



## University District Public Development Authority (UDPDA)

### Board of Directors' Meeting Agenda

Tuesday, May 1, 2018 - 2:00pm-3:30pm

Whitworth University, UD Branch, 534 E Spokane Falls Blvd, downstairs conference room

**2:00 Welcome** and thank you Whitworth for hosting – *Hill*

#### **Administration**

- MOTION – Consent Agenda
  - March 6, 2018 draft UDPDA board meeting minutes
  - UDPDA financials as of February 28 and March 31, 2018
    - No warrants to report

**2:05 UDDA Development Committee Report to UDPDA** – *Pearman-Gillman/Worlock/Gilberts*

- Presentation, recommendations, discussion and MOTIONS regarding:
  - City-Owned Properties
  - City Investment for Grant, Riverside and Sheridan Streets
  - Reducing Barriers to Development
  - Sprague Phase 2 – Option A and B

**3:30 Adjourn**

#### **UDPDA Protocol Info of Note:**

- 24 directors; **22 voting directors** (excludes legal counsel and Mayor)
- **Quorum** of voting members = 12
- **Simple majority** of voting members present = 7+
- Any director who wishes to **recuse** him/herself from discussion and vote due to a conflict of interest should verbalize this preference to the Chair at the start of the discussion.
- Any director who wishes to **abstain** from a vote for any reason must verbally indicate abstention to the Chair before the vote. The minutes shall contain:
  - The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict, any action taken to determine whether a conflict was present, and the board's decision as to whether a conflict in fact existed.
  - The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.



## University District Public Development Authority (UDPDA)

### Board of Directors' Meeting Minutes

Tuesday, March 6, 2018 – 2:06pm-2:22pm

Downtown Spokane Library, 906 W Main Ave, Spokane, WA – Room 1A

**Board Members Present:** Bill Bouten, Catherine Brazil, Mayor David Condon (non-voting), Dr. Daryll DeWald, Ezra Eckhardt, Lou Gust (acting chair in Hill's absence), Mary Joan Hahn (Gonzaga proxy), Taudd Hume (non-voting), Cindy Leaver, Mariah McKay, Todd Mielke, Kim Pearman-Gillman, Brandon Rapez-Betty, Mark Richard, Council President Ben Stuckart, Beck Taylor, Dr. Francisco Velazquez, and Kim Zentz

**Board Members Absent:** Elaine Couture, Dr. Mary Cullinan, Teresa Dugger (UDDA meeting only), Latisha Hill, Dr. Christine Johnson, Dr. Thayne McCulloh (see proxy Hahn above), David O'Brien (UDDA meeting only)

**Other Participants and Invited Guests Present:** Gavin Cooley (City), Andrew Worlock (City), Charlie Wolff (City), Brian McClatchey (proxy), Dawn Kinder (City)

**Staff Present:** Lars Gilberts, Alden Jones

#### Call to Order:

In chair Latisha Hill's absence, vice chair Lou Gust called the meeting to order at 2:06pm. The board then proceeded with the following consent agenda items: Gust asked the Board to review the January 9 UDPDA board meeting minutes and the UDPDA financials as of December 31, 2017 and January 31, 2018. **MOTION to approve minutes and financials as presented** (Pearman-Gillman); seconded (Velazquez) and passed unanimously.

As per bylaws and approved by Chair Hill, UDPDA appointed board members representing these organizations have selected the following proxies going forward: City Council President (Brian McClatchey), Gonzaga (Mary Joan Hahn), EWU (Sara Sexton-Johnson), UW (Stephanie Fleisher), Whitworth (Larry Probus), WSU (Bob Eggart until March 16), CCS (TBD), Mayor's office (as a non-voting member of the UDPDA, the Mayor declined proxy).

#### Development Committee Report

- Pearman-Gillman recognized Bob Eggart of WSU (although absent) for his exceptional service and long-standing contributions to the University District and the Development Committee.
- Pearman-Gillman reminded the board of the events leading up to the January 9, 2018 UDPDA board action which "authorized the CEO to begin the process to review City-owned parcels and bring back diligence to the UDPDA board for further discussion". As such, on March 1, the CEO sent a "letter of interest" to the City regarding potential surplus properties including: 433 E Sprague Ave (terminus of Sherman and Sprague); 201 and 207 W Main (UW Center); 15 N Grant (corner of N Grant St and E Riverside Ave).
- Pearman-Gillman also reminded the board that they have been and will continue to be apprised of the process by which over 110 potential development projects were identified and then narrowed down to eight. Two of those prioritized projects (wayfinding and parking/mobility) are underway. One is being postponed (Spokane

River access and habitat improvement). One will be considered in tandem with bridge construction (bridge landing site).

