

PFD Snohomish County
Public Facility District Meeting Minutes
Jackson Board Room
March 1, 2002
3:00 P.M.

Attendance:

Board Members Present

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

Staff Present

Dan Clements, Finance Department
Sylvia DeZordo, Finance Department
Wanda Johnson, Finance Department
Doug Ferguson, Anderson Hunter

Others Present

Ralph Bufano, Museum of Flight
Stephen Clifton, City of Edmonds
Bob Colegrove, Resident of Edmonds
MaryAnn Colegrove, Resident of Edmonds
Jan Conner, Edmonds PFD
Cindi Cruz, City of Edmonds
David Cumman, Museum of Flight
Dirk Fieldcamp, Boeing Company
Mikael Hattrup, Edmonds Alliance for Economic Development
Peggy Hetzler, City of Edmonds
Zac Lell, Edmonds PFD
Bill Lewallen, Paine Field Airport
Kay MaHaffey, Edmonds PFD Board
Carol Nordling, Edmonds Citizen
Bob Ormsby, Museum of Fligh
David Peterson, Edmonds Alliance for Economic Development
Andrew Rardin, Paine Field
Barry Smith, NFIC
Bill Trenkamp, Resident of Edmonds
Dave Waggoner, Paine Field Airport
Rich White, Boeing Company

Call to Order

Travis Snider, President, called the meeting to order at 3:05 P.M.

Minutes

Minutes for the February 8 and February 15, 2002 meetings were approved by the PFD Board. Erik Nelson recommended approval, Boyd McPherson seconded, and the Board unanimously approved.

Executive Session

South Snohomish County Public Facilities District

Representatives of the South Snohomish County PFD discussed acquisition and legal issues associated with their project.

Executive Session adjourned at 3:20 P.M.

Mike Echelbargher, South Snohomish County PFD, stated that there would be a slight change in their project due to litigation and property acquisition. Mike Echelbargher asked the PFD Board to have some latitude with the proposed project. The South Snohomish County PFD would like to have the ability to change the project slightly and purchase 3.4 acres. The purchase of these acres would make the proposed new building more efficient and less costly for South Snohomish County PFD.

Boyd and Mike discussed the design of the building and that they would still move forward with a start date of September 2002 with one year for completion.

Travis Snider made a motion to concur with the proposed purchase of 3.4 acres, seconded by Boyd and approved by the PFD Board.

New Business

Everett Arena Project

Dan Clements stated that the petition against the Everett Arena location was validated and a suit has been filed against the City of Everett by the Everett PFD.

Travis suggested that a letter be submitted to the City of Everett in support of their project. Doug stated that he believes there is a provision of disclosure that allows the Board to adopt a resolution in support of the project. The Board also needs to have a public hearing so that public testimony could be offered on the issue, since this issue would involve potential opposition to an initiative. The PFD Board members discussed the issue and recommended not to create a letter in support of the Everett's PFD.

Project Up-Dates

Business Plan Questions

Travis asked each applicant to review their Business Plan criteria with the PFD Board allowing 40 minutes for each project. The Board continued to review the viability of the projects and that each project could meet the construction by January 1, 2003.

Dan updated the PFD Board on the PFD Ordinance modification submitted to County Council. Dan stated that the Council is scheduled to modify the charter on March 13, 2002. The PFD Board would go forward on reviewing the project accepting that the extension date within the ordinance would be changed.

Edmonds

Stephen Clifton stated that the City of Edmonds has responded to questions raised in the Snohomish County PFD Scoring Matrix and that the project meets the definition of a Regional Center.

Zac Lell stated that Edmonds is in the planning phase of the proposed project, including the financing. Doug and Zac discussed that the project would be configured as a Regional Center to provide a conference and special events center. Doug suggested that Edmonds might attempt to have the Department of Revenue provide in writing to the PFD Board that the project does meet the criteria of a Regional Center.

Stephen Clifton discussed improvements to the facility related to seismic upgrades, hazardous abatement, and mechanical/electrical and life safety improvements. Stephen stated that on Monday, March 4th there would be a successful bidder for the Christian College. Edmonds has until April to negotiate with the purchaser of the property. Once the college accepts an offer, the buyer would have the opportunity to discuss a partnership in detail with the Edmonds PFD Board.

The Snohomish County PFD Board asked what would happen to the deficit if the sales tax increase did not occur. Stephen stated that he would have to speak with the Edmonds Financial Advisory on this issue and submit the information to the PFD Board the week of March 4th. Travis stated he would feel more comfortable if Edmonds had a campaign committee organized and in place prior to the tax increase being placed on the Edmonds ballot. Stephen understood the Board's concern and the special election would be held on April 23, 2002. Jan Conner stated that there is no positive or negative response to date on the proposed tax increase.

