
SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT
PUBLIC FACILITY DISTRICT MEETING MINUTES
SNOHOMISH COUNTY ADMINISTRATION EAST, ROOM 6A04

July 20, 2006
3:00 P.M.

Board:

Debbie Emge, District #5
Steve Juntwait, District #5
Boyd McPherson, District #1
Travis Snider, District #4

Interested Parties:

Kim Bedier, Everett Events Center
Trey Bell, Everett Events Center
Stephen Clifton, City of Edmonds
Grant Dull, Lynnwood PFD
Doug Ferguson, Anderson Hunter
Bill Lewallen, Paine Field
Steve Pottle, Econ. Dev. Sno. Co.

Staff:

Roger Neumaier, Finance Department
Cristy Schelm, Finance Department
Ginger Metz, Solid Waste Division

Call to Order: The meeting was called to order at 3:00 p.m. Steve Pottle, the new Economic Development Manager for Snohomish County was introduced to the Board.

Approval of Minutes – Minutes from the April 20, 2006 meeting were approved.

Project Presentations:

Everett Update – Kim Bedier, General Manager of the Everett Events Center, reported that the Everett Public Facilities District contracts with Global Spectrum to operate the facility. This contract has been extended to December of 2007.

Now that the construction phase of the Events Center has been completed, the Board of Directors has eliminated the position of Executive Director. Kim is now reporting directly to the Board and she feels that the transition went very smoothly. Kim introduced Trey Bell, the Assistant General Manager of the Everett Events Center. Trey will be attending future meetings in Kim's absence.

Kim provided an update on events held at the Events Center from April through July. Some of the highlights include the Annual Home & Garden Show (which had attendance of over 7,000), and a concert sell out (with a record crowd of 8,701). Twelve graduation events were held with 41,685 attending, and at the end of July a section of Hewitt Avenue was closed off for a block party attended by more than 3,500 people.

Attendance at the facility through June, 2006 is 221,545, with gross revenues year to date of \$7,422,541. Operating income is almost \$300,000. Both the gross revenues and operating income are slightly under projections.

A number of shows are on sale at this time and there are several new concerts confirmed for the fall. High profile guests (e.g., Governor Gregoire, Newt Gingrich) have visited the facility. In May, the Conference Center was named the "Edward D. Hansen Conference Center". Debbie Campbell, the Conference Center Manager, works diligently to create partnerships in the community (e.g., with the Holiday Inn and the Lynnwood Convention Center). A group from Snohomish county attended the Washington State Association of Executives conference in Spokane to promote Snohomish County as a premier location for conferences.

Jeff Theiler is the new manager of the Comcast Community Ice Rink. Tenants of the Events Center main arena include the Everett Hawks indoor football team, and the Silvertips hockey team. Event scheduling for the main arena is on hold until the Silvertips have finalized their 2006-2007 schedule.

Recent articles in the Seattle Times and the Everett Herald have given kudos to the both the Events Center and the Concierge Center. The Concierge Center, funded by the City of Everett and staffed by volunteers, distributes information and brochures about Snohomish County.

Club Seat sales revenues are up significantly from last year and it is getting more difficult to get Club Seats for the Silvertips season. Season ticket renewals for the Tips are at 82% and the Events Center is pleased to have the Silvertips as their main tenant.

A State Audit was performed recently, with no reportable items noted. Kim stated that the revenues were slightly off from the projections. A question was asked about revenue in comparison to last year and the growth year to date. Kim responded that revenues are ahead of last year, but the budget for this year is much more ambitious. There has been no increase in growth at this time, but the intention is to make the projected budget by year end.

A change in the market has been noted since the Holiday Inn opened. When the Events Center opened the Conference Center, there was a great interest in banquet and social events and not as much interest in renting the space for meetings. Bookings for meetings have increased dramatically since the Holiday Inn opened and the banquet bookings have decreased. Kim noted that there is room for more than one facility and that they are working with the Holiday Inn. In 2007/2008 they will bid together on "heads and beds" (multi-day conferences). The partnership with the Holiday Inn is definitely beneficial but a major hotel within walking distance of the Events Center meeting rooms would be a welcome addition to the facility.

Roger commented that an area of concern with the project is that the interest rates are on a year to year basis. Kim explained that they will have a workshop with Bank of America

in August. They will review where the facility is now and the Bank of America will propose a direction for the facility to follow. The City of Everett will be involved in this workshop. Kim will provide an update at the October meeting.

Edmonds Update – Stephen Clifton provided an update on the Edmonds Center for the Arts construction and shared photographs. The renovation is at 80% and the project is scheduled for completion in mid September. Stephen is now responsible for construction oversight on behalf of the City of Edmonds and the Edmonds PFD. To date, they are on schedule and within the PFD adopted budget. The transformations are happening very quickly and anyone interested in a tour is encouraged to call Joe McIalwain.