- The remaining four priority projects are recommended for immediate expediting (storm water management study, Sprague water and sewer upgrade and infrastructure, Sprague and Sherman streetscape improvements, and South UD BID feasibility formation). The Development Committee will work closely with the City to advance these four projects and gather diligence for board review at an upcoming meeting.
- The Committee also will remain attuned to issues that could delay “shovel ready” progress or discourage private development such as contamination, easements, and other mitigating environmental factors.

Vice chair Gust adjourned the meeting at 2:22pm.

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Ben Stuckart, board secretary

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Date

DRAFT

2:48 PM

03/09/18

Accrual Basis

UDPDA US BANK -5313

Balance Sheet

As of February 28, 2018

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	<u>Feb 28, 18</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
10115 · UDPDA Checking USB	1,009.40
Total Checking/Savings	<u>1,009.40</u>
Total Current Assets	<u>1,009.40</u>
<b>TOTAL ASSETS</b>	<b><u>1,009.40</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
32000 · Unrestricted Net Assets	1,164.40
Net Income	<u>-155.00</u>
Total Equity	<u>1,009.40</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>1,009.40</u></b>

**UDPDA US BANK -5313**  
**Profit & Loss Budget Performance**

	Feb 18	Budget	Jan - Feb 18	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
46200 · CONTRACT INCOME					
46210 · UDRA Proceeds	0.00	0.00	0.00	0.00	35,000.00
Total 46200 · CONTRACT INCOME	0.00	0.00	0.00	0.00	35,000.00
49000 · PRIOR YEAR CARRYOVER	0.00	0.00	0.00	750.00	750.00
Total Income	0.00	0.00	0.00	750.00	35,750.00
Expense					
60200 · PERSONAL SVCS CONTRACTS					
60202 · Accounting, Financial Services	0.00	0.00	0.00	0.00	33,200.00
Total 60200 · PERSONAL SVCS CONTRACTS	0.00	0.00	0.00	0.00	33,200.00
60300 · OTHER CONTRACTUAL SVCS					
60324 · Insurance D&O	0.00	0.00	0.00	0.00	1,052.00
60325 · Insurance Other	0.00	0.00	140.00	0.00	836.00
60329 · Licenses and Permits	0.00	0.00	0.00	0.00	250.00
60335 · Audit svcs, bank fees	0.00	0.00	15.00	0.00	200.00
Total 60300 · OTHER CONTRACTUAL SVCS	0.00	0.00	155.00	0.00	2,338.00
60500 · SUPPLIES & MATERIALS					
60564 · Office Supplies	0.00	0.00	0.00	0.00	200.00
Total 60500 · SUPPLIES & MATERIALS	0.00	0.00	0.00	0.00	200.00
Total Expense	0.00	0.00	155.00	0.00	35,738.00
Net Ordinary Income	0.00	0.00	-155.00	750.00	12.00
Net Income	0.00	0.00	-155.00	750.00	12.00

1:12 PM

04/09/18

Accrual Basis

UDPDA US BANK -5313

Balance Sheet

As of March 31, 2018

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	<u>Mar 31, 18</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
10115 · UDPDA Checking USB	1,009.40
Total Checking/Savings	<u>1,009.40</u>
Total Current Assets	<u>1,009.40</u>
<b>TOTAL ASSETS</b>	<b><u>1,009.40</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
32000 · Unrestricted Net Assets	1,164.40
Net Income	<u>-155.00</u>
Total Equity	<u>1,009.40</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>1,009.40</u></b>

