

**WHATCOM COUNTY CONTRACT
INFORMATION SHEET**

Whatcom County Contract No.

201901010

Originating Department:	Executive
Division/Program: (i.e. Dept. Division and Program)	EDI Program
Contract or Grant Administrator:	Suzanne Mildner
Contractor's / Agency Name:	Port of Bellingham
Is this a New Contract? If not, is this an Amendment or Renewal to an Existing Contract? Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Amendment or Renewal, (per WCC 3.08.100 (a)) Original Contract #: _____	
Does contract require Council Approval? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If No, include WCC: _____ Already approved? Council Approved Date: _____ (Exclusions see: Whatcom County Codes 3.06.010, 3.08.090 and 3.08.100)	
Is this a grant agreement? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, grantor agency contract number(s): _____ CFDA#: _____	
Is this contract grant funded? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, Whatcom County grant contract number(s): _____	
Is this contract the result of a RFP or Bid process? Contract _____ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, RFP and Bid number(s): _____ Cost Center: _____	
Is this agreement excluded from E-Verify? No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> If no, include Attachment D Contractor Declaration form.	
If YES, indicate exclusion(s) below: <input type="checkbox"/> Professional services agreement for certified/licensed professional. <input type="checkbox"/> Contract work is for less than \$100,000. <input type="checkbox"/> Contract for Commercial off the shelf items (COTS). <input type="checkbox"/> Contract work is for less than 120 days. <input type="checkbox"/> Work related subcontract less than \$25,000. <input checked="" type="checkbox"/> Interlocal Agreement (between Governments). <input type="checkbox"/> Public Works - Local Agency/Federally Funded FHWA.	
Contract Amount:(sum of original contract amount and any prior amendments): \$ <u>250,000.00</u> This Amendment Amount: \$ _____ Total Amended Amount: \$ _____	Council approval required for; all property leases, contracts or bid awards exceeding \$40,000 , and professional service contract amendments that have an increase greater than \$10,000 or 10% of contract amount, whichever is greater, except when : 1. Exercising an option contained in a contract previously approved by the council. 2. Contract is for design, construction, r-o-w acquisition, prof. services, or other capital costs approved by council in a capital budget appropriation ordinance. 3. Bid or award is for supplies. 4. Equipment is included in Exhibit "B" of the Budget Ordinance 5. Contract is for manufacturer's technical support and hardware maintenance of electronic systems and/or technical support and software maintenance from the developer of proprietary software currently used by Whatcom County.
Summary of Scope: Interlocal Loan and Grant Agreement with the Port of Bellingham utilizing EDI Program funding (from the Public Utilities Improvement Fund) for use in the Port's Walsh Marine building expansion project.	
Term of Contract: <u>10</u> years (loan)	Expiration Date: Estimated 12/31/2029

Contract Routing:	1. Prepared by: <u>sm</u>	Date: <u>1/10/19</u>
	2. Attorney signoff: <u>Christopher Quinn</u> <i>COQ</i>	Date: <u>1/11/2019</u>
	3. AS Finance reviewed: <u>M. Caldwell</u> <i>MC</i>	Date: <u>1/5/19</u>
	4. IT reviewed (if IT related): _____	Date: _____
	5. Contractor signed: _____	Date: _____
	6. Submitted to Exec.: _____ <i>✓</i>	Date: <u>1-17-19</u>
	7. Council approved (if necessary): _____	Date: _____
	8. Executive signed: _____	Date: _____
	9. Original to Council: _____	Date: _____

Whatcom County
Contract No.
201901010

Economic Development Investment Program Interlocal Loan & Grant Agreement

I PARTIES

This Agreement is made by and between **Whatcom County** (hereinafter referred to as **the County**), and **the Port of Bellingham** (hereinafter referred to as **the Port**).

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 Walsh Marine Building Project (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 C).

