

PORT OF BELLINGHAM
APP #2019-01

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JACK LOUWS
COUNTY EXECUTIVE

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.

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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: “C” Street Terminal \$2m Loan/\$1m Grant; Index Industries \$500,000 Loan/ \$200,000 grant; All American Marine \$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:

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THRESHOLD PROJECT CRITERIA

Evidence of Planning

YES	NO
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

- Project included on an adopted regional economic strategy (“CEDS” list).
- Project included in the applicant’s Comprehensive Plan.
- Project included in the applicant’s Capital Expenditure Plan or adopted budget.

COMMENTS: The project is in the 2019 Port of Bellingham CEDS project list submitted to the WCOG and County. The project is included in our Regional Economic Development Comprehensive plan and will be added to the Port of Bellingham’s Expenditure Plan in 2020.

THRESHOLD PROJECT SCORING

POINTS
10

Preferential Project Type

- Jobs In Hand *10 points*
- Build It And Jobs Will Come *5 points*
- Community Enhancement *2 points*

2

Preferential Project Terms

- Loan Only *10 points*
- Loan/Grant *5 points*
- Grant Only *2 points*

5

Preferential Project Amounts

- Within Dollar Limits *5 points*
- Outside Preferred Dollar Limits *0 points*

17

TOTAL POINTS **To proceed to other parts of the application and to receive EDI Board review, a proposed project must score 10 or more points on the above section.**

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PROJECT APPLICANT

Applicant Name: Port of Bellingham

Applicant Address: 1801 Roeder Ave

Applicant Contact Person: Gina Stark

Applicant Email and Phone Number: Ginas@portofbellingham.com 360-715-5117

PROJECT TITLE

Rural Broadband Construction Project, Whatcom County

PROJECT AMOUNT REQUESTED

\$ 750,000 EDI TOTAL - (Loan \$ _____ ; Grant \$750,000 _____)

\$75,000 Local Match (10% of EDI request minimum)

PROJECT TYPE

Jobs In Hand

Build It And Jobs Will Come

Community Enhancement

PROJECT TERMS

Loan Only

Grant/Loan

Grant Only

If a loan, term requested: _____(years)

PROJECT LOCATION: The first phase of the construction starts on the Mt. Baker Highway headed east. At Nugent corner it splits off and goes north towards Limestone and east to Glacier.

PROJECT DESCRIPTION

The Whatcom County Rural broadband fiber project will create a carrier grade open access dark fiber network. The network will provide broadband to our local businesses and community members who currently are unserved or underserved by the current fiber infrastructure. In addition, the network will also provide the necessary infrastructure for strong cell coverage that is essential to our firefighters, EMTs, Sheriffs, and other first responders out in the County. (See Attachment)

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BASIC PROJECT INFORMATION

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

If EDI funds are used it would contribute to the completion of segment 1 of this project.

<u>Funding Source</u>	<u>Amount</u>	<u>Planned/Applied For</u>		<u>Secured</u>	
Federal Dollars	\$ _____	Yes ___	No ___	Yes ___	No ___
State Dollars	\$ <u>1.3 million</u>	Yes <u>x</u>	No ___	Yes ___	No <u>x</u>
Local Dollars	\$ <u>75,000</u>	Yes <u>x</u>	No ___	Yes <u>x</u>	No ___
EDI Funding	\$ <u>750,000</u>	Yes <u>x</u>	No ___	Yes ___	No <u>x</u>
TOTAL	\$<u>2,125,000</u>				

2. Describe the amount of outside (private) funding committed to the project (eg. Plant and equipment). There is currently no private funding committed to this project.

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

We are constructing an open access carrier grade dark fiber network. The engineering of segment 1 is \$247,888.82 and the overall cost of construction is 2,038,196.93. A majority of the build is aerial however, we don't anticipate having to do any poll replacement.

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

This open access network will encourage investments by Internet Service Providers (ISPs) in our rural communities and will provide opportunities for choice between services and prices. This investment will enable existing business to grow their business and encourage new businesses to locate in these communities. Having this network would also open up the market for more home based business. These combined elements will encourage private investment in the area.

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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> X </u>	<u> </u>
Environmental Review	<u> </u>	<u> </u>
Design Engineering	<u> </u>	<u> </u>
Right-of-Way	<u> </u>	<u> </u>
Construction Permits	<u> </u>	<u> </u>
Environmental Permits	<u> </u>	<u> </u>
Bid Documents	<u> </u>	<u> </u>
Award Construction Contract	<u> </u>	<u> </u>
Begin Construction	<u> </u>	<u> </u>
Project Operational	<u> </u>	<u> </u>

The

We are currently putting RFPs together to bid out for engineering/ construction companies to do the work. We plan to begin construction in Spring of 2020.

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

The townships of Kendall, Mt. Baker, Deming and Glacier, as well the school districts are aware of the project. The Small City Caucus is highly supportive of the project. We will continue to do outreach and keep them informed as the project moves forward. In addition, we are working in partnership with PUD No 1 of Whatcom on this project.