**UDPDA US BANK -5313**  
**Profit & Loss Budget Performance**

March 2018

	Mar 18	Budget	Jan - Mar 18	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
46200 · CONTRACT INCOME					
46210 · UDRA Proceeds	0.00	0.00	0.00	0.00	35,000.00
<b>Total 46200 · CONTRACT INCOME</b>	0.00	0.00	0.00	0.00	35,000.00
49000 · PRIOR YEAR CARRYOVER	0.00	0.00	0.00	750.00	750.00
<b>Total Income</b>	0.00	0.00	0.00	750.00	35,750.00
<b>Expense</b>					
60200 · PERSONAL SVCS CONTRACTS					
60202 · Accounting, Financial Services	0.00	0.00	0.00	0.00	33,200.00
<b>Total 60200 · PERSONAL SVCS CONTRACTS</b>	0.00	0.00	0.00	0.00	33,200.00
60300 · OTHER CONTRACTUAL SVCS					
60324 · Insurance D&O	0.00	0.00	0.00	0.00	1,052.00
60325 · Insurance Other	0.00	120.00	140.00	120.00	836.00
60329 · Licenses and Permits	0.00	0.00	0.00	0.00	250.00
60335 · Audit svcs, bank fees	0.00	0.00	15.00	0.00	200.00
<b>Total 60300 · OTHER CONTRACTUAL SVCS</b>	0.00	120.00	155.00	120.00	2,338.00
60500 · SUPPLIES & MATERIALS					
60564 · Office Supplies	0.00	0.00	0.00	0.00	200.00
<b>Total 60500 · SUPPLIES &amp; MATERIALS</b>	0.00	0.00	0.00	0.00	200.00
<b>Total Expense</b>	0.00	120.00	155.00	120.00	35,738.00
<b>Net Ordinary Income</b>	0.00	-120.00	-155.00	630.00	12.00
<b>Net Income</b>	<b>0.00</b>	<b>-120.00</b>	<b>-155.00</b>	<b>630.00</b>	<b>12.00</b>

## Background Info and Motions for May 1 UDPDA Board Meeting

### City-Owned Properties and Motion Revision

**Context:** At the January 9, 2018 UDPDA Board Meeting, the UDPDA Board approved the “MOTION to allow the UDPDA to authorize UDDA CEO Gilberts to begin the process to review City-owned parcels and bring back diligence results to the UDPDA board for further discussion.” The City has requested more specific letter(s) of interest (LOI) to participate in some due diligence discussions. Because the existing motion is insufficient to draft detailed LOI(s), the UDDA Development Committee is asking the UDPDA Board to revise the motion so progress can continue for three City-owned properties of interest to the UDPDA: Grant, Sherman and UW.

**MOTION:**

The UDPDA Board accepts the UDDA Development Committee’s recommendation to revise the original January 9 motion to read instead:

1. “MOTION allows the UDPDA Board to authorize the UDDA CEO Gilberts to enter into negotiations and explore all options up to but excluding a full and final commitment on City-owned properties, with counsel from the UDDA Development Committee and Executive Committee.”

### City Investment in Grant, Riverside and Sheridan Streets

**Context:** The City has approx. \$5M in one-time infrastructure funds available for the three local PDAs and proposes to use \$900K of that in the southern part of the UD (Grant, Riverside and Sheridan Streets) for infrastructure improvements (storm water, sewer, etc.) to spur private investment. The infrastructure spending would be consistent with the UDDA-led Maul Foster plan recommendations and the City’s 2015 Memorandum of Understanding “University District Gateway Bridge South Landing Catalyst Development,” which was signed by all affected property owners. No PDA funds are needed.

**MOTION:**

1. The UDPDA Board accepts the UDDA Development Committee’s recommendation to strongly support the City’s investment in Grant, Riverside and Sheridan Streets for infrastructure improvements.

### Reducing Barriers to Development

**Context:** One of the Board’s strategic objectives is to identify barriers that prevent development within the UD; especially along critical corridors (Hamilton, Sprague, Main). To confirm and operationalize the recommendations set forth in the Miller Hull, Maul Foster and 2004 UD Strategic Master Plan, the UDDA needs to develop implementation strategies related to likely development scenarios, infrastructure and land use. Additional resources are necessary to identify and advance the most effective strategies in a speedy manner given timelines of municipal and private projects within the UDRA. While the Sprague Ave corridor is the most time sensitive, the development needs along Hamilton and Main are critical to the District’s long-term health.

