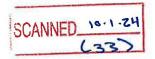
Docusign Envelope ID: CB818764-09E3-4946-9EA7-6F9711229A07

EXP 12/31/2044

2050



WHATCOM COUNTY CONTRACT INFORMATION SHEET

Whatcom County Contract No. **202409004**

Originating Department:	Executive Office
Division/Program: (i.e. Dept. Division and Program)	Non Departmental
Contract or Grant Administrator:	Deputy Executive
Contractor's / Agency Name:	City of Ferndale
Is this a New Contract? If not, is this an Amendment or Ro	
Does contract require Council Approval? Yes O No O Already approved? Council Approved Date:	If No, include WCC: (Exclusions see: Whatcom County Codes 3.06.010, 3.08.090 and 3.08.100)
Is this a grant agreement? Yes O No O If yes, grantor agency contract	et number(s): CFDA#:
Is this contract grant funded? Yes O No O If yes, Whatcom County grant	nt contract number(s):
Is this contract the result of a RFP or Bid process?	Contract
Yes O No O If yes, RFP and Bid number(s):	Cost Center: 332271
Is this agreement excluded from E-Verify? No () Yes (If no, include Attachment D Contractor Declaration form.
Contract work is for less than \$100,000. Contract work is for less than 120 days. Interlocal Agreement (between Governments). Contract Amount:(sum of original contract amount and any prior amendments): \$ 1,000,000 Grant + 2,000,000 Loan This Amendment Amount: \$	Contract for Commercial off the shelf items (COTS). Work related subcontract less than \$25,000. Public Works - Local Agency/Federally Funded FHWA. Coroval required for; all property leases, contracts or bid awards exceeding d professional service contract amendments that have an increase greater 0 or 10% of contract amount, whichever is greater, except when: sing an option contained in a contract previously approved by the council cet is for design, construction, r-o-w acquisition, prof. services, or other costs approved by council in a capital budget appropriation ordinance. award is for supplies. The ment is included in Exhibit "B" of the Budget Ordinance. The cet is for manufacturer's technical support and hardware maintenance of the cet of proprietary software currently used by Whatcom County.
This Interlocal Loan and Grant agreement is to pr Treatment Plant Upgrades project.	
Term of Contract: 20 Years	Expiration Date: 12/31/2044
Contract Routing: 1. Prepared by: twh	Date: 09/09/2024 Date: 09/11/2024
Attorney signoff: BWaldron AS Finance reviewed: BBennett	Date: 09/10/2024
4. IT reviewed (if IT related):	Date:
5. Contractor signed:	Date:
6. Submitted to Exec.:	Date:
7. Council approved (if necessary):	7.624-609 Date: 9,24/24
8. Executive signed:	Date:
9. Original to Council:	Date:



Whatcom County Contract No. 202409004

Economic Development Investment Program Interlocal Loan and Grant Agreement City of Ferndale – Water Treatment Plant Upgrades and Douglas Deep Well Project

1	ĺ(P	A	R	TI	E	S

This Agreement is made by and between **Whatcom County** (hereinafter referred to as **the County**), and <u>City of Ferndale</u> (hereinafter referred to as **the City**).

II TERM

This Agreement takes effect upon execution hereof by the authorized representatives of both parties and continues in effect until all payments required under Section V, MUTUAL CONSIDERATION, Subsection C, REPAYMENT OF COUNTY LOAN, have been made or until terminated as provided for in Section VIII, TERMINATION.

III PURPOSE

The purpose of this Agreement is to provide funding support for the <u>Water Treatment Plant Upgrade and Douglas Deep Well Project</u> (hereinafter referred to as **the Project**) using certain County funds designated for such infrastructure development. These funds will be used to complete the Project as outlined in the Economic Development Investment (EDI) Program Application as attached (Attachment A).

IV RECITALS

The Parties make this Agreement based on and in recognition of certain relevant facts and circumstances including:

- A. Sales and use taxes are collected in and for the County under authority of RCW 82.14.370 and Whatcom County Code 2.130 for the purpose of financing public facilities in the County, and the proceeds are deposited in the Whatcom County Public Utilities Improvement Fund.
- B. The City of Ferndale will construct the Project. The Project will be partially funded by a \$2,000,000 loan from the Whatcom County Public Utilities Improvement Fund, a \$1,000,000 grant from the Whatcom County Public Utilities Improvement Fund, and the balance of the Project will be funded by the City of Ferndale, as outlined in Exhibit B. The Project improvements, when complete, will be owned and maintained by City of Ferndale.

- C. RCW 82.14.370 was adopted to serve the goals of promoting the ongoing operation of business in rural distressed areas, promoting the expansion of existing businesses in rural distressed areas, attracting and developing new businesses, and providing family wage jobs and the development of communities of excellence in such areas. The parties expect the Project to further these goals.
- D. RCW 82.14.370 defines public facilities to include 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 facilities in the state of Washington.
- E. The County has created the EDI Board to review applications for loans and grants from the Public Utilities Improvement Fund and to make recommendations for Public Utilities Improvement Fund investments based on commitment of other funds, potential for resulting job creation, and other factors.
- F. The EDI Board has reviewed the application for Public Utilities Improvement Funds and has recommended approval to the Whatcom County Council.
- G. The County EDI Board has reviewed and recommended this project application be approved with a recommendation of a loan in the amount of \$2,000,000 and a grant in the amount of \$1,000,000 for a total of \$3,000,000. A copy of the EDI application for this project is attached by reference to this Agreement (Attachment C).
- H. The Whatcom County Council reviewed the recommendation and approved a loan to the **City of Ferndale** from the Public Utilities Improvement Fund in the amount of \$2,000,000, and a grant to the **City of Ferndale** from the Public Utilities Improvement Fund in the amount of \$1,000,000.
- I. The Public Utilities Improvement Fund balance is sufficient to make the requested loan and grant to the Project.
- J. RCW 39.34 authorizes interlocal agreements whereby municipal governments may jointly exercise the powers granted to each.

