



Kitsap Regional Coordinating Council

Chair
Mayor Kathryn Quade
City of Poulsbo

Vice-Chair
Commissioner Steve Bauer
Kitsap County

Commissioner Josh Brown
Commissioner Charlotte Garrido
Kitsap County

Mayor vacancy
Council Member Carol Arends
Council Member Will Maupin
Council Member Dianne Robinson *
City of Bremerton

Mayor Chris Snow
Council Member Debbie Vancil
Council Member Kim Brackett *
City of Bainbridge Island

Mayor Lary Coppola
Council Member Carolyn Powers *
City of Port Orchard

Council Member Ed Stern *
City of Poulsbo

Council Chair Leonard Forsman
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*Suquamish Tribe****

Council Chair Ron Charles
*Port Gamble S'Klallam Tribe****

Commissioner Cheryl Kincer
Commissioner Bill Mahan *
Port of Bremerton

Captain Mark Olson
Tom Danaher, PAO *
*Naval Base Kitsap***

Mary McClure
*Executive Management
McClure Consulting LLC*

* Alternate
** Ex Officio Member
*** Associate Member

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Special Executive Board Meeting

July 29, 2009

Meeting Summary

1. Call to Order: Chair Kathryn Quade called the Kitsap Regional Coordinating Council Executive Board to order at 3:15 p.m. (*Attendance noted at end*)
Note: Shelley Kneip, Kitsap County Prosecuting Attorney's Office, confirmed quorum requirement was met since all public materials announced that the City of Bremerton would not be part of decision making.

2. Citizen Comments: None.

3. Consideration of four (4) proposals for the use of Section 108 HUD loan capacity:

- a. Section 108 HUD Loans: Overview

Donna Batch, Economic Development Specialist for the Northwest/Alaska Region, and Shannon Bauman, Kitsap County Block Grant Program Planner presented background information about the Section 108 program.

Currently available Section 108 funds: \$5,749,080 [five times the County's last CDBG entitlement]. The 4 project proposals presented total \$6.5 million.

The Kitsap CDBG will arrange for an independent financial consultant to review the recommended proposals. The cost of the review will be assumed by the applicants. The KRCC Board will create an Ad Hoc Financial Review Committee to work with the financial consultant to ensure that all the Board's questions are answered.

Section 108 funds are not allocated, but rather are loan capacity. HUD has not yet approved the Section 108 funds for 2010, but is expected to do so.

- b. Project Proposals

- i. Westbury, Inc.

Andrew Butler, President, presented information about the project. In addition to his presentation (in the KRCC Board packet) the following key points were made:

- The project is ready to go as soon as it is capitalized with the \$2.0 million Section 108 loan. The project could be operational within 90 days. Through the existing contract with WorkSource hiring would begin in approximately 60 days.
- It is expected to create 100 new jobs, including those contracted through WorkSource.
- Bill Stewart, Executive Director, Kitsap Economic Development Alliance, commented that this project is an excellent opportunity to create living wage jobs.

ii. City of Port Orchard

James Weaver, Development Director, presented information about the project. In addition to his presentation (in the KRCC Board packet) the following key points were made:

- The first commitment of funds will allow leveraging of additional funds for the project.
- The project will be the first step of a long-term plan to revitalize downtown. The City Council is very committed to this project as are candidates currently running for City Council. The City Council's debt capacity is approximately \$14M, increasing after proposed annexation(s). The City Council prefers to use this source of funds as the "last dollar" to close any funding gap.
- The downtown parking issue must be solved before real revitalization can occur.
- There is a correction on the collateralization information included in the Board packet: any collateralization would need to be approved by the City Council. This collateral could include, for example, general obligation bond, private parking, or a new library.
- The timeframe for the project's Phase I is approximately 24 months, if it is successful in 2010 grants. That would mean construction from 2012 – 2015.
- Phase I of the project is the \$7M parcel control and planning components. The garage construction would be Phase II at \$14M.
- This project is in the early stages of multiple financing partnerships. Understanding the Board's level of commitment to the project is important, particularly if it is not recommended for funding during this round.

iii. Kitsap County Silverdale Community Campus YMCA

Carolyn Siems, Management Analyst (Kitsap County), *Jessie Palmer, Campaign Coordinator, YMCA of Pierce and Kitsap*, and *Michelle LaRue, Media and Community Relations Director, YMCA of Pierce and Kitsap*, presented information about the project. In addition to their presentations (in the Board packet), the following key points were made:

