
SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT
PUBLIC FACILITY DISTRICT SPECIAL MEETING MINUTES
SNOHOMISH COUNTY ADMINISTRATION WEST, 3rd Floor,
WILLIS TUCKER CONFERENCE ROOM

March 24, 2008
3:30 P.M.

Board:

Debbie Emge, District #5
Janice Greene, District #2
Boyd McPherson, District #1
Boyd McPherson, District #1
Erik Nelson, District #3

Travis Snider, District #4

Interested Parties:

Kim Bedier, Comcast Arena at Everett Events Ctr
Stephen Clifton, Edmonds PFD
Alan Dashen, Dashen Musselman, Inc.
Grant Dull, Lynnwood PFD
Doug Ferguson, Anderson Hunter
Susan Kern, Paine Field
Joseph McIalwain, Edmonds PFD
Barry Smith, Future of Flight Foundation
Rich Stewart, Everett PFD, Comcast Arena
Dave Waggoner, Paine Field, Future of Flight

Staff:

Roger Neumaier, Finance Department
Cristy Schelm, Finance Department
Linda Rhoades, Solid Waste Division

Call to Order: Travis Snider called the meeting to order at 3:30 PM.

Travis explained that the purpose of the meeting was to continue discussing DashenMusselman's recommendation for allocating additional sales tax revenues to the projects. The Board will be discussing recommendations, strategies and criteria for allocating the funds, which are approximately \$9 million.

Revenue Distribution Rating and Approach

Alan Dashen distributed and reviewed two memos, one that addressed tax dollars going to the projects and the other addressing an allocation methodology. The memo regarding tax dollars shows the total debt and total capital cost of each project. The focus was on total capital cost and looked at different funding sources (hotel/motel tax and PFD dollars) that projects have received.

Alan reviewed the various allocation possibilities:

- Allocate the dollars based on the size of the project; the larger the project, the larger the allocation.
- Use a weighting methodology based on effectiveness of the project.
- Allocate the dollars evenly between the projects.

Alan noted two concerns:

- There was earlier discussion about whether or not the additional revenues had to be used for debt service. Alan noted that all of the projects have more debt than is being allocated so it is a non-issue.
- If the projects get an additional allocation, are they certain they can make the state match? Alan did not think that this was an issue but wanted the projects to be aware of it.

Alan noted that the flaw in the analysis is that it looks at the capital but not the operational side.

Roger Neumaier reviewed the weighting criteria discussed at the February meeting. He reviewed the four factors:

- Demonstrated need for funds: this could include availability of other sources; the urgency of the request; new value created by additional commitment; financial health of the PFD; change, if any, from the original project plan; reasonableness of a future operating plan.
- Performance of project compared to original funding commitment: all of the projects will do well on this.
- Economic drivers in the community based on return on investment.
- Community impact.

If the Board chooses to go forward with the plan to have projects give presentations, they could do that at the next meeting. Boyd McPherson suggested that the Board discuss the different approaches and whether or not they are fair and equitable.

Roger explained the qualitative criteria approach. The Board members will rate each of the projects from 1 to 10, on each of the criteria. The criteria are weighted. The scores are added and converted to produce a number that is based upon an evaluation. Roger affirmed that all of the projects are very strong and none of them should be disrespected in this process.

Travis asked the Board if they are interested in evaluating the four criteria, relative to the projects. The Board members agreed that they needed a mechanism and method for evaluating the projects.

Erik Nelson noted that the criteria do not consider the inequity of distribution. The County and City PFD dollars create some substantial differences.

Doug Ferguson added that the Board does need to have a process and the formation ordinance requires that the allocation be done on an equitable basis. He confirmed that the Board is proceeding in a reasonable fashion.

Roger noted that it is difficult to balance the overall size of need versus the qualitative need of some smaller projects so that only the larger projects get funded. Ideally the Board will make decisions that are blends of both. If Everett had not built the Events

Center, the economic impact on Snohomish County would be significant. If Everett has 43% of the overall investment, should they get 43% of the PFD dollars? That does not seem fair. The Edmonds project is only 14% of the investment but to say that it's only going to be 14% of the value, is not fair. He suggested that the Board include both quantitative and qualitative criteria in the decision because both of them are relevant. The Board must decide the best method of measuring both the quantitative and qualitative criteria and within the qualitative underfunding is a part of Criteria #1 (Demonstrated Need for Funds).

Travis suggested that the Board reduce the number of criteria to those that are most critical. The Board agreed that the size/cost of the project is important and needs to be considered. The funding is not a good way to do it because of the lack of consistency.

Boyd made a motion that the excess funds be distributed equally amongst the projects. The motion was not seconded.

Janice Greene noted that it would be helpful to hear the presentations from the projects and their identified need. Debbie Emge added that she has used similar qualitative and quantitative criteria methods in the past and that it has worked well.

The Board agreed, at the February meeting, to use quantitative and qualitative criteria, but did not decide how to weight the criteria. Roger will distribute a number of scenarios with different weighting structures. The Board members can see, from the scenarios, what is produced and they can discuss these at the next meeting and decide which to use.

Travis asked the projects to give some feedback about the discussion.

Joe McIlwain noted that he had concerns about what was being perceived as a grading process. The projects have had a discussion about this and concluded that an equal distribution would be the fair approach and would make a strong statement to the community that the Board found each of the projects to be as valuable as the other.

Grant Dull expressed concern about the scoring process. One concern is not knowing how the Board will decide on something like community impact or economic drivers. Each of the projects has made a tremendous difference in their communities but it is unclear to what degree each of them can be precise about that. He is also concerned about allocating nearly \$10 million based on a 10 minute presentation. A lot of time will be spent on deciding how to allocate the funds and it will come down to a 10 minute presentation.

Kim Bedier noted that Alan Dashen has done a lot of good work and likes the idea of a hybrid, which is what he has presented. She sees some of the merits of an equal distribution but the qualitative and quantitative model does take into consideration the differences between the projects.

Barry Smith added that he is partial to the equal distribution method even though it lacks the elegance and sophistication of the qualitative/quantitative model. The initial distribution included a 29 point spread. One of the models that Alan has developed would bring the spread down to 11.5 points. An equal distribution brings it down to a zero point spread. He noted that this was a courageous way to show the value of all of the projects.

Stephen Clifton noted that he had the same concern as Grant regarding the community impact. That category could include fiscal impact, raising the profile of the jurisdiction, in addition to other components. All of the projects are equal in that regard. Comparing the projects for economic drivers is like comparing apples and oranges. The Edmonds Center for the Performing Arts can't compete when talking about heads in beds.

Roger summarized that no one wants any of the projects to be perceived as better than another. He has heard agreement that Criteria #1 (Demonstrated Need for Funds) is important.

Travis would like to give the projects as much time as they need to make their presentations. The Board members agreed. Barry asked if it would be helpful to have a standard format for the presentations. Alan shared his list of criteria for presentations:

- Forecast to 2026 (revenues and expenses, assumptions)
- Short term and long term challenges and opportunities
- Reserve funds for future capital projects

The meeting was adjourned at 5:20.


Chairperson Signature

Date