V MUTUAL CONSIDERATION

The parties do not intend to create any new or separate legal or administrative entity by this Agreement but intend for this mutual Agreement to govern the County's financial support for the Project. The terms and conditions contained herein reflect the voluntary participation of the parties.

A. **City of Ferndale** RESPONSIBILITIES: The **City of Ferndale** hereby agrees as follows:

- (i) If after the award of the construction contract, the scope of the Project or the Project budget has changed, the **City of Ferndale** shall provide the County the following <u>updated</u> documents: 1) a detailed description of the project; 2) a project budget itemizing major improvements together with the estimated cost of the improvements; and 3) a schedule showing sources and uses of funding for the project, if any of the aforementioned documents varies from those that were submitted with the **City of Ferndale**'s application for EDI funding.
- (ii) The **City of Ferndale** shall be responsible for all aspects of the design and construction of the project.
- (iii) The City of Ferndale shall be responsible for all aspects of the public works construction contract administration, which shall include, but not be limited to, advertising, bidding, and awarding the contract. The City of Ferndale will comply with all applicable laws, rules and regulations relating to bidding the project. The County shall have no responsibility for the Project other than the funding set forth herein.
- (iv) The **City of Ferndale** shall provide the County with a final report showing the actual cost of the project and the actual sources and uses of funding for the project.
- (v) The **City of Ferndale** shall repay the loan in full in accordance with the terms of Section V.C below and the amortization schedule set forth in Attachment A, attached hereto.
- B. WHATCOM COUNTY'S RESPONSIBILITIES: The County hereby agrees as follows:
- (i) COUNTY LOAN—The County shall *loan* Two Million Dollars and Zero Cents (\$2,000,000) for the Project described herein (the "Loan"). This Loan shall be by County warrant drawn on the Public Utilities Improvement Fund and payable to the **City of Ferndale**, available upon written request after approval and execution of this agreement by the Whatcom County Council and the **City of Ferndale**, and pursuant to the terms contained in (iii) Payout of Loan and Grant Funding.
- (ii) COUNTY GRANT—The County shall issue a grant to the City of Ferndale for up to One Million Dollars and Zero Cents (\$1,000,000) for the Project described herein. Disbursements of grant funding shall be made contingent upon and subject to the continued commitment of the other project funding sources. This amount shall be paid in accordance with Exhibit A.
- (iii) PAYOUT OF LOAN AND GRANT FUNDING—The County shall pay out the loan and grant funding to the **City of Ferndale** up to a maximum of Three Million Dollars and Zero Cents (\$3,000,000) of the total project costs. This amount shall be paid in accordance with Exhibit B, attached hereto. Disbursements of grant and loan funding shall be made contingent upon and subject to the continued commitment of the other project funding sources.

- (iv) Unless the parties to this agreement mutually agree in writing to modify the consideration, the funding identified herein is all the County is obligated to pay towards this project. The City of Ferndale agrees to protect the County from, hold it harmless from, and indemnify it for, any charges that may be levied in excess of the agreed amount.
- C. REPAYMENT OF COUNTY LOAN—The **City of Ferndale** shall repay the Loan as follows:
- (i) The term of the Loan shall be **20** years, commencing from the date that the County disburses the Loan proceeds to the **City of Ferndale**. Interest shall accrue on the unpaid principal at a rate of 1% per annum. Interest shall begin accruing from the date of disbursement of loan funds.
- (ii) The City of Ferndale will make loan payments to the County annually on or before the anniversary date of receiving loan proceeds in accordance with the attached amortization schedule (Attachment A). Loan payments must be delivered to the Whatcom County Executive Department, 311 Grand Avenue, Suite 108, Bellingham, WA 98225.
- Failure to make the payment in the required amount by the date it is due (iii) according to the amortization schedule hereto attached shall constitute an event of default by the City of Ferndale. In the event that the City of Ferndale fails timely to make a Loan payment hereunder, the County shall notify the City of Ferndale of the failure and the City of Ferndale shall have fourteen (14) days to cure its failure. At the option of the County, such an event of default and the City of Ferndale's failure to cure within the stated time period is a sufficient basis upon which the County may take action to collect the amount that is delinquent, and if the County takes action to collect pursuant to this provision, the City of Ferndale shall pay to the County not only the amount owing, but also any collection of reasonable costs incurred by the County. Furthermore, if the City of Ferndale fails to make a payment on the Loan within thirty (30) days of the date it is due. and if the County has provided the City of Ferndale with the notice provided for in this section, then the County may choose to declare the remaining balance of the loan due and owing.
- (iv) There is no prepayment penalty should the **City of Ferndale** desire to retire this debt early, either in whole or in part.

VI RECORDS, REPORTS AND AUDITS

The **City of Ferndale** agrees to maintain such records, make such reports and follow such procedures pertaining to this Agreement as may be reasonably required by the County and as are typically maintained and made by the **City of Ferndale** in the undertaking of a project of this nature. All **City of Ferndale** records pertaining to this Agreement and the Project work shall be retained by the **City of Ferndale** for a period of three (3) years after final audit unless a longer period is required to resolve audit findings or litigation. The County and other authorized representatives of the

State government shall have access to any books, documents, papers, and records of the **City of Ferndale** which pertain to this Agreement or the Project work for the purpose of making audit, examination, excerpts, and transcriptions.

