The Economic Development Investment Program

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1) Introduction

The Washington State Legislature authorizes Whatcom County to retain a portion of sales and use tax to finance public facilities (RCW 82.14.370). The goal of the legislation is to improve the economy of Whatcom County by stimulating and creating ongoing private sector jobs. To achieve this, the Economic Development Investments (EDI) Program will provide financing, through grants and low interest loans, or a combination of both, to local governments with qualifying proposals.

"Public Facilities" include:
- Bridges
- Roads
- Domestic and industrial water facilities
- Sanitary sewer facilities
- Storm sewer facilities
- Transportation infrastructure
- Railroad
- Electricity
- Natural gas
- Telecommunications infrastructure
- Commercial infrastructure
- Buildings or structures
- Port facilities

Public facilities projects may include ,acquisition, construction, repair, reconstruction, replacement, or rehabilitation or improvement to existing facilities. Costs of planning may only be considered if they are directly related to an actual construction or improvement project approved in an EDI application.

To improve the economic vitality of Whatcom County, EDI is authorized to make primary loans, and grants in unique circumstances, to Whatcom County political subdivisions to assist in financing the cost of public facilities that are required by businesses in order to create and/or retain jobs.

2) EDI Program Objectives

The objectives of the EDI program are to finance public facilities that will in turn, stimulate private investment and:

1. Increase the number of ongoing family wage jobs available to the citizens of the county.

2. Retain existing businesses within the county.

3. Facilitate the expansion of existing businesses.

4. Attract new businesses to Whatcom County.

5. Sustain the EDI Program through repayment of EDI loans.

3) EDI Program Policies

1. Whatcom County will only fund public facility projects that:
   - Comply with all federal, state, county, and other applicable local regulations.
   - Meet EDI Program objectives.
   - Are consistent with the Whatcom County Comprehensive Plan and/or, if applicable, the Whatcom Comprehensive Economic Development Strategy or the comprehensive plan of the city or town affected by the project.

2. Local government entities (located within Whatcom County) are eligible to apply for EDI program funds. Normally local governments include the county, cities, Port, P.U.D., water and sewer districts and other districts that may implement projects consistent with the objectives of this program.

3. The minimum project size that EDI will consider funding is $250,000.

4. Projects that include planning costs may only be considered if the planning component is directly related to an actual construction or improvement project.

5. Every EDI project will have an application description that identifies distinct project objectives directly related to the EDI Program objectives. Measurable milestones will be part of the application. Disbursements of EDI funds will be contingent on the project's accomplishments and as listed, the projects contract documents.

6. EDI loans and grants may be part of a larger package involving other funding sources. EDI loans and grants may be used to leverage other funding sources toward the total project financing.

7. Whatcom County will return repayments of EDI loan principal and interest to the EDI fund.

8. Whatcom County may use EDI interest payments for non-public facility economic development purposes.

9. A local match of at least ten (10) percent of the EDI request is required. Local match may be cash, in-kind contribution or other appropriate revenue source.

10. The applicant will document all projected permits required to complete the project and describe the timeframe for anticipated receipt of the permits.

11. A Project Annual Summary Evaluation form is expected to be completed by the applicant and submitted annually to the EDI Board until completion of the project.

12. EDI will not increase loan or grant amounts to pay for project cost overruns. Therefore applicants should rationally project contingency costs associated with the project.

13. EDI funding will not exceed actual project costs.

14. In selecting proposals for EDI funding, Whatcom County will give preference to loan requests, or loan/grant combined requests, over grant-only requests.

4) Priorities For Project Selection

In selecting proposals for EDI funds, Whatcom County will evaluate and rank proposed projects based upon the following criteria:

1. Creation of the greatest number of ongoing jobs per EDI program dollar.
2. Placement on the Comprehensive Economic Development Strategy Project List.
3. Support of local businesses in retaining family wage jobs.
4. Amount of private investment associated with the project.
5. Promotion of redevelopment, in-fill, and/or utilization of existing infrastructure.
6. Immediacy of the resulting benefit to the community.
7. Environmental impacts.
8. Ability to repay EDI loan(s).