- This project is about the size and scope of the recently constructed YMCA in Gig Harbor, which has been successful beyond expectations.
- Overall this is a \$15M project, and is expected to produce 75 permanent jobs.
- An important component of YMCA's program is financial assistance for low-income families. In addition, the YMCA will have a free teen late night program, which has been very successful at other locations.
- The facility is ready to begin construction pending additional community fundraising. Fundraising efforts to date are on target.
- Kitsap County is supporting the project by using its Real Estate Excise Tax revenue as collateral.
- The YMCA project is also applying for a Brownfields Economic Development Initiative (BEDI) grant. If it is awarded, the project must also receive a Section 108 loan to be able to accept the BEDI grant.

iv. Martha and Mary Lutheran Services

Chad Solvie, CEO, presented information about the project. In addition to his presentation (in the Board packet), the following key points were made:

- Martha and Mary is a regional provider of senior housing and services.
- The intent of the project is to move beds from Poulsbo to Bainbridge Island. The new beds on Bainbridge will allow the existing beds in Poulsbo to be turned into private rooms, which are more desirable.

- Staff is being sent to Kansas and Montana to visit existing similar projects to confirm underlying assumptions of this project.
- Martha and Mary is not ready to submit an application for this project at this time, but wants to be “in the queue” to be considered for future Section 108 loans.
- Section 108 funds would be used for acquiring the 1 acre site. Groundbreaking would be in 2011 and construction would proceed quickly.
- No other funds have been raised yet; this is a relatively small project.
- 18 – 20 jobs will be created.
- Through the Kitsap 20/20 process, senior services and health care were identified as economic engines for Kitsap.

Executive Board members discussed several options on how to recommend the loan funds be allocated.

- Westbury and YMCA are ready to go immediately. They will begin paying back the loan right away ~ could repay as much as \$500,000 per year; those funds can then be allocated to other projects.
- Port Orchard and YMCA were requested to consider a 10 year repayment schedule.

Motion (Mahan) and second (Snow) to move three projects forward for HUD Section 108 loan applications ~ Westbury Inc for \$ 2.0 million, Kitsap County Silverdale Campus YMCA for \$1.0 million, and the City of Port Orchard Town Center Revitalization Project Phase 1 for \$2.0 million ~ each with a 10 year repayment term and the provision that the grant is approved by HUD before September 30, 2010, and to provide Martha and Mary with a letter of commitment to review a loan application for a Rehab Cottage during the coming 24 months within available HUD Section 108 loan capacity. *Motion carried unanimously.*

The Board appointed a Financial Oversight Committee charged with working with the independent financial consultant to ensure that the Executive Board’s interests are represented. Commissioner Bauer and Council Member Stern are requested to serve on the Committee.

After the financial review is complete, the final decision for loans will be made by the Kitsap Board of County Commissioners.

Other Business: Executive Director Mary McClure noted that the Broadband Group is working on a grant. The Board approved staff time to work on this grant, with the Board reviewing and giving final approval of the application at the September 22nd meeting.

7. Member Agency Comments: None.
8. Citizen Comments: None.
9. Adjourn: 5:20pm.

Meeting Participants:

Josh Brown, Kitsap County
 Charlotte Garrido, Kitsap County
 Bill Mahan, Port of Bremerton *
 Ed Stern, City of Poulsbo *

Lary Coppola, City of Port Orchard
 Kathryn Quade, City of Poulsbo
 Chris Snow, City of Bainbridge Island

* alternates

Note: City of Bremerton Board members were not required for this discussion, since the City of Bremerton maintains a separate CDBG Program.

Executive Management by McClure Consulting LLC:

Mary McClure, Executive Manager
Kirsten Jewell, Project Coordination

Board Members Not in Attendance:

Carol Arends, City of Bremerton
Kim Brackett, City of Bainbridge Island *
Tom Danaher, Naval Base Kitsap *
Will Maupin, City of Bremerton
Captain Mark Olsen, Navel Base Kitsap
Rob Purser, Suquamish Tribe
Debbie Vancil, City of Bainbridge Island

Steve Bauer, Kitsap County
Ron Charles, Port Gamble S'Klallam Tribe
Cheryl Kincer, Port of Bremerton
Leonard Forsman, Suquamish Tribe
Carolyn Powers, City of Port Orchard
Dianne Robinson, City of Bremerton

Others in Attendance:

Bill Stewart, KEDA
Chad Solvie, Martha & Mary
Weigee Seaton, Martha & Mary
Rob Gelder, Martha & Mary
Kallie Wood, CDBG
Shannon Bauman, CDBG
Shirley Rodney, CDBG
Donna Batch, Regional Block Grant Manger
Shelley Kneip, Kitsap County

Andrew Butler, Westbury, Inc.
Chris Wain, for Westbury, Inc.
Michael Fewel, Westbury, Inc.
James Weaver, City of Port Orchard
Jessie Palmer, YMCA
Carolyn Siems, Kitsap County