**MOTION:**

1. The UDPDA Board accepts the UDDA Development Committee’s recommendation to request supplementary funding from the City of Spokane in the amount \$83,333 to support an update to the University District Master Plan, to coincide with the opening of the UD Gateway Bridge and the launch of south UD Sub-Area Planning efforts; and
2. The UDPDA Board authorizes the UDDA CEO Gilberts to negotiate a MOU and/or other contractual agreements for the use of said funds.



## Sprague Avenue Phase 2

**Context:** The City successfully completed Sprague Ave Phase 1 and is in the design stage for Sprague Ave Phase 2 (Bernard to Scott). The City is now focusing its attentions on a large portion of Riverside in the downtown that is complex, in need of major repair, expensive and essential to have completed for the Central City Line to open in 2021. With the launch of the Catalyst Building and several other developments in the works, it is likely that there will be thousands more people coming to Sprague in a few short years. Increased business and property owner engagement along Sprague has also created a new sense of urgency to more thoughtfully execute and time the redevelopment of this dynamic innovation corridor. Since the UDPDA's inception, Sprague's redevelopment has been a top priority and UDRA funds have often been considered critical to augmenting some element of this project since the funds are intended for and ideally suited to infrastructure and placemaking investments.

Two recent revelations have significantly impacted discussions about this project. The City's recent revelation that the PDA has access to up to 10X the amount of money it believed it had and the determination that the City would not be able to pursue a timely Sprague rebuild made it clear that: 1) the PDA *could* play a major role with Sprague and 2) the City on its own is unable to rebuild Sprague in the next two years. The City is on course for Option A and the PDA has a short window and one board meeting to redirect their resources and select another option if so desired.

- **Option A “Current City Schedule”** – With grant funds likely not available for several years, the City will spend \$550K for a 3-5-year resurfacing for Bernard to Scott, complete 2018.
  - **Pros** – Sprague would be safer for vehicles and more attractive in 2018. With no PDA funds required they would be free for other investments. By waiting to do a full rebuild, developers might share more of the costs and there would be more time to plan and “future-proof” the infrastructure.
  - **Cons** – Sprague will remain unsafe for parked cars, pedestrians and bicyclists for several more years. By waiting until 2023+, there will be several thousand more people and cars in the area to manage. This option would result in two construction seasons vs. one that would hinder and interrupt business and development. Funds are more of a ‘band-aid’ rather than a real fix. The lack of placemaking elements (walkable sidewalks, lighting, plants etc.) may discourage some development. Phase 3 (Scott to Helena gap), which connects East Sprague Union to the UD, is uncertain and would be delayed along with redevelopment of Sherman, Main and Hamilton.
  
- **Option B “Accelerated Schedule”** – A complete Sprague Phase 2 rebuild and connection with Phase 1 could be complete in 2019 with \$4.55M in City funding and up to \$4M in PDA funding. **Because UDRA funds are required for Option B, it has been evaluated against the UDPDA Board’s approved UDRA-Eligible Project Evaluation Criteria.** The UDRA Development Committee evaluated and rated Option B as follows:
  - **ROI-PDA (Not Recommended)** – A concurrently formed BID might create some revenue, however, there is no significant or direct ROI for the PDA with this project.
  - **ROI UDRA (Highly Recommended - HR)** – While this rating requires several key assumptions, it seems likely that the construction sales tax, increased property taxes and retail sales tax of new development proximate to the bridge’s south landing would be enough to recommend this project. Additionally, the reduced interruption to business along Sprague and the very realistic additional development and retail growth that will occur because of a timely redevelopment (as illustrated along Sprague Phase 1), reliably bumps this rating to ‘Highly Recommended’. While there is an opportunity cost to using these funds for this project, there is currently no

qualifying project for which UDRA funds can be used that would produce as strong of an ROI.

