

The Economic Development Investment Program Guidelines



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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 and qualified housing providers with eligible proposals. “Public Facilities” include:

- Bridges
- Roads
- Domestic and industrial water facilities
- Sanitary sewer facilities
- Storm water facilities
- Transportation infrastructure
- Railroad
- Electricity
- Natural gas
- Telecommunications infrastructure
- Commercial infrastructure
- Buildings or structures
- Port facilities
- Affordable workforce housing infrastructure or 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.

RCW 82.14 defines affordable housing as, “housing for single persons, families, or unrelated persons living together whose income is no more than 120 percent of the median income, adjusted for housing size, for the county the housing is located.”

2) EDI Program Purpose (WCC 2.130.020)

The board is created to make recommendations to the Whatcom County council to invest in public facilities, consistent with RCW 82.14.370, that further the goals for promoting the industrial, commercial, and residential growth ongoing operation of businesses and creation of housing units in support of economic development in Whatcom County

- A. Increase the number of family wage jobs available to the citizens of the county;
- B. Retain, Expand, and Attract businesses to Whatcom County
- C. Invest in housing infrastructure and affordable workforce housing serving residents at 120% Area Median Income (AMI) or below.
- D. Invest in expansion of broadband internet infrastructure expanding access to affordable and reliable internet for Whatcom County businesses.
- E. Sustain the EDI program through repayment of EDI loans. (Ord. 2003-046 Exh. A; Ord. 2000-022).
- F. Other Criteria. Other criteria as established by legislative actions taken subsequent to the adoption of the ordinance codified in this chapter will be incorporated in the project funding criteria. (Ord. 2003-046 Exh. A; Ord. 2000-022).

3) EDI Program General Policies

- A. Whatcom County will only fund public facility projects that:
 - Comply with all federal, state, county, and other applicable local regulations.
 - Meet EDI Program purpose
 - 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.

- B. Local government entities and qualifying providers of housing (located within Whatcom County) are eligible to apply for EDI program funds.
 - 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.
 - Qualifying provider of housing including nonprofit entity as defined in RCW 84.36.560, a nonprofit entity or qualified cooperative association as defined in RCW 84.36.049, a housing authority, public corporation established under RCW 35.21.660 or 35.21.730, or a county or municipal corporation.

- C. Funding may be used for, see RCW 82.14.370:
 - a. Public facilities projects may include, acquisition, construction, repair, reconstruction, replacement, or rehabilitation or improvement to existing facilities.
 - b. Finance the construction of affordable workforce housing infrastructure, facilities, or land that a qualifying provider owns or uses for housing for those whose income is no more than 120% of the area median income.
 - c. Telecommunications infrastructure (broadband)
 - d. Costs of planning may only be considered if they are directly related to an actual construction or improvement project approved in an EDI application.
 - e. Finance personnel in economic development offices.

- D. Whatcom County funding priority:**
 - Job Creation. Projects that result in immediate or near-term job creation or retention of jobs.
 - Projects that are ‘shovel ready’ and can begin construction within 12 months, or that can obtain full project funding and enter into a funding agreement within 2 years.
 - Housing projects that create housing for the workforce residents as defined in RCW. 82.14. Projects can include construction of infrastructure and facilities, land acquisition, and directly linked predevelopment expenses.
 - Public infrastructure with a direct nexus to increasing housing supply.

- E. Loans: Whatcom County prefers using EDI funding for loans which sustain the revolving loan program through repayment.
- F. An applicant match of at least ten (10) percent of the EDI request is preferred. Local match may be cash or other appropriate revenue source. If infeasible that applicant will be required to justify a lower percent.
- G. Projects that include planning and predevelopment costs may only be considered if the planning component is directly related to an actual construction or improvement project.
- H. When requesting construction funding, the applicant will document all projected permits required to complete the project and describe the timeframe for anticipated receipt of the permits.
- I. 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.
- J. EDI will not increase loan or grant amounts to pay for project cost overruns, or exceed actual project costs.
- K. EDI loans and grants may be used to leverage other funding sources towards the total project financing.
- L. Whatcom County prefers a 2/3 loan and 1/3 grant award.
- M. It is the responsibility of the applicant to comply with all applicable project regulations including state and federal regulations based on project details.
- N. In addition to an annual call for applications, the county will maintain a separate and distinct "Homes Affordable for the Workforce" loan program. See section 9