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 Port will construct the Project. The Project will be partially funded by a **\$166,666.67 loan from the Whatcom County Public Utilities Improvement Fund, a \$83,333.33 grant from the Whatcom County Public Utilities Improvement Fund**, and the balance of the Project will be funded by the Port of Bellingham, as outlined in Attachment C. The Project improvements, when complete, will be owned and maintained by Port of Bellingham.
- 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 Port 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 \$166,666.67 and a grant in the amount of \$83,333.33, for a total of \$250,000. A copy of the EDI application for this project is attached by reference to this Agreement.

H. The Whatcom County Council reviewed the recommendation, and approved a loan to the Port from the Public Utilities Improvement Fund in the amount of \$166,666.67, and a grant to the Port from the Public Utilities Improvement Fund in the amount of \$83,333.33.

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. **PORT OF BELLINGHAM RESPONSIBILITIES:** The Port 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 Port shall provide the County the following updated 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 Port's application for EDI funding.

- (ii) The Port shall be responsible for all aspects of the design and construction of the project.
- (iii) The Port 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 Port 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 Port 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 Port 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* One Hundred Sixty-six Thousand, Six Hundred Sixty-seven Dollars and Sixty-seven Cents (\$166,667.67) 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 Port, available upon written request after approval and execution of this agreement by the Whatcom County Council and the Port, 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 Port for up to Eighty-three Thousand Three Hundred Thirty-three Dollars and Thirty-three Cents (\$83,333.33) for the Project described herein. This grant shall be by County warrant drawn on the Public Utilities Improvement Fund and payable to the Port upon approval of this agreement by the Whatcom County Council and the Port, and pursuant to the terms contained in (iii), Payout of Loan and Grant Funding, below.
- (iii) **PAYOUT OF LOAN AND GRANT FUNDING**—The County shall pay out the loan and grant funding to the Port up to a maximum of Two Hundred Fifty Thousand Dollars and Zero Cents (\$250,000.00) of the total project costs. This amount shall be paid in accordance with Attachment 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 Port 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 Port shall repay the Loan as follows:

- (i) The term of the Loan shall be ten years, commencing from the date that the County disburses the Loan proceeds to the Port. 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 Port 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 Dept., Suite 108, 311 Grand Avenue, Bellingham, WA 98225.
- (iii) Failure to make the payment in the required amount by the date it is due according to the amortization schedule hereto attached shall constitute an event of default by the Port. In the event that the Port fails timely to make a Loan payment hereunder, the County shall notify the Port of the failure and the Port shall have fourteen (14) days to cure its failure. At the option of the County, such an event of default and the Port'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 Port shall pay to the County not only the amount owing, but also any collection of reasonable costs incurred by the County. Furthermore, if the Port 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 Port 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 Port desire to retire this debt early, either in whole or in part.

VI RECORDS, REPORTS AND AUDITS

The Port 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 Port in the undertaking of a project of this nature. All Port records pertaining to this Agreement and the Project work shall be retained by the Port 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 Port 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 Port 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 Port. This agreement does not create, either implicitly or explicitly, any right, duty or obligation that is not expressly provided for herein.

The Port 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 Port in its sole discretion) and authorized/permitted under State and/or local law to perform such services.

VIII TERMINATION

If the Port 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:

- A. **TERMINATION FOR CAUSE**— If the Port fails to comply with the terms and conditions of this Agreement, the County will give notice to the Port in writing of its failure to comply. The Port 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 Port 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 Port and a failure by the Port 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 Port 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 Port 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 PORT

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 Port 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 Port, its agents, employees, or subcontractors pursuant to this Agreement.

XII ASSIGNABILITY

The Port 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 Port 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 Port.

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 Port.

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 PORT:

Rob Fix, Executive Director
Port of Bellingham
1801 Roeder Avenue
Bellingham, WA 98225

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 Port 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 Port 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 recorded with the Whatcom County Auditor, or otherwise published pursuant to the requirement contained within RCW 39.34.040.

IN WITNESS WHEREOF, the County and the Port have executed this Agreement as of the date and year last written below.