- **Timeliness/Leverage (HR)** - Certainty of completion in 2019 is critical to accommodate thousands of new cars/peds/bikes that will result from Catalyst and other development. Duration of construction pain significantly reduced for local businesses. Accelerating this project reduces wasted time and dollars tearing up Sprague multiple times. Current City leadership can help ensure successful completion and on terms that promote the UDPDA and its constituents' interests. This investment would free up City resources to focus on Sherman and Hamilton projects sooner. A Sprague finished in 2019 creates momentum and scales overall capacity that could potentially erode or evaporate if left to the current schedule.
  - **"But for the PDA" (HR)** – The City's limited resources and numerous competing infrastructure projects (Riverside, etc.) make it impossible for them to rebuild Sprague in an accelerated timeframe solo and no private developer can address this level of street improvements. Only the PDA has the assets and vision to make this happen in a timely fashion.
  - **Placemaking (HR)** – Without having Sprague physically and aesthetically done before major development occurs, it is unlikely a unified look and feel will be possible. The UD is uniquely positioned to choreograph aesthetics, wayfinding, safety, programming, etc. even in the absence of a BID. A finished Sprague creates momentum and is an enticement for future development and, without the PDA's action, a continuous and fully revitalized Sprague would not be possible for up to a decade given the lack of a plan for Phase 3.
- **Option B "Accelerated Schedule" Cons**
    - Commits \$4M of the UDRA's projected \$11M funds without producing an immediate ROI for the PDA.
    - By accelerating development, it is virtually impossible to leverage as many infrastructure grants as would be possible in several years.
    - With not as much time to "future-proof" the infrastructure and with a cut-in moratorium, it could negatively impact certain development if plans are meaningfully different than reality.
    - The City may choose not to accelerate other infrastructure projects of interest to the PDA such as Sherman and Hamilton.

