerce Park, the developer has built internal roads and other improvements to a higher standard than minimum requirements established by the City. The developer estimates that the internal roadway would cost between \$1.25 million and \$1.45 million. In looking to support the project, the PDA could assist in setting up a tax increment financing (TIF) district for the site, which would take time to establish, or reallocate strategic funds to the project, which could be done immediately.

Board Member McAloon noted that the site is adjacent to Community Colleges of Spokane property to the south, offering a chance for a workforce program in conjunction with industrial park tenants. Board Chair Carollo asked if any other subsidies could be applied, such as Opportunity Zone funds or GFC waivers. Board Member Simmons noted that if GFCs are waived, they can't be monetized with future development. Similarly, if funds are contributed without the establishment of a TIF, development on the site can create new revenue for the PDA, rather than new revenue having to be applied to reimbursement of improvements. He also indicated the next opportunity to assemble a funding package for the Wellesley improvement is probably in 2023.

Board Chair Carollo asked about the potential timeline for the industrial park development. Mr. Romero replied that a development agreement would be needed to ensure coordinated phasing of the development. Mr. Wolff asked if reimbursement of the roadway costs could be tied to building development. Board Member Simmons indicated that the roadway would need to be constructed and reimbursed all at once.

Board Member McAloon noted that the developer has experience with this project type. Mr. Green summarized rough estimates he prepared showing the anticipated increase in assessed values and construction valuation at the Esmerelda site, extrapolated from the increases seen subsequent to development at Playfair. Mr. Romero

added that personal property within industrial buildings, such as manufacturing equipment, could also be subject to tax.

Board Chair Carollo asked if new revenue would accrue in time to be available as a match by the time the Wellesley project is ready for funding again. Board Member Simmons indicated that there has been a delay in looking for grant funding for the Wellesley project following the unsuccessful Freight Mobility grant application. Board Member Fagan noted that the Wellesley project is now on the City's 6-year plan.

Board Member Riley asked about the expected timeline for development. Mr. Romero indicated that the first phase of the project would be built right away and that the remainder of the industrial park was expected to be built on a spec basis, but one building at a time, similar to the build out of Playfair Commerce Park.

- Board Member McAloon made a motion to *reallocate \$750,000 of strategic funds allocated to the Wellesley Avenue improvements project and \$500,000 of strategic funds allocated to improvements on the Ranch site to facilitate development of street infrastructure associated with development of an industrial/commerce park at the Esmerelda catalyst site*. Simmons seconded the motion.

Mr. Rayner stated that building infrastructure to support development has always been tough in the Northeast Spokane area, and that GFCs have provided a way to fund infrastructure. He indicated that a redesign of the Wellesley project could potentially bring the project cost down to \$500,000, but putting off Wellesley improvements until 2024 would impact the ability to sell homes on Beacon Hill. Mr. Rayner added that he had been approached by developers based on Beacon Hill's location within a designated Opportunity Zone.

Board Member McAloon stated that if the industrial park project gets going, the added revenue could start to fund other key infrastructure projects in the area. She added that Beacon Hill will be helped by additional funds for infrastructure, but not by the end of the year. Board Member Simmons stated that the ability to attract matching funding for the Wellesley project is not available right away, and that costs for all projects continue to escalate. Board Member Fagan noted that the development agreement for Beacon Hill was expected to be approved by November 26.

Mr. Wolff indicated that he has heard that there was a record number of applications for CDBG funding in the current cycle, but that future cycles of funding could be focused on road projects.

The motion passed 6 to 1, with Board Member Fagan voting no.

Board Member McAloon asked if the PDA could pay for the improvement up front or if the funding would have to come in the form of a reimbursement following construction of the improvement. Board Member Simmons stated that the funding would have to take the form of a reimbursement. He said that the City would be a party to the development agreement, rather than the PDA.

- Board Member McAloon made a motion to request *that the City enter into a development agreement with the developer of the Esmerelda catalyst site to facilitate development and reimbursement of street and utility infrastructure, using the funds reallocated in the previous motion*. Simmons seconded the motion. The motion passed unanimously.

**Beacon Hill project** – Pete Rayner provided a brief status update on the Beacon Hill project. Mr. Rayner indicated that the City Council will be voting on a development agreement on November 26.

- Board Member McAloon made a motion to *extend the deadline for finalizing a development agreement for Beacon Hill from November 10, 2018 to December 15, 2018 (one day after the next scheduled NEPDA meeting)*. Riley seconded the motion. The motion passed unanimously.

Mr. Rayner indicated that he may apply for a Comprehensive Plan Map amendment in the 2020 cycle to designate an area for commercial development to serve future Beacon Hill residents.

**Executive Director Hiring Process** – Board Chair Carollo and Board Members Kerns, Riley, and Simmons volunteered to serve on the Hiring Committee, along with West Plains PDA Executive Director Todd Coleman and University District PDA Executive Director Lars Gilberts. The hiring committee will narrow the field to three finalists, who will interview with the entire board.

**Meeting adjourned** at 2:35 pm

---

**Action Items:**

- CDBG 2018-2019 funding cycle applications for Rowan Avenue project.
- Finalize and post job announcement for Executive Director position.

---

**Other/Ongoing Agenda items:**

- YARD Funding/Financing; PBIA, LID, LIFT, Next Steps (ongoing)
  - Opportunity Zone Designation, final rules for investment, funds developed and projects in which to invest.
-