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SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT  
MEETING MINUTES FOR MAY 19, 2005  
COUNTY ADMINISTRATION BUILDING EAST 6<sup>TH</sup> FLOOR A-02

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**Board:**

Steve Juntwait, District #2  
Boyd McPherson, District #1  
Travis Snider, District 4  
**Absent:** Erik Nelson, District #3

**Staff:**

Roger Neumaier, Finance  
Sherri Kelley, Planning  
Karen Murphy, Finance

**Interested Parties:**

Doug Ferguson, Anderson Hunter  
Grant Dull, Lynnwood PFD  
Kjris Lund, Edmonds PFD  
Barry Smith, Museum of Flight  
Dave Waggoner, Airport Director  
Bill Lewallen, Assistant Airport Director  
Dan Clements, City of Edmonds  
Sharie Freemantle, County Council  
Gary Haakenson, Mayor of Edmonds

**Call to Order:** Travis Snider, President, called the meeting to order at 3:00 P.M.

**Minutes:** No minutes were submitted at this time.

Travis explained to the Board, the purpose of today's meeting is to develop more definitive plans and principals for allocation of future revenues, keeping in mind they will not be available for some time. Next month the projects will be invited to comment. We have asked the projects to come together to look at their joint marketing needs and discuss how they can cooperate to leverage off one another. At the July 21<sup>st</sup> meeting, we will review the information and have a brainstorming session, and we will ask for comments from the four projects. Due to the complexity of these issues additional meetings may be required to develop a plan, projections and framework.

Roger Neumaier distributed a summary of projections using four different scenarios; there are three variables that change between these models. Variable one is the trend of growth between 2005 and 2010 in sales tax dollars, which of course will be uneven. Variable two is the trend after 2010 and variable three is whether the sourcing, which does not include some of the national benefits that would accrue to us or whether the state-wide sourcing would be implemented. This model is a demonstration of what could happen and utilizes 2001 dollars; this is the present value dollars beyond the amount allocated to the Future of Flight. Roger explained the scenarios reflect various percents of growth and are very conservative considering sourcing and projected growth. Travis clarified that the sourcing model could bring additional revenue statewide that would be 10% if it approved by the legislature..

Travis stated the range of growth is from \$4,300 to \$4-6 million and the Board would not want any of these dollars to go back to Olympia, so we need to do some long range planning. Roger said sourcing would redistribute the state of tax dollars so that those communities that make the sales would get less benefit than currently. Dan Clements explained that tax dollars would be distributed by "point of sale of goods" with sales tax sourcing. The Board has previously discussed possible redistribution of these funds to the projects more equitably. Tax revenue increases have been projected by the Tulalip Tribe with the new Seattle Premium Outlet Mall, which just opened next to Wal-Mart and Home Depot.

Roger said these projections were not reflected in the models distributed today and they were hard to predict as they may cause possible sales tax decreases elsewhere in the County. Roger reported the growth over the prior year was 7.76%.

#### Level of Reserves

Travis asked that the Board consider setting a minimum dollar reserve amount for the future. What amount of reserve do we want to set aside in case one of the projects runs into a critical cash flow situation? Travis suggested we might entertain a lower amount of the reserve, perhaps 3% and allow the reserve fund to build up a little and be flexible (approximately \$45,000 based on 2005 revenue). This would also give us a reserve if there was a drop in sales tax revenue it would allow us to meet our current commitments. The Board was in agreement that they would like the flexibility to provide assistance to any project in a critical emergency; and discussion followed regarding an appropriate amount of administrative cash reserve. Roger was asked to prepare a working model with payment schedule for dollars already committed to the Future of Flight. He will establish a percentage for a base reserve and create a working model with projected surpluses. At the next meeting, models and additional schedules will be distributed to assist the Board in setting up a reserve amount and offer scenarios for setting strategic objectives.

#### Criteria for Distribution of Additional Funds

The Board reviewed criteria to be considered: geographic fairness, economic drivers, needs of projects (cash flow or a project having difficulty) and proportionate distribution to the size of the project. Dan Clements stated another consideration for criteria might be turning debt into real money, developing a mechanism for future revenue bonding with City and County backing. This would require an interlocal agreement with a pledge from backers.

Doug Ferguson stated the Formation Ordinance states "equitably distributed" and has four principles: fairness, impartiality, justice and rightness. Boyd brought up the possibility of project mismanagement and the difficulty the Board would have in supporting that type of need. There are many unknown factors in setting up these projections; variables mentioned were growth, tax sourcing and internet sales. Development of the process needs to be flexible if circumstances require yet adopting a set of principals and it is more difficult because of the diversity of the projects. Roger said we would not need to freeze our criteria but identify a trigger or mechanism to determine when decisions would be made and apply some principals to allocate this stream of cash. Roger stated it would help the projects to have the highest level of predictability possible. Second phases or stages of the projects need to be considered appropriately and other suggestions for consideration might be cultural development/orientation or allocation of a percent of funds to each project. Dan Clements suggested pre-qualifying items or if the entity has another option for funding to utilize that consider that with the request for sales tax revenues or another option considering a split north and south. Grant Dull recommended focusing on the four capital projects and operations of the base projects prior to undertaking any expansions. Bill Lewallen mentioned consideration might be given to the amount of money already used in the project; public sources for project value as a percent of the total public funding. Dave Waggoner suggested the focusing additional funding by evaluation the public benefit of the projects.

Roger thanked the Board for the time spent on the equity process and time to review these issues. On June 16<sup>th</sup>, we will take testimony from the four projects and we look forward to some good ideas. Roger will distribute the payment model for discussion on the \$1.8 million for the Future of Flight.

Roger stated when the Board is of one mind on the criteria and policy, we will present it to the Council for their consent and an interlocal agreement will be required. Sharie Freemantle mentioned we would need to get approval of any secondary commitments.

Roger reported that Karen Murphy would be leaving the County at the end of the month and thanked her for the quality of reports and assistance to the Board.

Public Comments: None.

New Business: None.

Correspondence: None

Adjournment and Next Meeting:

The next meeting will be held on Thursday, June 16, 2005 to allow the PFD projects to present their comments and suggestions for criteria and equitable distribution of future funds.

A handwritten signature in blue ink, appearing to read "Tom Jordan". The signature is written in a cursive style with a long horizontal stroke at the beginning.