4) Plan Administration

- The Whatcom County Executive will manage the EDI program including administration of contracts, grants, and loans.
- Whatcom County will award EDI grants and loans on an annual basis. The EDI Board will meet in May and August to formulate recommendations and funding decisions will be made as part of the county budget process.
- The County Council will make final loan and grant approval decisions for all EDI projects.
- The Whatcom County Department of Administrative Services Finance Department will administer the EDI fund.
- EDI funds will be used to pay for the administrative costs of managing the EDI program.
- The County Executive will prepare an annual EDI fund budget as part of the overall Whatcom County budget.
- The County Executive Office will prepare an annual summary evaluation of the EDI program to be presented as part of the county budget process. This evaluation will include:
 - Projects completed during the fiscal year
 - Projects funded in current fiscal year:
 - Lead agency, Project description

5) EDI Board, Board Meetings, and Actions

EDI Board Members: The EDI board will consist of 13 voting members and 1 non-voting member responsible for administration of the EDI program:

1. Members by Organization:

- a. The county executive;
- b. The mayor of Bellingham;
- c. Two mayors of small cities, designated by the Small Cities Caucus;
- d. Member of the county council;
- e. One member of the Whatcom County Business and Commerce committee (business representative)
- f. One member representing the Bellingham/Whatcom County Chamber of Commerce;
- g. One member representing the Associate Development Organization (ADO);
- h. One member representing the Port of Bellingham;
- i. One member representing the Public utility district.

2. Members appointed:

- a. One member of the commercial financing community, with expertise in housing development;
- b. One member from the philanthropic community;
- c. One member of the non-profit housing development community;

3. Non-voting member:

- a. One Whatcom County staff member designated by the County Executive with responsibility for administrating the EDI program

4. The chairperson of the board shall be the Whatcom County Executive.

5. Appointed members of the EDI Board will be appointed by the County Executive and confirmed by the Whatcom County Council.

6. All appointed EDI Board members will serve a 3-year term, and will be limited to 2 consecutive terms

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

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

9. EDI Board Meetings and Actions

- a. The EDI Board will meet in May and August of each year.
 - b. In May, the Board will review the past years awards and review the annual update form from each agency awarded funding, review proposed 'call for projects' process, vote to release a 'call for projects.'
 - c. In August, the Board will review applications for EDI funding and make a prioritized list of projects and recommend awards to the County Council.
 - d. The chair may call a special meeting at any time.
10. The County will arrange administrative support to the EDI Board, and will keep a written record of all board actions.
11. All EDI Board meetings will comply with the Open Public Meetings Act.
12. 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.
13. A quorum will be considered present when at least seven voting board members are present at an EDI Board meeting. 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.
14. 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.
15. 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. .
16. 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.
17. All applicants will be informed about the process for application and the process for review and approval.

6) Application Administration

- 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.
- County Administration will make guidelines and application materials available to potential program recipients through the county website or upon request. The County Administration's EDI Coordinator will assist applicants in utilizing this program, along with other resources and information, in fulfilling community goals and economic development.
- Application Review
 - Applications will be due on July 1 annually.
 - The County Administration will review the application for completeness and may request additional information from the applicant for its submission to the EDI Board.
 - The county administration will submit the proposed application, recommendations, along with all relevant findings from its review of the application to the EDI Board.
 - Applicants are allowed to resubmit a proposal if the EDI Board recommends against it.
 - EDI Board recommendations will be placed on a County Council agenda during the first meeting in September.
- Once County Council has acted to award funding, a successful applicant may request a 'letter of intent' indicating the official council action prior to execution of a loan or grant agreement.