5) Plan Administration

1. The Whatcom County Executive will manage the EDI program.

2. The County Council will make final loan and grant approval decisions for all EDI projects.

3. The Whatcom County Department of Administrative Services Finance Department will administer EDI loans and grants.

4. EDI funds will be used to pay for the administrative costs of managing the EDI program.

5. The County Executive will prepare an annual EDI fund budget as part of the overall Whatcom County budget.

6. The County Executive Office will prepare an annual summary evaluation of the EDI program. This evaluation will include:
   - EDI financial performance.
   - Number of jobs directly created.
   - Comparison of projected and actual benefits.
   - Summary of the activities financed during the reporting period.
   - Benefits of the program, and outcomes as they relate to EDI priorities.

- Evaluation of the EDI program's overall administration.

6) EDI Board

6A. EDI Board Members

1. The EDI Board will consist of fourteen (14) members, which include:
   - The County Executive, who will act as chair
   - The Mayor of Bellingham
   - Two mayors of small cities, designated by the Small Cities Caucus
   - Chair of the County Council
   - Director of Whatcom County Administrative Services or manager designated by County Executive
   - One member at large, appointed by the County Executive
   - One member of the agricultural community, appointed by the County Executive
   - One member of the timber community, appointed by the County Executive
   - One member of the fishing community, appointed by the County Executive
   - One member representing each of the following:
     - Bellingham/Whatcom County Chamber of Commerce
     - Bellingham/Whatcom County Economic Development Council
     - Port of Bellingham
     - Public Utility District

2. The County Executive, as Chair, may request the participation of up to two additional persons as non-voting members. These non-voting members will provide coordination, advice, and assistance in carrying out the objectives of this program.

3. EDI Board Members will comply with Whatcom County policies relating to ethics and conflicts of interest.

4. Board members will not make representations using the name of the EDI Board to endorse or oppose any issue, unless a majority of the members of the EDI Board approve such position.

6B. EDI Board Meetings and Actions

1. The County will arrange administrative support to the EDI Board, and will keep a written record of all board actions.

2. All EDI Board meetings will be open to the public.

3. EDI Board members will vote on motions and resolutions by voice vote. In lieu of voice vote, members may request a roll call vote. Any member of the EDI Board may request a roll call vote.

4. A quorum will be considered present when at least seven voting board members are present at an EDI Board meeting.

5. When a quorum is present, a majority of affirmative votes by EDI Board members present is necessary for the exercise of any function of the EDI Board.

6. The EDI Board will express all actions by motion and/or resolution. The EDI Chair will sign all approved motions and resolutions on behalf of the EDI Board.

7. The EDI Board Chair may appoint a smaller ad-hoc project review – technical advisory committee. This project review committee will meet to review eligible project applications on an as-needed basis and make recommendations on project applications to the EDI Board. The committee will also assist in developing and regularly updating the comprehensive economic development strategy (CEDS) for the EDI Board and Council review and approval. .

8. The EDI Board will make recommendations to the Whatcom County Council for approval or denial, in addition they will submit all applications received to the County Council.

9. All applicants will be informed about the process for application and the process for review and approval.

10. If EDI Board recommends approval and Council provides approval of a proposed project, the county administration will prepare a contract for the proposed loan and/or grant. The contract will include all negotiated and standard terms, including:
   o Interest rates.
   o Payment schedules.
   o Program deadlines.
   o Performance criteria.
   o A corrective action plan to be used if contract terms are not met.

7) Application Administration

1. The County will develop forms necessary for implementation of the EDI Program. The application will describe the basic eligibility requirements and the selection criteria essential to successful applications.

2. County Administration will make guidelines and application materials available to potential program recipients. The County Administration's Grant Coordinator will assist applicants in utilizing this program, along with other resources and information, in fulfilling community goals and economic development.

7A. Application Review

1. The county administration and/or the project review – technical advisory committee will review applications for:
   - Eligibility criteria
   - Program objectives
   - Financial feasibility
   - Selection criteria
   - Environmental requirements
   - Civil rights requirements
   - Other program considerations

2. The county administration and/or project review – technical advisory committee may request additional information from the applicant for its submission to the EDI Board.
3. The county administration will submit the proposed application, recommendations, along with all relevant findings from its review of the application to the EDI Board.