VII RELATIONSHIP OF PARTIES AND AGENTS

Neither the **City of Ferndale** nor the County shall have authority to execute contracts or to make commitments on behalf of the other, and nothing contained herein shall be deemed to create the relationship of employer and employee or principal and agent between the County and the **City of Ferndale**. This agreement does not create, either implicitly or explicitly, any right, duty or obligation that is not expressly provided for herein.

The **City of Ferndale** represents that it has or will secure at its own expense all personnel, contractors, and/or subcontractors required in order to perform the Project work. Such personnel shall not be employees of, or contractors with the County for purposes of the project described herein. All such personnel, contractors, and/or subcontractors shall be fully qualified (as determined by the **City of Ferndale** in its sole discretion) and authorized/permitted under State and/or local law to perform such services.

VIII TERMINATION

If the **City of Ferndale** fails to comply with the terms and conditions of this Agreement, the County may pursue such remedies as are legally available, including, but not limited to, the termination or closeout of this Agreement in the manner specified herein:

- TERMINATION FOR CAUSE— If the City of Ferndale fails to comply with A. the terms and conditions of this Agreement, the County will give notice to the City of Ferndale in writing of its failure to comply. The City of Ferndale will be given thirty (30) days from date of notice to comply with the terms of the Agreement or submit a plan acceptable to the County to bring the City of Ferndale into compliance with the Agreement within a time period reasonably acceptable to the County. Failure to comply with the terms and conditions of this Agreement by either party shall constitute an event of default. In the event of default by the City of Ferndale and a failure by the City of Ferndale to cure as provided for herein, the County may take such remedial actions under the law as are available to cure the default, including the imposition of the reasonable costs of collection. In the event of default by the County, the City of Ferndale may take such remedial actions under the law as are available to cure the default, including specific performance.
- B. TERMINATION FOR OTHER GROUNDS—This Agreement may be terminated in whole or in part by mutual consent and written agreement between the parties, duly authorized and executed, setting forth the conditions of termination, including effective date and, in case of termination in part, that Portion to be terminated.
- IX COMPLIANCE WITH LAWS

The County and the **City of Ferndale** shall comply with all applicable laws, ordinances, and codes of the Federal, State and local governments with regard to the performance of this Agreement.

X INTEREST OF MEMBERS OF THE COUNTY AND THE City of Ferndale

No member of the governing body of either party and no other officer, employee, or agent of either party who exercises any functions or responsibilities in connection with the planning or carrying out of the Project shall have any personal financial interest, direct or indirect, in this Agreement.

XI HOLD HARMLESS AND INDEMNITY

To the extent permitted by law, the **City of Ferndale** shall indemnify and hold harmless the County, its officers, agents, and employees, from all liability, loss or damage, including costs of defense they may suffer as a result of claims, demands, actions, costs, or judgments which result from the activities to be performed by the **City of Ferndale**, its agents, employees, or subcontractors pursuant to this Agreement.

XII ASSIGNABILITY

The **City of Ferndale** shall not assign any interest in this Agreement and shall not transfer any interest in this Agreement (whether by assignment or novation) without prior written consent of the County thereto, provided, however, that claims for money by the **City of Ferndale** from the County under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the County by the **City of Ferndale**.

XIII NON-WAIVER

The failure of either party to insist upon strict performance of any provision of this Agreement or to exercise any right based upon a breach thereof or the acceptance of any performance during such breach shall not constitute a waiver of any right under this Agreement.

XIV CONTRACT MODIFICATIONS

No modification or waiver of any clause or condition of this Agreement shall be binding upon either party unless such modification or waiver is in writing and duly authorized and executed by the County and the **City of Ferndale**.

XV SEVERABILITY

If any Portion of this Agreement is changed per mutual agreement or any Portion is held invalid, the remainder of this Agreement shall remain in full force and effect.

XVI NOTICES

Unless stated otherwise herein, all notices and demands shall be in writing and sent or hand-delivered to the parties to their addresses as follows:

TO City of Ferndale: Jori Burnett, City Administrator

City of Ferndale P.O. Box 936

Ferndale, WA 98248

TO COUNTY: Brad Bennett, Finance Manager

c/o Whatcom County Executive's Office

311 Grand Avenue, Suite 108 Bellingham, WA 98225

or to such other addresses as the parties may hereafter designate in writing. Notices and/or demands shall be sent by registered or certified mail, postage prepaid, or hand-delivered. Such notices shall be deemed effective when mailed or hand-delivered at the addresses specified above.

XVII INTEGRATION

This Agreement contains all terms and conditions to which the County and the City of Ferndale agreed, and this Agreement supersedes all of their previous understandings and agreements, written and oral, with respect to this loan and grant transaction. There are no other oral or written agreements between the City of Ferndale and County as to the loan and grant terms contained herein. No changes or additions to this Agreement shall be valid or binding upon either party unless such change or addition be in writing, duly authorized and executed by both parties.

XVIII GOVERNING LAW AND VENUE

All questions of the validity, construction, and application of this Agreement shall be governed by the laws of the State of Washington. Venue for any suit between the parties arising out of this Agreement shall be the Superior Court of the State of Washington in and for Skagit County, Washington.

XIX RECORDING

Upon execution of this agreement by the parties hereto, the County shall cause it to be posted on the county web site, or otherwise published pursuant to the requirement contained within RCW 39.34.040.

* * * * * * * * * * * * * *

IN WITNESS WHEREOF, the County and the City of Ferndale have executed this Agreement as of the date and year last written below.
Each signatory below to this Contract warrants that he/she is the authorized agent of the respective party; and that he/she has the authority to enter into the contract and to bind the party thereto.
EXECUTED, this day of, 2024, for the City of
Ferndale:
John Burnett, City Manager John Burnett, City Administrator
EXECUTED, this day of, 2024, for WHATCOM COUNTY :
Approved: Accepted for Whatcom County:
Satpal Single Sidler Satpal Sidner Sidner County Executive
Catpar Sidna, Whatcom County Executive
STATE OF WASHINGTON)
) ss COUNTY OF WHATCOM)
Approved as to form:
Brandon Waldron per email 9/11/2024 Chief Civil Deputy Prosecutor Date

Exhibit A SCOPE OF WORK

City of Ferndale – Water Treatment Plant Upgrades Project

The City of Ferndale has requested grant and loan funding from the Whatcom County Economic Development Investment (EDI) Fund. Funding is requested for the Water Treatment Plant Upgrades project.