7) Guidelines for Loan Terms –Local Governments

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. Preferred terms:
 - The County will remain flexible to each specific applicant.
 - The loan repayment term will not exceed the useful life of the public facility the loan is for.
 - The intent is to cycle monies as quickly as possible through the EDI fund, with the shortest acceptable loan term.
 - Normal loan terms will not exceed twenty (20) years, unless negotiated otherwise
4. Interest rates associated with EDI loans will be set at the execution of contracts.
5. A 1% interest rate will apply to EDI loans for local government projects.
6. The County will return repayments of EDI loan principal and interest to the EDI fund.
7. 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.
8. 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.
9. 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.
10. 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.
11. It is the responsibility of the applicant to comply with all state and federal regulations.

8) Guidelines for Loan Terms – Housing Projects

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. Preferred terms:
 - The County will remain flexible to each specific applicant.
 - The loan repayment term will not exceed the useful life of the public facility the loan is for.
 - The intent is to cycle monies as quickly as possible through the EDI fund, with the shortest acceptable loan term.
 - Normal loan terms for land acquisition will not exceed ten (10) years unless negotiated otherwise.
 - Normal loan terms for housing construction may need considerably longer terms to align with common affordable housing designations, yet will not exceed thirty (30) years.
4. Interest rates associated with EDI loans will be set at the execution of contracts.
5. A minimum of 1% interest rate will apply to EDI loans, with the loan interest calculated as half of the U.S. Federal funds rate as of the date of the loan acceptance by the applicant.
6. The County will return repayments of EDI loan principal and interest to the EDI fund.
7. 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.
8. 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.
9. 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.
10. 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.
11. It is the responsibility of the applicant to comply with all state and federal regulations.

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.
2. Grant disbursements are contingent on successful completion of deadlines or on an incremental reimbursement basis.
3. Grant funds will in no case exceed total project costs.
4. If other funding sources are involved in a project, disbursements will be made contingent on the continued commitment of the other funding sources.
5. It is the responsibility of the applicant to comply with all state and federal regulations.
6. The county prefers grant applications for predevelopment expenses for workforce housing projects, not to exceed \$200,000.

10) Homes Affordable for the Workforce Program

Open to: Non-Profit Housing Agencies, to pay for government imposed impact fees and utility connection fees such as: Water/Sewer/Storm Drainage utility connection fees, traffic impact, park impact, school impact and fire impact fees.

Applications accepted: Year round

This program was authorized by the Whatcom County Council on January 11, 2011. The program is designed to provide loans for eligible impact fees incurred for the development of affordable housing. Only payments for the local government for utility connection and impact fees are eligible. This straightforward program allows for the County to support the efforts of affordable housing development.

Generally, two types of construction projects are eligible:

1. Long term affordability requires the loan to be secured with a recorded Deed of Restrictive Covenants to ensure affordability the 20-year loan can be transferred if it continues to be affordable for people with incomes at or below 80 percent of the county median income.
2. Temporary affordability requires the loan to be paid in 50 years or at the time of sale or transfer.

Both types of loan incur a 1% Simple Interest, per County Council.

Impact fees and utility connection fees such as: Water/Sewer/Storm Drainage utility connection fees, traffic impact, park impact, school impact and fire impact fees

The fund is sustained by loan payments, and an occasional infusion of monies through the annual EDI program application process.

Process:

- Submission of loan application to the Whatcom County Executive Office
- Loan approval granted within existing budget authority
- Recorded loan assurance documents (Deed, Promissory Note and/or Declaration of Restrictive Covenants are submitted to Executive Office
- Invoices submitted through relative jurisdiction to Executive Office
- Eligible impact fees paid upon receipt of invoice and recorded loan assurance documents

Program notes: Inception to June 2024:
 139 impact fee loans totaling \$2,397,049.80
 33 loans repaid in the amount of \$529,304.47

11) 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.

- **EDI**
Economic Development Investment Program.

- **EDI Board**
Economic Development Investment Program Board.

- **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.

- **Affordable Workforce Housing**
Defined by RCW 82.14 “Affordable Workforce Housing”: housing for single persons, families, or unrelated persons living together whose income is no more than 120 percent of the median income, adjusted for housing size, for the county the housing is located.

- **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.