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 of Bellingham will provide the initial maintenance and operations of the fiber network. The Port may subcontract for some of the maintenance services. In the future, the Port and PUD may partner on the maintenance of the network. There will be no impact to utility rates.

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?

The project is expected to generate revenues however the revenues will be needed to pay for the operation and maintenance of the system. If a loan is necessary, then a portion of the revenues could be used to repay an EDI loan but unlikely.

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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 other source of funding for this project is the Community Economic Revitalization Board (CERB) Grants/Loan program. We have explored the option of Federal funding under the USDA Re-Connect and Community Connect program but this project does not match the guidelines/requirements for their grants/loans.

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).

The private investment in this project will be in the form of the ISPs that agree to lease our dark fiber and the potential for the construction of additional cell towers.

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

This is not a private development however it will require the participation of private ISPs. It is set in the guidelines of CERB funding the project is required to be a publicly owned open access infrastructure. However, since it is a publicly owned network it allows for multiple providers to lease the dark fiber and provide services to the end users.

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). There is not private development.

	In Process	Date Completed
Environmental Review	_____	_____
Construction Permits	_____	_____
Environmental Permits	_____	_____
_____	_____	_____

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 introduction of rural broadband will make these areas more marketable to new businesses to establish their business in the rural region. This project also encourages the growth of more home-based businesses who currently are unable to do so based upon lack of high speed internet. The network will also enable businesses to grow their on-line marketing base which will provide them with access to new markets that were previously unobtainable to them. In addition, if businesses are paying significantly less for internet services they can invest this additional capital back into their business. Our economic development division will advertise and promote the new connectivity of the area to existing and potential new businesses that we work with. We will also encourage our other economic development partners to market the new connectivity of these communities.

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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	1	\$62,000	N/A
Technical/Prof		2	5	\$26.89	
Office/Clerical					
Production					
Sales					
Skilled Crafts		1	5	\$25.81	
Others					
Totals		4	11	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 \$ 214,812.80 year one/\$567,920 at the five year (this will cover the whole network build) This does not count the employment due to construction.
- b. Describe fringe benefits the company offers to regular full time employees? (health insurance, retirement plans, etc.) Health insurance (medical and dental) Paid sick leave, paid time off, and retirement. Some may be contracted so unsure of what their benefits will be.

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

The Whatcom County Economic Development Strategy states that investing in infrastructure is very important in maintaining the competitiveness of the region, including broadband access and reliable cellular phone service. Also the CEDS supports the smaller communities in order to grow their economies and recognized as one of their impediments is the lack of infrastructure especially high speed internet and reliable cell phone services. This project would address a major impediment to the growth of our rural communities.

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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 Rural Broadband Project of Whatcom County does not affect the natural environment. The project does address public health and safety.

Rural broadband will enable first responders to communicate to community members who currently have difficulty calling 911 due to lack of cell coverage. Segment 1 will be the first phase of a network that will enable the establishment of hotspots allowing EMT's to send real time information to the local hospitals. Finally, it will provide the necessary technology for the development of tele-medicine giving rural communities emergency medical information. All of these elements will increase the quality of life for rural Whatcom County residents.

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?

Yes, the project does. Cell services is seriously lacking along this route. Currently, community members lack adequate cell coverage to dial 911. Once this project is completed it will increase cell coverage enabling first responders to communicate to their community member and to each other. This project will provide a market for cell phone carriers. With the increased coverage community members will be able to dial 911 and receive the help they need.

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.

In early 2019 we conducted an in depth survey of regional gaps and needs. After implementation we will conduct an additional survey and compare the results. Our intention will be to measure how many new businesses locate in the area and how many businesses expand. We will also be able to measure the number of ISPs on the network, the increase in fiber to the home and businesses and the increase of revenues.

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

4/29/19

Project Description

The Whatcom County Rural broadband fiber project will create a carrier grade open access dark fiber network. This network will provide broadband to our local businesses and community members who currently are unserved or underserved by the current infrastructure. This network will also provide the necessary infrastructure for strong cell coverage that is essential to our firefighters, EMTs, Sheriffs, and other first responders out in the County.

The Whatcom County Rural Broadband project includes four routes throughout the county totaling 113.2 miles. This project we are focusing on the construction of segment 1 which goes from Bellingham to Glacier and north east up Hwy 543 just past Kendall. Other routes go from Lynden to Blaine, Blaine to Lummi, and down Hwy 9. This project will include laying of fiber along PSE poles, in conduit, and underground. It will also include the construction of vaults along the various routes.

This is a project that will result in immediate employment opportunities for our community in the form of planning, engineering and construction jobs. In the long term this system will provide broadband service to our small business enabling them to grow and expand their businesses increasing the amount of jobs and our overall economy. It will make our rural community more marketable to outside businesses who may want to come to our area. This project grows and retains jobs in Whatcom County and provides opportunity for equity for our community members.

Segment 1 Construction Costs (40.6 Miles)