The City of Ferndale has historically utilized the Nooksack River as the primary source for municipal drinking water and transitioned to well water in the 2010's. This project completes the transition to well water and includes drilling a second deep well into the deep aquifer to provide additional capacity for city growth and provide necessary redundancy to the city's existing wells.

The upgrades to the water treatment plan include updated/different infrastructure which is required after moving from river to well water. The upgrade will ensure 100% reverse osmosis.

The City of Ferndale has contracted for the completion of the Water Treatment Plant and for the Douglas Deep Water Well project. These contracts include not to exceed cost limitations and the overall costs of both projects is therefore known. agreements for the emergency intertie and the intertie has been designed.

This project will enable the City to maintain the municipal water services that the community and businesses rely on and build capacity for growth as well as ensure redundancy during an emergency event. Project scope and timeline are more clearly defined in Attachment B, Project Application.

Exhibit B

City of Ferndale – Water Treatment Plant Upgrades and Douglas Deep Well Project

Loan and Grant Draw Down Requirements

The \$1,000,000 grant funding will be disbursed prior to any loan funding, as follows:

The **City of Ferndale** will send invoices for project expenses to Whatcom County Executive's Office, 311 Grand Avenue, Suite 108, Bellingham, WA 98225. Invoices will include copies of receipts. Funds will be made available by warrant within 30 days following receipt of invoice and are for reimbursement of project expenses only. The request for grant funds should reference the Whatcom County assigned interlocal agreement number.

The \$2,000,000 loan will be disbursed as follows:

Following the disbursal of all grant funds, the loan funds will be made available for application to the project by warrant within 30 days of receipt of written request from **Jori Burnett, City Administrator** of the **City of Ferndale**, and sent to the Whatcom County Executive's office, 311 Grand Avenue, Suite 108, Bellingham, WA 98225. The request will include the full loan amount **(\$2,000,000)**, and a reference to the contract number assigned to this Interlocal Agreement. Repayment of the loan will begin one year from the disbursement date and follow the schedule noted in Attachment A.

BUDGET

Funding Source	Amount
City of Ferndale Funds	\$ 8,000,000
Whatcom County EDI Fund (Loan)	\$ 2,000,000
Whatcom County EDI Fund (Grant)	\$ 1,000,000
TOTAL	\$ 11,000,000

Attachment A Amortization Schedule

	ity of Ferndale
Water Treatment Plant Upgrade	s and Douglas Deep Well Projec
Principal	\$2,000,000
Interest Rate	1.00%
Term (20 years)	20

		Beginning				
#	Year	Balance	Payment	Interest	Principal	Ending Balance
1	2025	\$2,000,000	(\$110,831)	20,000	(\$90,831)	\$1,909,169
2	2026	\$1,909,169	(\$110,831)	19,092	(\$91,739)	\$1,817,430
3	2027	\$1,817,430	(\$110,831)	18,174	(\$92,657)	\$1,724,773
4	2028	\$1,724,773	(\$110,831)	17,248	(\$93,583)	\$1,631,190
5	2029	\$1,631,190	(\$110,831)	16,312	(\$94,519)	\$1,536,671
6	2030	\$1,536,671	(\$110,831)	15,367	(\$95,464)	\$1,441,207
7	2031	\$1,441,207	(\$110,831)	14,412	(\$96,419)	\$1,344,788
8	2032	\$1,344,788	(\$110,831)	13,448	(\$97,383)	\$1,247,405
9	2033	\$1,247,405	(\$110,831)	12,474	(\$98,357)	\$1,149,048
10	2034	\$1,149,048	(\$110,831)	11,490	(\$99,341)	\$1,049,707
11	2035	\$1,049,707	(\$110,831)	10,497	(\$100,334)	\$949,373
12	2036	\$949,373	(\$110,831)	9,494	(\$101,337)	\$848,036
13	2037	\$848,036	(\$110,831)	8,480	(\$102,351)	\$745,685
14	2038	\$745,685	(\$110,831)	7,457	(\$103,374)	\$642,311
15	2039	\$642,311	(\$110,831)	6,423	(\$104,408)	\$537,903
16	2040	\$537,903	(\$110,831)	5,379	(\$105,452)	\$432,451
17	2041	\$432,451	(\$110,831)	4,325	(\$106,506)	\$325,945
18	2042	\$325,945	(\$110,831)	3,259	(\$107,572)	\$218,373
19	2043	\$218,373	(\$110,831)	2,184	(\$108,647)	\$109,726
20	2044	\$109,726	(\$110,823)	1,097	(\$109,726)	\$0

ATTACHMENT B Funding Application

City of Ferndale – Water Treatment Plant Upgrades and Douglas Deep Well Project

Whatcom County Economic Development Investments Program

Application for Funding



Satpal Sidhu, Whatcom County Executive

Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

Preliminary Information and Application

Note: The intent of this Program is to be consistent with State law, RCW 82.14.370

- 1. Who is eligible to apply: Local general or special-purpose governments and higher education.
- What projects are covered: Construction of publically-owned infrastructure, facilities, and related improvements, which enable or encourage the creation or retention of private sector businesses and jobs in Whatcom County consistent with EDI Program Policy Objectives.
- 3. What activities are fundable: New construction, refurbishment, replacement, rehabilitation, renovation or repair. Demolition is allowable if tied to construction. Soft costs allowed within scope of construction budget. No land acquisition except right-of-way included in a construction project.
- 4. What can you use the funds for: Transportation (roads, bridges, rail), utility services (water, sewer, storm, energy, telecom) and public buildings or structures.
- Other Limitations: Planning/feasibility only projects are not eligible. Minimum local match is 10% of EDI request. EDI Board will make recommendations to the County Council which makes the final decision.