EXECUTED, this _____ day of _____, 2019, for the **PORT OF BELLINGHAM**:

Rob Fix, Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF Whatcom)

On this _____ day of _____, 2019, before me personally appeared **ROB FIX**, to me known to be the **Executive Director** of the Port of Bellingham and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

NOTARY PUBLIC in and for the State of Washington,
residing at _____.
My commission expires _____.

ATTACHMENT A

**WHATCOM COUNTY
EDI Loan-POB Walsh Marine-Blaine**

Principal \$166,667
Interest Rate 1.00%
Loan Term 10

#	Year	Beginning Balance	Payment	Interest	Principal	Ending Balance
1	2020	\$166,667	\$17,597	\$1,667	\$15,930	\$150,737
2	2021	\$150,737	\$17,597	\$1,507	\$16,090	\$134,647
3	2022	\$134,647	\$17,597	\$1,346	\$16,251	\$118,396
4	2023	\$118,396	\$17,597	\$1,184	\$16,413	\$101,983
5	2024	\$101,983	\$17,597	\$1,020	\$16,577	\$85,406
6	2025	\$85,406	\$17,597	\$854	\$16,743	\$68,663
7	2026	\$68,663	\$17,597	\$687	\$16,910	\$51,753
8	2027	\$51,753	\$17,597	\$518	\$17,079	\$34,674
9	2028	\$34,674	\$17,597	\$347	\$17,250	\$17,424
10	2029	\$17,424	\$17,598	\$174	\$17,424	\$0
			<u>\$175,971</u>	<u>\$9,304</u>	<u>\$166,667</u>	

Attachment B

Port of Bellingham – Walsh Marine Building Project Loan and Grant Draw Down Requirements

The \$83,333.33 grant funding will be disbursed prior to any loan funding, as follows:

The Port of Bellingham 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 \$166,666.67 loan will be disbursed as follows:

Following the disbursement 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 Rob Fix, Executive Director of the Port of Bellingham, 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 (\$166,666.67), 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.

Whatcom County
Economic Development
Investments Program
Application for Funding



Jack Louws, Whatcom County Executive

Whatcom County Economic Development Investment (EDI) Program

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.
- 2. 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.
- 5. 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.

Whatcom County Economic Development Investment (EDI) Program

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.

Past Performance

Have you received EDI Program funding in the past? Yes; No

If yes, provide project name and EDI grant/loan awarded:

Wood Stone \$500,000 loan; Index Industries \$500,000 loan/\$200,000 grant; All American Marine Expansion Project \$2M loan/\$1M grant; “C” Street Terminal \$2M loan/\$1M grant.

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?

Yes; No. If yes, provide details:

Whatcom County Economic Development Investment (EDI) Program
Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

PROJECT APPLICANT

Applicant Name: Port of Bellingham

Applicant Address: 1801 Roeder Avenue, Bellingham, WA 98225

Applicant Contact Person: Brady Scott

Applicant Email and Phone Number: Bradys@portofbellingham.com 360-676-2500

PROJECT TITLE

Walsh Marine Building, Blaine Marine Industrial Area

PROJECT AMOUNT REQUESTED

\$ 250,000 EDI TOTAL - (Loan: \$ 166,666.66; Grant: \$ 83,333.33)

\$ 293,700 Local Match - (10% of EDI request minimum)

PROJECT TYPE

X Jobs In Hand _____ Build It And Jobs Will Come _____ Community Enhancement

PROJECT TERMS

___ Loan Only X Grant/Loan ___ Grant Only If a loan, term requested: 20 (years)

PROJECT LOCATION: 218 McMillan Drive, Blaine, WA 98230

Whatcom County Economic Development Investment (EDI) Program

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

PROJECT DESCRIPTION

(one page limit)

The Walsh Marine Building Project located at the Blaine Marine Industrial Area will provide the necessary infrastructure upgrades and facilities to allow the Walsh Marine Boatyard, owned and operated by Norm Walsh, to remain economically viable and provide increased services beyond its current capacity.