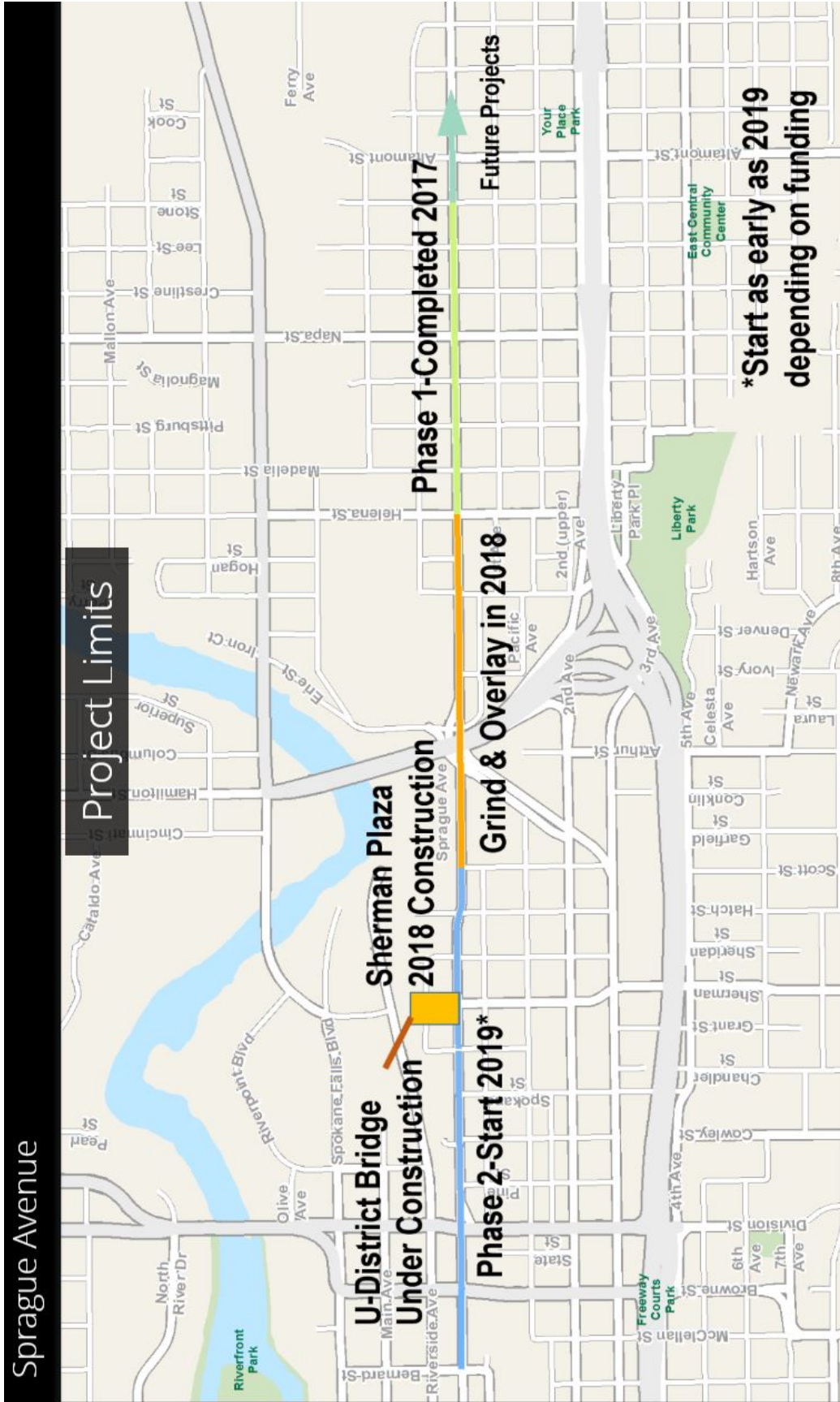
## MOTION

### If Option A "Current City Schedule" is selected:

1. The UDPDA Board requests the City fund the 3-5 year resurface the Phase 2 portion of Sprague to maintain safety and aesthetics.

### If Option B "Accelerated Schedule" is selected as recommended:

1. The UDPDA Board accepts the UDDA Development Committee's recommendation and approves the use of up to \$4M of UDRA revenue to provide partial funding for the full reconstruction of Sprague Avenue Phase 2 (Bernard to Scott Street) in 2019; and
2. The UDPDA Board requests that the City use future UDRA revenue to finance the UDRA contribution, while working to identify assets, proceeds, and/or revenues to reduce or refund the UDPDA's significant investment; and
3. The UDPDA Board strongly supports the City's investment in the Sprague Avenue "gap" grind and overlay (\$550K) between Scott and Helena Streets; and
4. The UDPDA Board authorizes the UDDA's staff and committees to explore and negotiate all terms up to the \$4M limit to implement the UDPDA's wishes.



## UDRA ELIGIBLE PROJECT – Project Evaluation for “Sprague Phase 2 – Option B”

The goal of the UDRA funds as defined by the UDRA Business Plan is to revitalize the area through qualifying projects that can be evaluated and tracked by indicators that are, “readily available, measurable over time and meaningful to the intended principle elements that promote progress consistent with the Spokane County Comprehensive Plan.” While many qualifying projects will increase taxable property values and sales tax (proxy for economic development), the return on investment (ROI) rate and additional criteria below should help prioritize UDRA investments. The following are definitions and standards for project evaluation criteria.

### Primary Criteria:

- Investments must meet all relevant city ordinances and state standards regarding Tax Increment Financing (TIF) investments.
- To maximize revitalization and continued UDRA/PDA investments, projects must be rated as ‘Highly Recommend’ in at least three (3) of the five (5) criteria including at least one (1) ROI criteria.
- ROI calculations will be based on start of occupancy and proof of performance.
- ROI - PDA: project produces rent, fees or other revenue to the UDPDA to fund future projects.
- ROI - UDRA: project directly or indirectly increases taxable property values or sales tax within the UDRA.

### Secondary Criteria: Used when a project may not yet demonstrate its full potential under the primary criteria.

- Enhances an established/expected development but would not change the likelihood of the development itself.
- Catalyzes redevelopment that would take more than 10 years to initiate or fully realize.
- Supports one of the 19 core planning principles that otherwise would be left unaddressed by private or municipal developments.

Rating Level	Primary Criteria			Secondary Criteria
	ROI - PDA REVENUE	ROI - UDRA	TIMELINESS/LEVERAGE	PLACE MAKING OR OTHER VALUE
HR	Projected PDA ROI of 100% or more within 15 years of investment	Projected UDRA ROI of 200% or more within 3 years of investment from surrounding properties	Very time critical Very strong leverage and/or capacity to build leverage or scale	An infrastructure or place making opportunity would not be made by anyone other than the UD
R	Projected PDA ROI of 100% or more within 20 years of investment	Projected UDRA ROI of 100% or more within 3 years of investment from surrounding properties	Somewhat time critical Good leverage and/or capacity to build leverage or scale	An infrastructure or place making opportunity would best be integrated and leveraged by the UD
NR	There would be little to no increase in revenue to the PDA from the project	There would be little to no increase in revenue to the UDRA from surrounding properties	Not time critical Poor leverage in place or little capacity to build leverage	Other stakeholders have the capital or influence to ensure this core principle is meaningfully addressed

HR – Highly Recommend      R – Recommend      NR – Not Recommended