Preferential Project Types

First Preference — "JOBS IN HAND PROJECTS" — These types of projects will allow for the immediate creation and/or retention of jobs by providing public infrastructure that directly supports jobs. A perfect example would be a private business that will build or move into a facility and hire employees if a road is built or if water/sewer lines are extended to the site. These types of proposals would include a commitment by the private sector employer to create jobs and provide private investment.

Second Preference - "BUILD IT AND JOBS WILL COME PROJECTS" - These types of projects will construct public infrastructure but are not associated with a specific commitment from a private business to locate and/or create jobs. A perfect example would be the construction of roads and utility infrastructure to serve a new business park that would benefit multiple businesses.

Third Preference – COMMUNITY ENHANCEMENT PROJECTS" – These types of projects generally improve the physical appearance or create community assets to enhance the business climate. Examples would be boardwalk, streetscaping, downtown structures, and other publicly-owned facilities that make a community or region more attractive to existing or future businesses.

2

Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

Preferential Project Terms

First Preference - EDI LOAN - Due to the preferred revolving nature of EDI funds, proposals that are loan only will receive higher scoring. Loan terms and interest rate structure matches the Public Works Trust Fund program. The county will maintain discretion to modify such as including a deferral period.

Second Preference - LOAN/GRANT COMBINATION - The preferred combination of grant funds and loan funds is 1/3 grant, 2/3 loan.

Third Preference - EDI GRANT - Due to the "one-shot" nature of grants, projects of equal scoring requesting a grant only will be scored lower than another similar project requesting a loan/grant mix.

Preferential* Project Amounts (Guidelines)

JOBS IN HAND PROJECTS - \$1,000,000 limit if grant only. \$2,000,000 limit if combination of grant and loan. \$3,000,000 limit if loan only.

BUILD IT AND JOBS WILL COME PROJECTS - \$500,000 limit if grant only. \$1,000,000 limit if combination of grant and loan. \$1,500,000 limit if loan only.

COMMUNITY ENHANCEMENT PROJECTS - \$250,000 limit if grant only. \$500,000 limit if combination of grant and loan. \$750,000 limit if loan only.

*Based on compelling reasons, the EDI Board and County Council may consider exceptions.

3

FILLABLE FORM BEGINS HERE

Past Performance

Past Performance
Have you received EDI Program funding in the past? X ; Yes No
If yes, provide project name and EDI grant/loan awarded: Metalworks Skalepark (grant), pump station upgrade, intertire construction (loan)
If yes, EDI Program staff and/or the EDI Board may conduct an audit to review performance measures against projected outcomes, such as job creation projections.
Has your jurisdiction received any audit findings from the Washington State Auditor in the past 10 years? X Yes; No. If yes, provide details:
Recent financial audits determined that the City of Ferndale lacked sufficient internal controls within its utility billing system, resulting in the undercharging of a limited number of customer accounts begining approximately a decade prior to the discovery. The City has implemented a series of changes, including the acquisition of new utility billing software, and the issue is now considered fully resolved. The State Auditor has also identified an inconsistency related to the reconciliation of financial statements in which no funding was lost, attributable to significant staff turnover within the Finance Department. These issues have also been resolved.

THRESHOLD PROJECT CRITERIA

Evidence of Planning

	Evidence of Planning	
YES NO X X X	Project included on an adopted regional economic strategy ("C Project included in the applicant's Comprehensive Plan. Project included in the applicant's Capital Expenditure Plan or COMMENTS:	_
	COMMENTS.	
	THRESHOLD PROJECT SCORING	
POINTS	Preferential Project Type	
	Jobs In Hand X Build It And Jobs Will Come Community Enhancement	10 points 5 points 2 points
5	Preferential Project Terms	
	Loan Only Loan/Grant Grant Only	10 points 5 points 2 points
5	Preferential Project Amounts	
	Within Dollar Limits Outside Preferred Dollar Limits	5 points 0 points
TOTAL POINTS	To proceed to other parts of the application and to review, a proposed project must score 10 or more procession.	receive EDI Board points on the above
Last Updated: 11/18/	5	

PROJECT APPLICANT

Applicant Name: City of Ferndale
Applicant Address: PO Box 936 Femdale, WA 98248
Applicant Contact Person: Jori Burnett
Applicant Email and Phone Number: joriburnett@cityofferndale.org; 360/685-2351
PROJECT TITLE
PROJECT AMOUNT REQUESTED
§3 million EDI TOTAL - (Loan §2 million ; Grant §1 million
8 million Local Match (10% of EDI request minimum)
PROJECT TYPE Z Build It And Jobs Will Come X Community Enhancement
PROJECT TERMS
Loan Only
PROJECT DESCRIPTION (one page limit)

6

PROJECT DESCRIPTION

(one page limit)

See attached

7

BASIC PROJECT INFORMATION

Fun	ding Source	Amount	Planned/A	pplied For	Se	cured
	eral Dollars	\$	Yes	No×	Yes	No
Stat	e Dollars	\$	Yes	Nox	Yes	No
	al Dollars	\$ 10.6m	Yes ×	No	Yes x	No
EDI	Funding	S 1m (grant)	Yes ×	No	Yes	No
TO	0	\$ 11.6m	1.			
		outside (private) func				ipment)
						ipment)
City utility pr	ojects are typically paid for thre		osed. Include eng	erally eligible for public	grants or loans.	
City utility pr	ojects are typically paid for thro cribe the public infi iling the proposed i	ugh utiliky rates and connection fees	osed. Include eng	erally eligible for public	grants or loans.	
City utility pr	ojects are typically paid for thro cribe the public infi iling the proposed i	ugh utiliky rates and connection fees rastructure being prop improvements as Attac	osed. Include eng	erally eligible for public	grants or loans.	

Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

5.	List all permits and environmental	reviews required for th	ie public project a	and detail their	status
	(completed, in-process, etc.)	•			

	in Process	Date Completed
Preliminary Engineering		Complete as of 3024
Environmental Review		Complete sc of 2024
Design Engineering		Complete as of 3024
Right-of-Way		Correleter as of 2024
Construction Permits		Complete as of 2024
Environmental Permits		Complete as of 3024
Bid Documents		Complete as of 2024
Award Construction Contract		Complete as of 2024
Begin Construction	2024	2024
Project Operational	2025	2025
Contraction to the property and see about of numbers		
		1

6.	Are any other publi	e jurisdictions	involved in the	his project?	If so, in what way?
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No.

7. Who will maintain the public facility/infrastructure to be completed with EDI funds? Will this project impact utility rates within the jurisdiction?

City of Ferndale. Yes, the City anticipates that water rates will need to be modified to increase these additional costs, including the costs of interest paid on interfund or other foans (including EDI foans).

8. Will this project directly generate a revenue stream that could be used to repay an EDI loan? Will this project spur indirect revenues that could be used to repay an EDI loan? If no to either question – why?

See attached

)

Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

9. What other revenue sources are available for this project and have they been considered. This includes forming a Local Improvement District (LID or ULID), issuing Councilmatic Bonds, Revenue Bonds, or other source(s).

See attached. 10. Describe the private development project that will be supported by this public facility project. If there is a committed private sector partner include Contingency Agreement (Attachment C). See attached. 11. Explain why the private development requires the proposed public improvement(s). See attached.		
11. Explain why the private develo	opment requires the propose	ed public improvement(s).
See attached.		
12. What is the status of the associand give the current status (app		eview and permits. List all permits required ssued).
Environmental Review Construction Permits Environmental Permits	In Process	Date Completed 2023 2023 2023

Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

13. Describe the type of industry or economic activity the public development will attract. What is the strategy to attract industry to the project site?

See	attached

14. List the number of projected jobs, by type, to be retained and/or created by the private entity.

	Current Jobs Retained** (In FTEs)	# Of Jobs Created Year 1 (In FTEs)	# Of Jobs Created by Year 5 (In FTEs)	Hourly Wage of current or new position	Local Occupational Hourly Wages***
Occupation					
Mgmt/Admin*					N/A
Technical/Prof					
Office/Clerical					
Production					
Sales					
Skilled Crafts					
Others					
Totals					
				N/A	N/A

^{*} Indicate Management positions in annual salary

a. Projected annual gross payroll for all job classifications \$

This section has been left blank, as the proposed projects are likely to have an indirect, positive impact on most/all businesses in Ferndale.

^{**} Retained jobs are defined as jobs that would otherwise be lost from the county without this project,

^{***} This column will be populated with data from the state before application is distributed and revised annually.

b. Describe fringe benefits the company offers to regular full time employees? (health insurance, retirement plans, etc.)

Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

15. How does this project support the economy of Whatcom County and how does it fit into a county-wide economic development strategy?

See attached

16. What will the effect of this project be on the natural environment – does the project address any issues related to public health, pollution, or quality of life?

See attached

17. Does this project address any existing issues related to public safety and/or does it increase public safety in the future or address a potential future public safety issue?

See attached

18. Describe specific quantifiable measures of the outcomes, other than purely jobs, that will demonstrate project success. Describe how you will measure this and explain what you expect to show as progress toward the outcome.

See attached

Application for Funding - Certification

I HEREBY CERTIFY THAT THE INFORMATION GIVEN IN THIS APPLICATION TO WHATCOM COUNTY FOR INVESTMENTS IN ECONOMIC DEVELOPMENT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature of Responsible Public Official:



DM7/2024

12

PROJECT DESCRIPTION

The City transitioned from Nooksack River water to well water in the early 2010's, the City has drilled new wells, including a deep water well accessing a new, productive aquifer that is primarily disconnected from the Nooksack River. The City has also established a new water processing system to adequately treat the water and to minimize impacts to commercial and household fixtures that occurred soon after the City's transition.

The City is now in the process of constructing planned improvements to the City's Water Treatment Plant, completing the treatment process that will upgrade the overall capacity of the system by 1/3, and establishing six reverse osmosis (RO) units that will have the ability to treat 100% of the City's water.

As a separate project (combined for this application), the City will drill a second well (the Douglas Deep Well) into the deep aquifer. This second well will provide additional capacity for City growth and will provide a necessary redundancy to the City's existing wells.

The City has acquired all necessary water rights in support of these projects, and has completed the permit application for each project. The Water Treatment Plant construction is currently underway and the Douglas Well contract has been signed, with work commencing in summer 2024.

The City requests funding support for these projects, as the actual project costs significantly exceeded engineer's estimates by approximately \$4 million, or 40% above estimates (combined, both projects).

As these projects are necessary to support growth, ongoing operations, and the faith of the community and future development in the City's water systems, a "no action" or "delayed action" option does not exist.

It is anticipated that the City will bear these additional costs through a combination of strategic delays to other planned projects, interfund loans from the City's sewer fund, and other mechanisms, including rate adjustments, in addition to the requested EDI funding. The City expects that any loan repayment will be paid via City utility subscriber fees.