There is approximately \$3.8 million left to reach the total fundraising goal of \$18.5 million. Recent gifts include \$100,000 from the McNaughton Foundation, \$25,000 from Frontier Bank, \$10,000 from the Hubbard Foundation, \$15,000 from a private individual and also some additional gifts of \$6,000. The Edmonds Center for the Arts recently applied for a Building for the Arts Grant in the amount of \$2 million and Edmonds PFD representatives have been invited to give a presentation to the C-TED board that distributes the Building for the Arts monies. The announcement of the grant awards will be made in August. Stephen noted that the Edmonds Center for the Arts is hoping to receive a grant of nearly \$1 million. Roger asked if the flow of funds from the County for the hotel/motel dollars is working as expected. Stephen explained that the sales and use taxes from the County and Edmonds PFDs are paying all of the bond proceeds. They have not been in the red since the day they issued the bonds. Of the \$560,000 in funds from the Fine Arts Center of Edmonds, \$519,000 has been moved over to cover improvements.

Stephen announced that Diane Gordon has been hired as Director of Operations. She has 25 years of financial management, payroll and benefits experience and is knowledgeable in the areas of 501(c)3, government, and grant reporting. Jan Stedman, who has worked for 18 years in marketing for the Meany World Theatre, has been hired as Marketing Director. Both of these individuals are welcome additions to the Center. Joe is in the process of recruiting a Technical Director and hopes to have someone hired in August. The first performance is scheduled for the third week of October.

Puget Sound Christian College is renting the auditorium and has built a satellite office near the Edmonds Center for the Arts. The annual revenue generated from this source will be approximately \$55,000.

Thirteen renters, accounting for more than 65 dates, have been secured for the first season. These tenants include the Cascade Symphony Orchestra, Olympic Ballet Theatre, Sno-King Community Chorale, Edmonds Community College, Seattle Opera Young Artists, and the Seattle Children's Chorus. The Edmonds Public Facilities District is working on an interlocal agreement with Edmonds Community College. The college will be utilizing this facility for different types of events. Bookings for January – June of 2007 have begun and more information will be provided once dates and performances are secured. Joe is working on the final vision for the opening and will secure a headliner for

the event. Stephen extended an invitation to all Board members to attend the grand opening which will be held in early January.

A question was asked about the projected timeline to reach the fundraising goal of \$3.8 million. Stephen explained that Joe expects to complete it by the end of 2007.

Future of Flight Update – Bill Lewallen reported that the Future of Flight has been open for less than a year and that they are learning from experiences and adjusting to the market. Business meetings and the special event business are much higher than projected in their business plan. They are 60-70% above projections on revenues. The majority of bookings are business meetings as opposed to special events and banquets, but with a good mix of both. Events have ranged from a reception for the President of The People's Republic of China to a funeral for an aviator on the Strato Deck, the outdoor venue. They are almost 100% above what Boeing experienced for tour attendance, however, they are still below projections. Attendance drives revenues and impacts gift store sales and they are looking at different factors, such as capacity, attractiveness of the tour and of the exhibits. Bill noted that Boeing is a great partner in working together to accomplish improvements.

Bill responded to a question regarding where the facility stood in terms of annual year to date attendance. They have some of their biggest months yet to come and it looks like they will be in the area of 160,000 to 170,000 as compared to 230,000. Historically, Boeing tour attendance was 80,000 to 100,000. Even though annual attendance hasn't met this projection, it is quite a bit above any precedent set at Boeing. Bill noted that they are not discouraged by the lower attendance and will find ways to increase it.

The Gift Store revenues are substantially behind projections at this time. The Future of Flight staff contracted with a vendor who can do duty free sales as well as exchange for foreign currency. They are also partnering with Boeing to explore other opportunities for delivery of duty free items and sales to foreign customers who are here for business with Boeing. The gift store operator has leased some offsite space on the speedway to accommodate this new venture. This offsite facility will have a store dedicated to all of the duty free merchandise. All of the dollars will be treated as sales made in the Future of Flight Gift Store and this will dramatically change the revenues.

Donations have also been less than expected. The Future of Flight is applying these donations to anything in the business plan that is not a new expense.

The Future of Flight has contracted with a company that does new airplane design research for Boeing. They also operate a passenger experience research center. The company has contracted with the Future of Flight to lease space in the gallery and this will create fixed revenue with no expenses. The concept is to come to the Future of Flight, take a tour of Boeing and see the world's largest building and airplanes being manufactured, get excited about the big picture then come back to the Future of Flight to see the exhibits. Visitors can touch the airplanes, sit in the cockpit, design an airplane, and then go to the Passenger Experience Research Center. Visitors can take a survey at

the Center and actually participate in the next generation of aircraft design. The Passenger Experience Center is scheduled to open in August 2007.

A federal grant was received for construction of a taxiway connecting the main runway to the Future of Flight, as well as a ramp to park airplanes near the facility. The construction started this week and Boeing is anticipating using that taxiway and ramp for delivery of new aircraft. They are expecting the deliveries to be higher with the arrival of the 787. The 787 is a significant airplane that is changing the industry, and deliveries will be big events. This type of delivery usually comes with a delegation of 100-200 people who might spend four nights in the area. These are typically five star events that affect the hotel next door and create a series of banquets.