The project involves the construction of a 2,240 square foot pre-fabricated partially insulated building for use on the Walsh Marine leasehold in conjunction with their boatyard operations. The building will include an open bay, machine shop, wood shop, tool room, office and bathroom on the ground level, with a parts department and lunchroom on the mezzanine level and a storage loft above the machine and wood shop space. The open bay area will have high ceilings and will provide indoor space for small boats to be worked on. The conceptual design and layout of the building was developed by Norm Walsh owner and operator of Walsh Marine in order to provide a base of operations to efficiently manage the boatyard.

Walsh Marine is the only boatyard in Blaine that can handle large vessels and has a loyal customer base of commercial and recreational vessels, both large and small. Walsh Marine is also one of the few remaining boatyards that uses a marine railway system to haul and launch vessels, which is a preferred method for certain older and wooden vessels. In conjunction with the marine railway, the boat yard is equipped with a side rail system to move vessels off the main rails to be worked on while keeping the marine railway in use, thus increasing the capacity of the yard. Walsh Marine also uses a travel lift to haul and launch smaller vessels. Walsh Marine has been operating at the site since 2011 and the owner, Norm Walsh, is a second generation shipwright who has spent most of his life in the boatyard industry.

In 2010, a shop building previously on site was demolished and the side rail area was covered with a large tent structure to provide a covered work area. Since 2011, when Walsh Marine took over management of the boatyard, the boatyard has operated out of a temporary office trailer, two webblockers, several containers and under the large tent structure originally designed to shelter the side rail system, the latter making the side rail system nonfunctional. These temporary facilities no longer effectively serve the boatyard: the temporary office trailer is deteriorating, the tent facility has been damaged beyond repair by storms and is scheduled for removal, and the webblocker is being demolished and rebuilt in another location. Due to the condition of the tent, Walsh Marine is currently operating outside in all weather conditions. This new building facility will: (i) replace and consolidate these existing facilities, (ii) provide dry and sheltered space for boatyard work, (iii) allow the shipyard to be operated more efficiently, and (iv) allow the side rail system to be put back into productive use.

Walsh Marine has also indicated an interest to expand their leasehold into property where the webhouse is currently located and being demolished. The site is also scheduled for environmental remediation due to legacy contamination in portion of the site. This new building facility is a necessary precursor to expansion of the boatyard and will help facilitate further economic development at the Blaine Marine Industrial Area. Furthermore, being outside the environmental remediation area will serve as a productive work area during cleanup.

This project retains and grows a key marine trades employer in Blaine and, as a "jobs-in-hand" project, is an optimal use of EDI funds.

Whatcom County Economic Development Investment (EDI) Program

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

BASIC PROJECT INFORMATION

1. Complete the public project budget and status of funds below. If EDI funds are approved is funding 100% complete? X Yes; ___ No

The Port will use \$293,700 of its capital budget and \$250,000 in EDI grant/loan funds to complete the project. 54% of the project to be funded by the Port, 15% by EDI grant and 31% by EDI loan.

<u>Funding Source</u>	<u>Amount</u>	<u>Planned/Applied For</u>		<u>Secured</u>	
Federal Dollars	\$ _____	Yes ___	No ___	Yes ___	No ___
State Dollars	\$ _____	Yes ___	No ___	Yes ___	No ___
Local Dollars	\$ 293,700.00	Yes <u>X</u>	No ___	Yes <u>X</u>	No ___
EDI Funding	\$ 250,000.00	Yes <u>X</u>	No ___	Yes ___	No <u>X</u>
TOTAL	\$ 543,700.00				

2. Describe the amount of outside (private) funding committed to the project (eg. Plant and equipment).

Walsh Marine will be moving existing boat yard equipment valued at approximately \$20,000 into the facility. This equipment consists of a variety of different items such as bandsaws, table saws, floor planer, lathe, milling machine, floor press, hydraulic hose presses, pipe threading machines, welding machines, plasma cutters, portable touch sets, drill press, eye wash station and compressors. Walsh Marine will also be moving office equipment, shelving and storage bins into the building valued at approximately \$3,000. Additionally, Walsh Marine will be investing approximately \$5,000 in new inventory to increase its parts department and as a basis to start a small marine chandlery. In addition, Walsh Marine will be paying rent under the terms and condition of the Lease, including rent for the new building improvement.