BASIC PROJECT INFORMATION

If EDI funds are approved is funding 100% complete?
 Yes. The City has approved contracts for the completion of the Water Treatment Plant and for the drilling of the Douglas Deep Water Well. These contracts include not to exceed cost limitations, and the overall costs of both projects is therefore known.

As the projects are underway the City must approve budget amendment(s) to support the completion of the projects. Absent EDI or other funding sources the City may need to recommit General Fund monies from other projects, which would result in delays for those projects, and in some cases could result in the return of grant funds to funding agencies, and/or additional costs associated with the project delay.

The City's most likely alternative to pay for these cost differentials would be through an interfund loan from the City's sewer utility. The City cannot subsidize an interfund loan, which means that the interest rate charged to the City's water fund would be approximately 5.42%, a significantly higher cost to the utility than an EDI loan would be.

Proposed Infrastructure

Water Treatment Plant: Construction of a new $^{\sim}2,000$ square foot building within the existing Treatment Plant campus. The structure will house a purpose-built remineralization system including two $20' \times 10'$ calcite contactor tanks, a carbon dioxide injection system, and a pH adjustment system.

Carbon dioxide (CO2) will be used to dissolve the calcite into the permeate. A 6-ton, 16' tall CO2 tank will be installed outside the new building. A CO2 dosing system, using 15-GPM water and the CO2 supply, will inject dissolved CO2 into the permeate discharge piping. A backup CO2 supply will consist of twelve CO2 gas cyclinders.

Final pH will be adjusted by injecting a soda ash solution into the re-mineralized water. This system includes two new 3,000-gallon tanks, a mixing pump, and the existing repurposed dosing pumps. A bridge crane will be installed in the new building for loading calcite and soda ash into the tanks.

Improvements to the existing Water Treatment Plant building include the addition of reverse osmosis units to supplement the three existing RO units. This will improve water production and decrease the rate of membrane scaling. Demolition of existing treatment systems will occur to make room for new equipment within the existing facility.

A new Permeate Flush system will be installed. The system is used to flush the RO filter membranes with permeate on a daily basis in order to extend the useful life of the membranes. A new 4,000 gallon water tank and a 380 GPM pump will be installed. The existing CIP (Clean In Place)/Permeate Flush system will be retained and will be used on a semi-annual basis for chemical cleaning of the membranes.

The existing RO antiscalant system will be rebuilt, adding two more dosing pumps (for a total of six). Antiscaleant is used to maximize water production and protect the membranes from scaling.

The existing greensand filter backwash pump will be re-used and re-purposed for the reminieralization tanks.

Three chlorine injection points will include (10 the permeate discharge pipe and (2) before and (3) after the clear well.

A new distribution system flow meter will be installed to replace the old meter for the discharge to the distribution system, and a new bridge crane will be installed in the existing building for serving the Distribution System Pumps and the new RO Unit(s).

The project is expected to be completed in 2025.

Douglas Deep Water Well

The City proposes the drilling and development of a new deep water well at the City's Douglas Road site. The well will provide necessary redundancy and increased capacity in order to supplement existing wells, and will be the second City well within the deep aquifer. The proposed well will be approximately 1,300 feet deep and will include a final pump chamber casing diameter of 12 inches at a depth of 650 feet minimum. The well will also include a telescopic screen per specifications and will be utilized to pump up to 1,200 gpm.

The water from this well will be blended and treated at the expanded Water Treatment Plant with water from the City's existing water resource portfolio. The water will then be conveyed for use throughout the City.

The drilling project is expected to be completed in 2024 with construction of the wellhouse and pump installation following in 2025-2026.

4. Describe how these improvements will enhance or encourage community vitality and stimulate other private development in the area.

The City cannot grow without sufficient water to serve residential and commercial uses. The City of Ferndale maintains a highly transparent dialogue with the Ferndale community, and the community is well aware of water resource limitations within the region. Upon the City's transition from river water to well water, combined at the time with mandatory water conservation measures, higher incidents of water scaling in domestic and commercial appliances, and increased awareness of upcoming water adjudication, a popular narrative developed that the City of Ferndale was running out of water.

This narrative persists, and had or has the potential to cause land use applicants to hesitate when considering private development in Ferndale. While this narrative has never had a basis in fact, it is true that the City's existing access to water relies heavily on one deep water well, which in turn must rely on mechanical systems to extract water from the ground. Should these systems break or need to be maintained, exclusive reliance on the City's shallow wells has the potential to prevent adequate recharge of those resources.

Put simply, if the Ferndale community believes that it is constrained by a lack of water resources it will lose its vitality. Ferndale is expected to grow more than any community but Bellingham in the next twenty years, based on 2025 comprehensive plan projections. Ferndale is also poised to be a center of employment growth over this same time period.

The costs for these system improvements are normally borne by rate payers, as the water utility is designed to be self-funded. The City has made a series of changes to its water rates over the last five years in order to adequately fund these improvements, however, the specific nature of these improvements combined with inflationary and supply chain factors increased these costs above engineering estimates. The City took a number of steps to combat this increase, including multiple rounds of bidding for the deep water well, but the costs did not decrease. Additional delays would have the potential to further increase costs.

8. Will this project directly generate a revenue stream that could be used to repay an EDI loan? Will this project spur indirect revenues that could be used to repay an EDI loan?

The project, as part of the City's overall water system, will not directly generate a revenue stream. However, the City's utility rates and connection fees are designed to ensure that the water utility generates sufficient revenues to support itself in the long term.

The City is engaged on the development of the 2025 Comprehensive Plan. This plan anticipates future growth and identifies those projects (including water projects) necessary to support that growth. Following the adoption of the Comprehensive Plan by December 31, 2025, the City will work with utility rate consultants to develop updates to its utility rates and will incorporate the costs of not only future projects, but the two projects under consideration in this request. As such, any costs (except grant funding) for these projects will ultimately be paid through utility fees.

