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

February 26, 2008

3:00 P.M.

Board:

Debbie Emge, District #5
Janice Greene, District #2
Boyd McPherson, District #1
Erik Nelson, District #3
Travis Snider, District #4

Interested Parties:

Diane Brooks, The Seattle Times
Alan Dashen, Dashen Musselman, Inc.
Grant Dull, Lynnwood PFD
Doug Ferguson, Anderson Hunter
Joseph McIalwain, Edmonds PFD
Barry Smith, Future of Flight Foundation
Rich Stewart, Everett PFD, Comcast Arena
Victoria Trimmer, Edmonds PFD
Dave Waggoner, Paine Field, Future of Flight

Staff:

Roger Neumaier, Finance Department
Linda Rhoades, Solid Waste Division

Call to Order: Travis Snider called the meeting to order at 3:00 PM.

Introductions were made and Travis explained that the purpose of the meeting was to discuss 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.

The group discussed the report "Snohomish County Public Facilities District Allocation of Additional PFD Revenues, February 26, 2008" prepared by Alan Dashen.

Roger Neumaier provided some context and noted that he and Alan would provide elements that could be the basis for a decision. They recommend that the Board's recommendation be a combination of two types of information: a combination of both subjective and objective information. The objective information relates to the historical financial facts. The other part of the proposal would relate to subjective elements.

The Board discussed whether or not they wanted to allocate all of the monies that are available or if they wanted to limit that allocation to a portion of it. The Board agreed that they would like to allocate all of the funds as quickly as possible.

Erik Nelson noted that the amount of the Reserve Fund needs to be considered. Roger provided clarification that the first allocation is the dollars that have already been prescribed. Nothing will be allocated in any year until it exceeds that. The Reserve is not for a defined use, but for the Board to determine how it is appropriate. In all likelihood the Board will be able to meet the first allocation without any issue. The second allocation is a percentage item so there will not be a shortfall in relation to it. Within that context the Reserve Fund is something that the Board would keep for emergencies and does not need to define, in advance, how it would be used. However, the Board should feel comfortable that it is of a sufficient amount to give it the flexibility that it might need.

Alan added that if the Reserve is spent, there must be an ability to build it back up. This could be a part of the agreements. Doug Ferguson noted that the agreements could include provision to replenish the Fund and the right to reset those reserves. After discussion regarding the Reserve balance, and whether or not it was high enough, the Board agreed that the Reserve Fund should remain at \$250,000.

Janice Greene asked if there are any checks and balances if the projects mismanage monies. Travis noted that there are requirements for matching funds. The Board needs to perform due diligence and the projects need to show that they are managing their businesses diligently. If the plan is not viable and the project is not meeting their plan, the Board should be able to restrict their allocation. Roger noted that the Board has a legal responsibility to perform due diligence and this can be built into the agreement. Doug noted that there are provisions in the interlocal agreements that allow the Board to provide oversight.

Roger and Alan reviewed the allocation criteria. Roger explained that the report addressed two elements to the decision about the allocation criteria. Each element will be a percentage of the allocation. The first element is the average (as a percentage) of original investment, current debt and original PFD allocation. This addresses the level of financial magnitude in the original distribution. The other element would be the criteria. The criteria would be weighted and the Board Members would grade the projects based on the criteria. This will allow a combination of an objective distribution and a subjective distribution and create a process that will lead to a recommendation for the Board to review.

The group reviewed the Allocation Criteria proposed by Alan. He explained that the projects will be required to give a presentation to the Board. The essence of the presentations should emphasize why they need the funds. The projects will also be asked to project some sort of pro forma to help the Board evaluate the reasonableness of their operating plans, as well as projections. The Board will also look at the ratio of funding for each of the projects in order to evaluate how much they have received from the Snohomish County PFD in comparison to their other funding sources. The criteria will also evaluate how the projects have performed in comparison to their original commitments, their economic impact on the community and geographical fairness.

Alan proposed that the Board decide how the criteria will be weighted and then grade the projects based on these weighted criteria. There was some question and discussion about how the criteria were developed and the use of subjective vs. objective criteria. Roger explained that government does not select based on a subjective process. People want a process that is clear and auditable and the Board could be asked how they came to the decisions that they made.

Roger noted that the Board has the choice between using subjective and/or objective criteria. The Board members agreed that they would prefer some structure, which would include objective criteria with some room to include their opinions.

Travis Snider asked about the need for Criteria #1, the demonstrated need for funds. The need for funds is already there and new funding requests are not being considered. Debbie Emge noted that it is important to include the elements of Criteria #1, as part of the long term business plan, in order to evaluate the projects.

Roger provided definition of Criteria #5, regarding economic drivers. The economy is vibrant in this area and to the extent that the citizens' investment increases overall economic activity and makes the county healthier, it's an investment that has paid off. The dollars are a result of economic activity. If any of the projects creates more economic activity, it's important to capture that in the criteria.

The Board members discussed Criteria #6, geographic fairness. Travis suggested that it could be included as part of the subjective criteria and the Board agreed to eliminate it from the objective criteria.

The Board discussed the weighting of the criteria. The Board will rate each project on a scale of 1 to 10 for each of the allocation criteria. One option is to weight all of the criteria equally. The Board members would like some time to consider the criteria so Roger will send them e-mails, listing the four criteria. The Board members will let Roger know how they want the criteria to be weighted.

Roger will also ask the Board members how they want the subjective information weighted in comparison to the objective information. He had recommended that the objective be weighted at 2/3 and the subjective weighted at 1/3.

Travis asked for comments from the projects and other participants.

Dave Waggoner asked for clarification about the grading. He explained that what is being requested will result in a statistical representation of each of the projects and is not clear about how it will be used to grade the projects. Alan replied that it is a statistic. The more money that the project has borrowed, and being paid by various sources, the greater weighting the project would get. This gives credence to size and the amount of outstanding debt.

Travis noted that there was a lot of material to consider and asked if the Board would like another special meeting to continue the evaluation of these strategies. The Board agreed that they would like another meeting and will meet on March 24th, from 3:30 to 5:00.

Grant Dull noted that the grading appears subjective. He asked the Board if they want to say that one project is better than another. Alan noted that this is an excellent point and clarified that the grading is not to say who has the best project, but who has the most need for funds. Roger added that it is an allocation formula as opposed to a grading formula. It was suggested that the Board re-characterize the allocation strategy so that it does not get perceived as a grade.

Travis noted that all of the Board members feel the responsibility that they have and that these are difficult decisions to make. The Board will look to the projects for input and this will be an open process. After the projects give their presentations, the Board will have discussion, then vote and go with the majority rule.

The meeting was adjourned at 5:20 p.m.

Due to schedule conflicts the next regular, quarterly meeting, scheduled for April 17th, has been rescheduled to April 24th.



Chairperson Signature

Date