4. Applicants are allowed to resubmit a proposal if the EDI Board recommends against it.

8) Guidelines for Loan Terms

The EDI will use the following guidelines in negotiating loan terms with the proposed borrower. All loan terms are subject to final approval by the County Council.

1. The EDI loan recipient will describe its security commitment and repayment guarantee for any loan from the EDI program.

2. The date of interest and principal payment, unless negotiated otherwise, will be due every January 1 or July 1, depending on the date of the first disbursement, until the loan is paid off. Interest- only payments may be considered, but for no more than twelve (12) months from the date of disbursement, unless negotiated otherwise.

3. Normal loan terms will not exceed ten (10) years, unless negotiated otherwise. Loan repayment term will not exceed the useful life of the public facility that the loan is for.

4. Interest rates associated with EDI loans will be set at formal execution of contracts. These loan interest rates will normally follow the current Washington State government loan rate.

5. Specific performance required of the borrower, including meeting payment schedules, timely completion of project phases, and other conditions of the loan, will be specified in each contract between the county and the borrower. The

terms will also include the rights of the borrower to remedy the default. Failure to comply with the contract will place the borrower in default. In default, the county administration may accelerate debt repayment or demand full payment.

6. Detailed penalty fees, and rates in case of default, and late payment penalties will be contained in the contract between Whatcom County and the borrower.

7. No penalty of any kind will be levied against any borrower who chooses to repay all or any part of a loan prior to the repayment schedule.

8. Whatcom County will systematically monitor performance criteria and project completion of deadlines related to the loan. This system may include borrower penalties if predetermined deadlines are not achieved.

9. The county administration may, as necessary, delineate the federal, state, and local requirements that the EDI program recipient must meet in order to receive EDI funding. The county administration will monitor the special conditions required by the EDI program are addressed by each EDI program recipient during the period of the loan or grant.

9) Guidelines for Grant Terms

The EDI will use the following guidelines in negotiating grant terms with the applicant. All grant terms are subject to final approval by the County Council.

1. Specific performance required of the grant recipient, including timely completion of project phases, will be specified in each contract between Whatcom County and the grant recipient. Grant disbursements are contingent on successful completion of deadlines or on an incremental reimbursement basis. Grant funds will in no case exceed total project costs.

2. If other funding sources are involved in a project, disbursements will be made contingent on the continued commitment of the other funding sources.

3. The county administration may, as necessary, delineate the federal, state, and local requirements that the EDI program recipient must meet in order to receive EDI funding. The county administration will monitor the special conditions required by the EDI program are addressed by each EDI program recipient during the period of the loan or grant.

10) Definitions

County Administration
The person(s) stipulated by the County Executive or designee to carry out the duties of the EDI assigned within these policies to the administration of the EDI, and any other duties relating to the EDI assigned by the County Council and/or Executive.

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EDI
Economic Development Investment Program.

EDI Board
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Improve the economy
The creation of new wealth through primary economic activity (such as manufacturing, value added projects, or extra-regional trade).

In-kind contribution
The donated or loaned real or personal property, volunteer services, and employee services.

Project
An EDI project may include planning, acquisition, construction, repair, reconstruction, replacement, or rehabilitation or improvement to new and existing facilities.

Public Facility
Bridges, roads, domestic and industrial water facilities, sanitary sewer facilities, earth stabilization, storm sewer facilities, railroad, electricity, natural gas, buildings, structures, telecommunications infrastructure, transportation infrastructure, or commercial infrastructure, and port facilities.

Qualifying Proposal
Submitted by a local government, or government agency that has a local presence, a proposal for a public facility project, which meets all program criteria, and is approved for EDI funding by the Whatcom County Council.

Comprehensive Economic Development Strategy
A list of projects is submitted by local agencies to Whatcom County for inclusion in the Comprehensive Economic Development Strategy (CEDS) document, which is updated on an annual or biennial basis and adopted by the County Council. This list of community development projects reflects the community plans and priorities of the County.