In order to ensure that these future fees are sustainable and are not so high as to prevent growth, the City has the responsibility to seek funding options that could reduce the increase to utility rates. In this case, an EDI loan is expected to result in a lower cost for borrowing than an interfund loan or a private market loan. Grant funding to support these projects would further reduce the overall cost to the Ferndale community, through increased utility rates.

9. What other revenue sources are available for this project, and have they been considered?

As noted the primary revenue source for these projects is the City's water fund. The City anticipates that in any funding scenario an interfund loan from either the City's sewer fund or from another City fund will be necessary to support the increased costs: the City must close an anticipated \$4 million shortfall and is requesting a total of \$3 million from EDI, so in a best-case scenario an interfund loan of at least \$1 million will be required.

The City has also considered issuing bonds to support this project. However, the cost of the interest associated with these bonds and for all practical purposes, any other debt structure, will be greater than what is offered through an EDI loan.

10. Describe the private development project that will be supported by this public facility project.

The City is expected to grow by nearly 50% over the next twenty year period, a rate that is expected to be unmatched in Whatcom County. Employment growth is expected to follow a similar trajectory. All growth in Ferndale will be supported by these projects. And it is the City's hope and expectation that none of this development will need to base its decision to build on whether or how these projects were funded.

11. Explain why the private development requires the proposed public improvements.

Nearly every land use, including all residential development, requires water on a daily or even hourly basis. While Ferndale is not under threat of suddenly running out of water, without these

improvements there is the very real possibility of a malfunction within the existing deep well or treatment plant that could suspend water service to the community. The proposed improvements provide additional redundancies and increased capacity to not only sustain current service but to expand capacity and improve overall water quality.

13. Describe the type of industry or economic activity the public development will attract. What is the strategy to attract industry to the project site?

The City anticipates that all development types allowed within the City of Ferndale may be attracted to the City. While the City may need to carefully consider and condition development that would have an extreme water demand, from a practical perspective the proposed projects will provide the City with sufficient overall capacity to support forecast growth, including multiple combinations of potential development.

The City's strategy to attract industry is various and expanding; as an example, the City is embarking on an economic analysis of the Grandview area, through which additional recruitment strategies may be identified. The City is also considering ways to get the word out on other City of Ferndale development initiatives.

Ultimately, the most significant attraction device associated with these projects will simply be the City's ability to support the water needs of current development and future growth. It is hoped and expected that these projects will help to make overall provision of water services as close to a non-issue as is possible at this time in Whatcom County.

15. How does this project support the economy of Whatcom County and how does it fit into a county-wide economic development strategy.

There is no economic development strategy without water. There is no way that the City of Ferndale could plan for population and employment growth without a reliable water resource, treatment mechanism, or conveyance system.

The Whatcom County CEDS document lists the lack of physical water infrastructure as one of the most significant threats (priorities) to the County's ability to grow economically (Whatcom County CEDS document, 2022, Page 22). The projects are also listed in the updated CEDS document.

16. What will the effect of this project be on the natural environment – does the project address any issues related to public health, pollution, or quality of life?

The project is not expected to have a negative or significant impact on the natural environment. On a long-term basis, the project (particularly the Douglas Well) is expected to reduce the City's reliance on existing shallow wells which share an aquifer with several public and private water users. This may reduce overall pressure on these wells.

17. Does this project address any existing issues related to public safety and/or does it increase public safety in the future or address a potential future public safety issue?

In 2023 the City completed an emergency intertie to connect to City of Bellingham water resources in the event of an emergency. The addition of the new deep water well is expected to support City efforts to create multiple redundancies in case of an emergency event such as a major fire which could temporarily spike water use and place additional strain on the City's water resources.

18. Describe specific quantifiable measures of the outcomes, other than purely jobs, that will demonstrate project success. Describe how you will measure this and explain what you expect to show as progress toward the outcome.

The primary measurements of success will be the City's continued ability to provide safe domestic water service on demand to all utility customers, even as the City grows. The City will always seek to conserve water by incentivizing smart and controlled water use, and anticipates that these measures will be sufficient to sustain the resource far into the foreseeable future.



Interlocal Loan & Grant Agreement between Whatcom County and the City of Ferndale

WHATCOM COUNTY Executive Office 311 Grand Avenue, Suite 108 Bellingham, WA 98225



Satpal Sidhu County Executive

MEMORANDUM

TO: Whatcom County Council

FROM: Kayla Schott-Bresler, Deputy Executive

RE: City of Ferndale – Water Treatment Plant Upgrades

DATE: September 10, 2024

Enclosed is the Interlocal Agreement between Whatcom County and the City of Ferndale for your review and signature.

Background and Purpose

On June 11, 2024 the Economic Development Investment Board adopted a recommendation for funding that included the City of Ferndale's Water Treatment Plant Upgrades. The recommendation for funding passed unanimously. The proposed project includes completion of the construction of planned improvements to the City's Water Treatment plant following the transition from Nooksack River water to well water that occurred in the early 2010's. The other phase of the project consists of drilling a second deep well into the deep aquifer to provide additional capacity for City growth and provide necessary redundancy to the City's existing wells. Funding request to support both of the above-mentioned projects, as the actual project costs significantly exceeded engineer's estimates by approximately \$4 million.

The EDI Board recommendations were unanimously approved by the County Council at their July 23, 2024 council meeting.

Funding Amount and Source

This project will be funded through the EDI Fund in the amount of a \$1,000,000 grant and a \$2,000,000 loan for a total of \$3,000,000.

If you have any questions, please contact Kayla Schott-Bresler (kschottb@co.whatcom.wa.us).