The committee expressed their congratulations to Barry Smith, Future of Flight Executive Director, for Governor Gregoire having recently presented him with an award recognizing his outstanding work in making the Future of Flight public-private partnership happen.

Lynnwood Update – Grant Dull shared a copy of a press release that was distributed after the Lynnwood Convention Center celebrated its first anniversary. Total attendance was approximately 50,000 and they hosted 286 events, which was twice the number projected. Total revenues for the first 12 months were approximately \$1.7 million. In May of 2006 they did 50 events rather than the 31 that were budgeted. The rent was about 40% over budget (\$58,000 rather than \$34,000). One of the most recent events was a dinner served to 500 people, in which the chef prepared a traditional East Indian menu. There is a great amount of interest in ethnic events within the City of Lynnwood and the surrounding area. They are proud of the Center's ability to offer Northwest Cuisine, ethnic foods and create custom menus.

Lynnwood is fortunate to have an abundance of hotel rooms, although none of them are within walking distance of the Convention Center. Even though the rents and the number of events are far above projections, the food and beverage revenue is not meeting projections. Low food and beverage revenue is an indicator that the area is not getting multi-day type conferences and the Lynnwood Convention Center has developed a "short term master plan". The Center owns 13 acres and the Convention Center sits on the corner. The City of Lynnwood approved a downtown zoning plan and buildings are able to reach 30 stories in the middle of town. The Convention Center is right next to that area. The first part of this "master plan" is to take a look at future expansion options, potential hotel development, and parking options.

Grant announced that Andy Olson will be filling the Lynnwood PFD board position vacated by Gary Schmidt. Andy is with the Chambers Group in Seattle and his appointment will be approved next Monday night.

Old Business:

Meeting Format – Travis Snider asked the Board members what they thought about the format of the meetings. Are the quarterly updates the most effective format or should there be fewer formal presentations? For example, formal presentations would be given every other meeting and the Board would conduct business on alternate meeting dates, perhaps resulting in shorter meetings. The members of the Board agreed that having the meeting on a quarterly basis was the most effective and beneficial way to continue. Time allotted for Project Presentations and general discussion will remain at 10–15 minutes. An addition to the agenda will be some questions on how to work with the Visitor's Bureau, cooperation with the four projects or a theme for that particular meeting. It was also suggested that these groups be invited to see what resources could be shared. Roger agreed to help coordinate this for the next meeting to be held in October.

Financial Report – Cristy Schelm provided an update of the financial information. Budget and expenditures are on target for halfway through the year. On the deferred amount for the Future of Flight, \$301,000 has been paid of the \$447,000 balance. By the end of the year, all deferred Future of Flight payments will have been made. The targeted reserve will be in the bank and \$37,000 available for allocation (Roger feels that this is conservative). Roger stated that by the end of the year there will be in excess of \$80,000 in cumulative reserves.

Voucher Approval - A motion was made to approve the Vouchers in the amount of \$519,791.52, for April through May, 2006, and passed unanimously.

New Business:

Doug Ferguson was contacted by the Chair of the Everett PFD about the possibility of Anderson-Hunter acting as legal representation for the PFD. There are potential consequences related to the interlocal agreement and future amendments to that agreement. If the firm does undertake that representation, they want to make sure that this Board has no objections. Doug stated that most of the work required by the Everett PFD would have nothing to do with the relationship with the Snohomish County PFD and they would not get involved in trying to represent both sides in any issues or negotiations of interlocals, supplements or administrative items. Travis suggested that if the Everett PFD does engage Anderson-Hunter, they could send a letter to the Board explaining that in the event of any areas of conflict, the firm would advise the Board of that situation and would suggest a procedure for resolution. That letter, regarding protocol, would then be put into the record and it would be part of the Board's policy. The Board agreed that there was no objection and to proceed as discussed.

Roger shared information regarding the County's Division of Emergency Management (DEM). The DEM became part of the County because in the world that we live in, the closeness of DEM is critical in terms of being able to appropriately respond to any sort of emergency. The County did not anticipate some challenging administrative elements. Several things have been done to remedy this. The County hired an excellent director (John Pennington). John was the head of FEMA in this region and he understands the

business. The County is upgrading staff and there is movement toward planning to build an emergency operations center next year.

Roger shared information that could potentially affect some of the projects. The Puget Sound Regional Council has developed a Cultural Task Force that could provide a level of revenue to King, Pierce, Kitsap and Snohomish Counties. This is still in the formative stages, and if they were able to get a 1/10 of a cent sales tax, it would amount to \$58 million of revenue per year. Those dollars would be distributed to organizations, including the zoo, in these counties for cultural, arts, and scientific displays. The dollars would be distributed in two ways. In the first tier, about 80% of the dollars would go to larger organizations. There would probably be 5 year contracts and it would equal about 15% of their operational costs. The other 20% would be distributed within each county in grants to organizations that are smaller and need the support. Roger believes the organization needs to be a 501(c)3 in order to qualify for the grant. Anyone interested in communicating or participating in this program should e-mail Roger.

Meeting Adjourned: The meeting was adjourned at 4:37 p.m.