3. Describe the public infrastructure being proposed. Include engineering estimates and a site map detailing the proposed improvements as Attachments A and B.

The project involves the construction of a 2,240 square foot pre-fabricated partially insulated building for use on the Walsh Marine leasehold in conjunction with their boatyard operations. The building will include an open bay, machine shop, wood shop, tool room, office and bathroom on the ground level, with a parts department and lunchroom on the mezzanine level and a storage loft above the machine and wood shop space. The open bay area will have high ceilings and will provide indoor space for small boats to be worked on. The engineering estimate, included as Attachment A, is \$543,700. A site map showing the proposed improvement is included as Attachment B.

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

The project will allow a small boatyard to remain in Blaine and provides much needed upgrades to its infrastructure. Walsh Marine has been operating at the site since 2011. Walsh has been operating in harsh conditions as the existing tent structure was damaged beyond repair in winter storms. Walsh Marine has been operating the boatyard exposed to the elements and this project would allow a number of activities to be housed under one roof and away from the elements, increasing employee efficiency and decreasing the environmental impact to the site and adjoining areas.

Whatcom County Economic Development Investment (EDI) Program

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

This project is part of the Port's development of the industrial area in Blaine, which includes environmental cleanup and site redevelopment. Separate projects are underway that will demolish old buildings and open up the site for Walsh Marine to expand and new business to be co-located. The Port has already received interest from other marine business about the future potential of the area and once the work is complete anticipates increased marine activity in the Blaine Marina industrial area. The increase in marine activity and development would not be possible without completing this project and the corresponding new site layout.

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

	In Process	Date Completed
Preliminary Engineering	_____	<u>June 2018</u>
Environmental Review	<u>X</u>	_____
Design Engineering	<u>X</u>	_____
Right-of-Way	<u>N/A</u>	_____
Construction Permits	<u>X</u>	_____
Environmental Permits	<u>X</u>	_____
Bid Documents	<u>X</u>	_____
Award Construction Contract	_____	_____
Begin Construction	_____	_____
Project Operational	_____	_____

6. Are any other public jurisdictions involved in this project? If so, in what way?

City of Blaine – SEPA review, shoreline, building, mechanical and electrical permits

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

The Port will own the building which will be authorized for use by Walsh Marine through a lease agreement. As a condition of the lease, Walsh Marine will be responsible for ongoing operations and maintenance of the facility. Utility rates will not be affected.

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?

Yes, The Port lease with Walsh Marine and rental stream generated from other Port real estate will secure the repayment of the \$166,666.66 loan. The Port will repay the EDI loan over 20 years. The project does not spur indirect revenues for repayment.

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 Councilmanic Bonds, Revenue Bonds, or other source(s).

The Port will be paying for the balance of the project costs from its capital funds. Tenant lease revenue and funds generated by the real estate division will provide debt service.

Whatcom County Economic Development Investment (EDI) Program

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

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).

Walsh Marine has been operating a boat yard in Blaine since 2011. Prior to forming Walsh Marine, Norm Walsh, worked for many years with Westman Marine at the same site. Upon the closure of Westman Marine in 2010 Norm formed Walsh Marine to continue operations at the boatyard. Walsh Marine currently employs 4 full time staff. Walsh Marine offers painting, carpentry and fiberglass repair, welding and vessel construction services. Walsh Marine has been operating out of a mobile office trailer, a tent structure and storage in two of the Port's weblockers. Over the years, winter storms have badly damaged the current tent structure at the site and the tent no longer provides protection from the elements. The new Pre-Fab building will consolidate these activities under one roof and provide for a dry protected environment for boatyard activities.

