

**Snohomish County
Public Facility District Meeting
Tucker Conference Room
July 10, 2001
8:00 A.M.**

Attendance:

Board Members Present

Steve Juntwait, District #2
Liz Loomis, District #5
Boyd McPherson, District #1
Travis Snider, District #4

Board Members Absent

Eric Nelson, District #3

Staff Present

Dan Clements, Finance Department
Bill Cook, Executive Office
Dale Moses, Facilities Management
Gary Weikel, Executive Office

Others Present

Stacey Crawshaw-Lewis, Preston, Gates & Ellis
Alan Dashen, A. Dashen & Associates
Mike Bailey, City of Lynnwood

Called to Order and Introductions

Meeting called to order at 8:05 A.M. Dan Clements, Director of Finance, introduced the Public Facilities Board Members and staff who attended the meeting.

Public Facilities District Background

Stacey Crawshaw-Lewis, Preston, Gates & Ellis, presented background information on the formation of the Public Facilities Districts (PFD) in the state of Washington. Stacey

also discussed that the state statute under RCW 36.100 has broadened since 1999 allowing cities to form Public Facilities Districts. Since the change in the statute PFDs have been booming in the state of Washington.

Stacey defined public facilities districts as a municipal corporation formed by a county or city with independent taxing authority which is governed by a five or seven member board. The PFD has usual corporate powers and the authority to hire employees, staff and services. PFDs also have the authority to acquire (by lease or purchase) operate and maintain property; and, the authority to receive property transferred from the county.

Stacey stated that PFDs are formed to create a regional center. Regional centers include convention, conference or special events centers and related parking facilities which serve a regional population. A regional center needs to cost \$10 million including debt service.

Stacey explained that a state sales tax credit could be established as a non-voted tax. The sales tax would have limitations as follows:

- Construction must start before January 1, 2003
- Tax credit would be against the State's share of sales tax
- Expires when bonds are retired – not more than 25 years
- Use only for regional centers
- 33% match required from public or private sources
- If both county and city PFDs impose the tax, the city PFD gets credit against the county PFD's tax
- County-formed PFDs cannot impose the tax if they have imposed the baseball tax or football tax.

Stacey concluded her presentation stating that revenue could be obtained from the following sources:

- Charges and fees for the use of facilities
- Gifts, grants and donations
- Voter-approved lodging taxes
- Excess property tax levies
- Admission taxes
- Parking taxes
- Voted sales taxes
- State sales tax credit.

Dan Clements stated the PFD meetings would be open to the public.

Travis Snider expressed concern that cities may not have sufficient time to form a PFD by January 1, 2003. Dan Clements stated that he is unsure which cities would form a PFD, but their project must be viable by January 1, 2003. Dan offered to distribute to the

Board information on the breakdown from each city, but at this time he would not be able to estimate cash flow until the county knows which project would be formed by January.

Stacey mentioned that over a 25-year period the county would be able to issue bonds, but to keep in mind the debt issue. The County Treasurer would handle the administration processing. Stacey also stated that a legal council needs to be selected by the Board.

Dan explained that the County's strategy would be to tap into the money that is now going directly to the state. The cities of Everett and Lynnwood have already formed interlocals. The City of Everett would like to move their project along as quickly as possible.

Dan explained to the Board that if the PFD only uses sales tax as limited revenue, you cannot use the total sales tax revenue for debt service. The bond people would require that you have a debt reserve. Therefore, for every dollar coming in you could only use 70-75%. This would impact the agency's ability to raise funds for capital purposes. Dan also explained that the City of Everett has found a solution to financing their facility by using commercial paper. Basically, by accumulating segregated sales tax faster than they spend it over a period of years. The City would then end up with a large amount of money for their reserve.

Alan Dashen suggested that, if legal, the County could issue limited tax general obligation bonds on behalf of the PFD, thereby using the County's taxing ability as security for the bonds, eliminating the need for a reserve. Stacey acknowledged that she thought that would be ok. However, this is a policy issue for the County if it would (or should) lend its credit to the PFD, and the decision ultimately would be made by the County Executive and the County Council.

Mike Bailey, representing the City of Lynnwood, stated that Lynnwood's Public Facility District met last evening to discuss their convention center project. The PFD study recommended a center with 100,000 square feet capacity. The project would be completed in three stages. The funding sources would be essentially sales tax, and city and county lodging taxes. The Everett and Lynnwood projects would compliment rather than compete against each other.

Dan stated that the Everett project is orientated to sport events and he could provide the Board members with the City of Everett's feasibility study. Snohomish County is planning to construct a new parking garage in the near future. The County would receive the revenue to construct the new parking garage by having a contract with the City of Everett to reserve parking stalls for sports events.

Travis Snider stated that PFDs would be the opportunity to provide projects that would benefit the communities. Steve Juntwait and Dan Clements discussed the possibility of other cities besides Everett and Lynnwood sharing in the benefits financially from PFDs. Dan stated that the cities have been given a deadline of December 31, 2001 to assure their projects are viable. It may be difficult for other cities to meet the deadline.

Formation and Key Organizational Issues

Dan discussed the formation and key organization issues. He stated that it is important that the Board seek legal council, obtain directors and liability insurance, advertise for meetings and pay invoices on an as-needed basis. Dan offered the county's assistance to handle the advertising and payment of invoices until the end of the year, but it is important that the Board obtain legal council as soon as possible. Dan also mentioned that the Board needs to review and handle the key organizational issues by August 1, 2001.

Liz Loomis made a motion to the Board that a meeting be scheduled for July 23 at 2:00 P.M. to discuss the key organization issues. Liz also suggested that the county offer services for staffing and infrastructure. Motion seconded by Boyd McPherson and approved by the Board. Dan Clements would offer the county's recommendation to the Board on July 23.

Steve Juntwait nominated Travis Snider as President, which was seconded by Liz Loomis. Travis accepted the nomination. Liz stated she would like to be Vice-President and the Board unanimously approved. Boyd McPherson volunteered to be Treasurer which the Board unanimously approved.

Work Plan and Timelines

The Board would like to have their meetings located at the Courthouse complex and a P.O. Box obtained under the name of Snohomish County Public Facilities District. Dan would submit a proposal to the Board for the facilities' meeting location. The Board would independently look into legal council and bring their suggestions to the next Board meeting.

Dan stated that the Board should review the "Viable Project, State Sales Tax" document prior to the next meeting. As soon as the State Sales Tax is adopted for the PFD, the county could establish cash flow.

Dan stated the draft interlocal agreement between City Everett, Snohomish County, County PFD and City PFD should be discussed at the next Board meeting. An interlocal agreement must be initiated as soon as possible and an attorney needs to be retained in order to negotiate the agreement.

Adjournment

Meeting adjourned at 9:35 A.M.