Doug and Stephen discussed the long term financing and commitments to complete the project. Stephen stated that bonds would probably be issued, but the City Council of Edmonds has not, to date, made a decision on whether to guarantee issued bonds or cover a shortfall in revenue. The City first wanted to learn which company would purchase the Christian College prior to making a decision.

Stephen stated that if the sales tax increase was not successful, the Edmonds PFD would undertake a capital campaign to raise the matching funds. He also stated that the project would cost approximately \$11 million for the conference and events center. The proposed project is financially feasible for the Edmonds Public Facilities District if the vote passes.

Paine Field/Museum of Flight

Dave Waggoner, Paine Field Airport Director, submitted to the PFD Board documents which included the Applicant's Business Plan Guidelines, Persons Served by Education Programs and Regional Conference Center Packet. Dave stated that Paine Field and Museum of Flight are committed to meeting the definition of a Regional Center and the construction deadline. A document would be submitted by their legal council regarding the definition and deadline to the PFD Board within a couple of months.

Dave stated that there is one motivating factor told to County Council which would be to impact tourism in the future. The original application stated that it would be \$57 million, but the proposed facility has been reduced in size so the money brought in by the facility would be \$40-45 million.

Dave also stated that since the Everett and Lynnwood projects were first in line for PFD fund distribution, the third project would suffer the entire shortfall if sales tax rebate revenue was below expectations. Therefore, the financial proforma for the third project needs to be very conservative. A conservative financial proforma protects the Airport enterprise fund from losses on this project and provides assurance that the County General Fund would not be at risk. The General Fund would benefit from the large increase in tourism that the NFIC proposal would generate.

Doug stated that it would be critical to have an opinion from the Prosecuting Attorney before money could change hands. Dave understood the PFD Board's needs and would provide the information requested by the Board.

Doug also stated that the PFD Board would need to be assured that both projects would meet viability with contingencies. Also, the critical decision would be whether the County Council would approve the projects. Dave stated that their project would be presented to Council the week of March 11th. Barry Smith stated that the Museum and Boeing are committed to the project.

Dave discussed the operating revenue that would fund the leases/debt service based on data for the last ten years from the existing Museum in Seattle and Boeing Tour Center at Paine Field. Dave again stated that Boeing would make the lease payments in the good and bad times.

Dave proposed doing some clearing and sewer work on site to commence construction. The work would begin in the Fall of this year. The applicant would provide pertinent information to the Department of Revenue and receive written agreement from the DOR that the planned work would qualify as the commencement of construction.

Discussion between PFD Board Members

Boyd stated that both projects have merit, but do not necessarily meet the viability criteria at this point in time.

Erik Nelson agreed with Boyd, but felt that Edmonds does not have the 1/3 match solid. He would not feel comfortable moving forward on the Edmonds project with this not resolved.

Steve Juntwait was also concerned with City of Edmonds project. Edmonds needs to continue to answer questions on viability.

Travis and Dan discussed the proposed ordinance change on the extension date presented to County Council to be heard on March 13th. Travis felt it was important for the PFD Board to move forward on approving a project and allocating the dollars.

Boyd would like to have a decision on which projects to support by April 5th or sooner. Doug stated that Edmonds should know if the proposed sales tax increase would go to the voters in April by next week.

Travis stated that he would like to schedule a meeting for Friday 8th to continue discussion with Edmonds. The PFD Board could also continue their discussion on choosing one or both projects.

Public Comment

Bill Trentkamp, resident in Edmonds, spoke on the issue of off-site parking not meeting the statute. He also felt the tax increase would not pass by the voters of Edmonds. The proposed off-site parking would impact the community and residents in the area of the project. Bill submitted documentation to the PFD Board for their review.

Adjournment

Meeting adjourned at 5:35 PM.

Issues for Discussion:

County Council decision on the PFD Ordinance Modification (extension date) to be heard by Council on March 13th. A possible request to the County regarding their support of the Paine Field project.

Stephen Clifton would speak with the Edmonds Financial Advisory Board on what would happen to the deficit if the sales tax increase did not occur. The information would be submitted to the PFD Board the week of March 4th.

Edmonds would know if the sale tax increase would be on the ballot for voters in April before the next PFD meeting scheduled for March 8th. (March 8th meeting cancelled. A PFD meeting scheduled for March 13th.)

Travis stated that he would like to schedule a meeting for Friday, March 8th to continue discussion with Edmonds. The March 8th meeting was cancelled. A PFD meeting is scheduled for March 15th. The PFD Board would also continue their discussion on choosing one or both projects.