11. Explain why the private development requires the proposed public improvement(s).

Over the years, winter storms have badly damaged the current tent structure at the site and the tent no longer provides protection from the elements. The new building will consolidate these activities under one roof and provide for a dry protected environment for boatyard activities. The Port will be demolishing its current weblocker building which is adjoining the Walsh leasehold. Removal of the weblocker building allows for Walsh Marine to expand and the new building will be located for optimal utilization of the site. The project, including the weblocker demolition, and environmental cleanup are all part of the industrial are redevelopment and necessitate public improvements.

12. What is the status of the associated private development review and permits? List all permits required and give the current status (applied for, being reviewed, issued).

	In Process	Date Completed
Environmental Review	<u>N/A</u>	
Construction Permits	<u>N/A</u>	
Environmental Permits	<u>N/A</u>	

Whatcom County Economic Development Investment (EDI) Program

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?

This is a "Jobs in Hand" project. Construction of the new Pre-Fab building will directly support existing jobs at Walsh Marine and allow for the addition of new hires.

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

Occupation	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***
Mgmt./Admin*	1.5			\$23-25	N/A
Technical/Prof					
Office/Clerical					
Production					
Sales					
Skilled Crafts	2.5	2.5	2.5	\$18 to 25	
Others					
Totals	4.0	2.5	2.5	N/A	N/A

* Indicate Management positions in annual salary.

** 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.

- a. Projected annual gross payroll for all job classifications. Approximately \$390,000 (with addition of new jobs)
- b. Describe fringe benefits the company offers to regular full time employees? (health insurance, retirement plans, etc.) None currently; five-year goal is to offer health insurance and vacation time to regular full time employees.

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

Marine Trades is a target section in the Port's countywide development strategy. From a manufacturing and business operations perspective, Bellingham, Blaine and the region has served as a home to boat and ship building and repair companies for more than 100 years. There has been a boatyard in Blaine at the Walsh Marine site since the early 1950's. The community has long-established and newer companies providing a network of local suppliers, repair shops and experienced and skilled workforce. The Port of Bellingham uniquely provides maritime real estate and marina space and economic development support.

Whatcom County Economic Development Investment (EDI) Program

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

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 new building will allow Walsh Marine to perform some of its waste generating activities such as sanding and painting in a controlled environment. The new building will allow Wash Marine to better control the waste generated and prevent any runoff from entering Blaine Harbor. The building will be semi insulated providing for a better work environment and will be utilizing LED lighting to lower power consumption.

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?

Removal of the tent, mobile office and the Port's weblocker building will allow for site reconfiguration which will improve access to/from and around the boatyard. The building will provide for a better work environment for Wash Marine's employees and customers. The project is being coordinated with the Ports environmental cleanup of the area which will benefit from the new site layout.

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.

With an office and work building Walsh Marine will increase its business activity. The overall site will benefit by deconstructing the tent and mobile office and consolidating its activities under one roof. Success will be evidenced by more efficient and harmonious activity within the Boatyard.

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:



Date

9/17/18

Whatcom County Economic Development Investment (EDI) Program

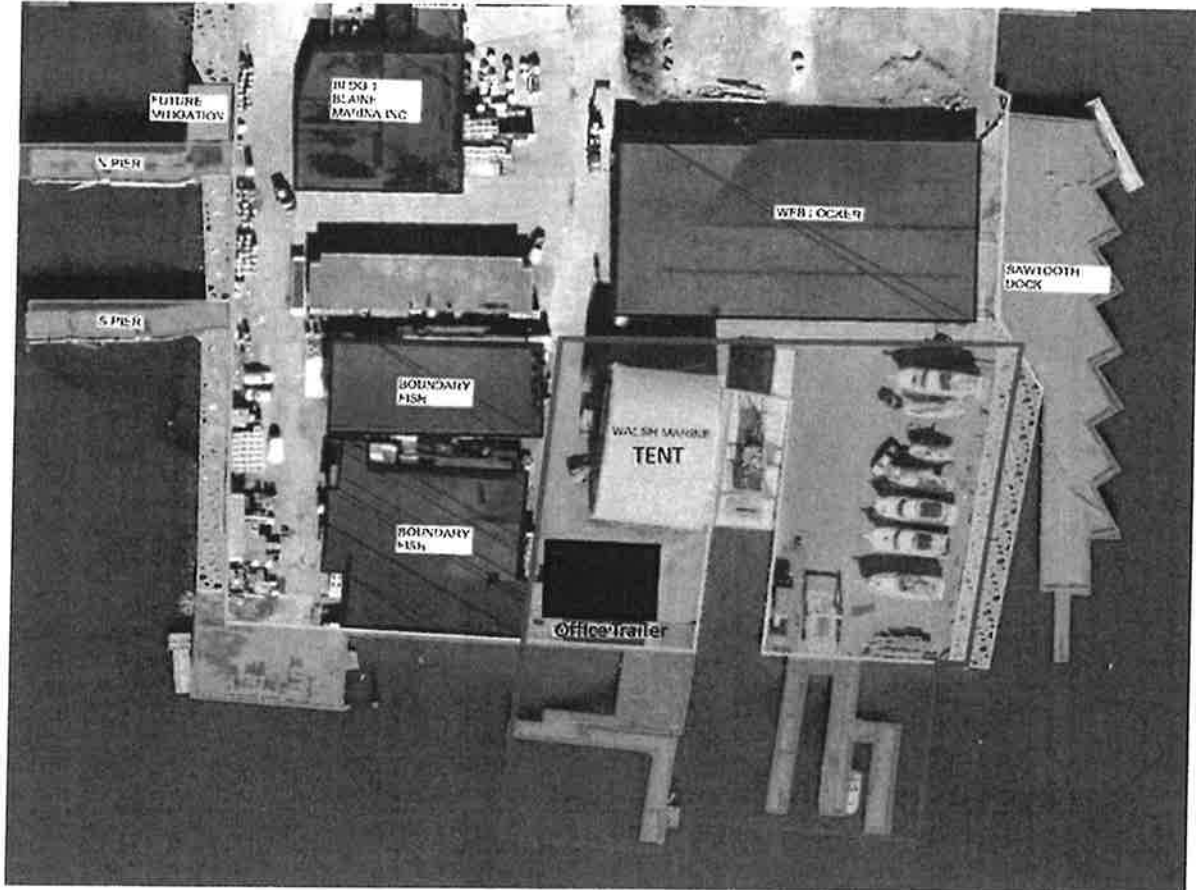
Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

Attachment A

Hard Costs	Qty	Unit Cost	Total
Building (40'X56' - 18'-20' Walls)	2,240 sf	\$ 100	224,000
Insulation & Sheathing*	3,600 sf	\$ 8	28,800
Mezzanines	1,300 sf	\$ 40	52,000
Office & Lunch Room	350 sf	\$ 30	10,500
Stairs	1 ea	\$ 5,000	5,000
MEP	2,240 sf	\$ 17	38,100
Elec. Service Allowance	1 ea		10,000
Total			\$ 368,400
Contractor's Fee - 12%			44,200
Subtotal			\$ 412,600
Soft Costs			
Blaine Sales Tax	8.7%		35,900
A / E Fees**	7%		28,900
Port Admin Costs			10,000
Permit Fees (Estimate)			15,000
Construction Contingency	10%		41,300
			\$ 131,100
Combined Hard & Soft Costs			\$ 543,700

Whatcom County Economic Development Investment (EDI) Program
Revolving Loan and Grant Program to Encourage Creation or Retention of Private Sector Jobs

Attachment B



Whatcom County Economic Development Investment (EDI) Program

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

