

RESOLUTION

2017 103

BEFORE THE BOARD OF COMMISSIONERS OF BENTON COUNTY, WASHINGTON

IN THE MATTER OF RESCINDING RESOLUTION 00-202, AND
ADOPTING A REVISED RURAL COUNTY CAPITAL FUND DISBURSEMENT POLICY

WHEREAS, RCW 82.14.370, adopted by the Washington State Legislature in 1997, authorizes certain qualified counties like Benton County to impose a "sales and use tax for public facilities", intended to facilitate economic development, job creation, and tax revenue in the community; and,

WHEREAS, Benton County has implemented such a tax, and deposits resultant revenues into a budget fund called the "Rural County Capital Fund"; and,

WHEREAS, Resolution 00-202, adopted 8 May 2000, created a *Rural County Capital Fund Disbursement Policy*, outlining the policy and procedures for the disbursement of monies from the Fund to the cities and ports within Benton County accumulated between 1 August 1999 and 31 July 2001, after which time newly-accumulated monies would be used for debt service on the expanded Benton County Jail and District Court facilities; and,

WHEREAS, it has been determined by the County that Rural County Capital Fund monies are no longer needed to satisfy debt service on the Jail and District Court facilities, and that disbursements from the Fund in support of city and port sponsored capital projects in the community should resume; and,

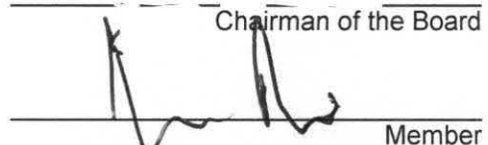
WHEREAS, an updated *Rural County Capital Fund Disbursement Policy* has been developed to guide and facilitate disbursement of these monies from this point forward; **NOW THEREFORE**,

BE IT RESOLVED by the Board of County Commissioners that Resolution 00-202 is hereby rescinded, and that the attached *Rural County Capital Fund Disbursement Policy* is hereby adopted.

Dated this 31 day of Jan, 2017.



Chairman of the Board



Member



Member

Constituting the Board of Commissioners
of Benton County, Washington.

Attest.....
Clerk of the Board

orig: Commissioners
cc: Auditor, Sustainable Development

Prepared by: A.J. Fyall

RURAL COUNTY CAPITAL FUND DISBURSEMENT POLICY

Adopted by Resolution 2017-103 - January 31, 2017

This Disbursement Policy, effective upon the date adopted by resolution by Benton County, governs the disbursements from the County's "Rural County Capital Fund" to the cities of Benton City, Kennewick, Prosser, Richland, and West Richland, all municipal corporations of the State of Washington (collectively, the "Cities"), and the ports of Benton and Kennewick, each special purpose districts of the State of Washington (collectively, the "Ports"), for the purposes of funding capital improvement projects within those jurisdictions as allowed by state law.

RECITALS

WHEREAS, RCW 82.14.370 was initially adopted in 1997 to authorize certain qualified county legislative authorities to impose a "sales and use tax for public facilities in rural counties" at the rate of 0.04%, which through subsequent legislation was increased to the rate of 0.08% in 2000, and to the current rate of 0.09% in 2007; and,

WHEREAS, by Ordinance 332 (July 6, 1998), the County added a new chapter to Title 8 of the Benton County Code entitled "Distressed Area Sales and Use Tax", imposed the new .04% sales and use tax as allowed for by RCW 82.14.370, and created a new fund entitled "Distressed Area Capital Fund" for the deposit of revenues collected under the tax; and,

WHEREAS, by Ordinance 352 (August 2, 1999), the County raised the amount of the sales and use tax to .08% (effective January 1, 2000) as allowed by RCW 82.14.370, changed the name of the Title 8 in the Benton County Code to "Rural County Sales and Use Tax", and changed the name of the revenue receipt fund to "Rural County Capital Fund"; and,

WHEREAS, on May 8, 2000, the County adopted a *Rural County Capital Fund Disbursement Policy* outlining the policy and procedures for the disbursement of funds to the Cities and Ports, for revenue deposited into the Rural County Capital Fund (the "Fund") prior to August 1, 2001 (Resolution 00-202); and,

WHEREAS, the County and the Cities executed a *Debt Participation Agreement – Jail and District Court Expansion*, agreeing that all revenue deposited into the Fund after August 1, 2001, would be contributed in its entirety toward payment of debt service on the bonds used to fund the expansion of the Benton County Jail and District Court facilities, so long as the funds were needed to retire the bond debt (Resolution 00-233, June 5, 2000; recorded June 20, 2000); and,

WHEREAS, the County and the Cities amended and restated the original *Debt Participation Agreement – Jail and District Court Expansion*, but made no changes to the authorized use of the Rural County Capital Fund, which remained fully-dedicated to retirement

of the bonds used to fund Jail and District Court expansion (Resolution 01-679, December 10, 2001; recorded January 3, 2002); and,

WHEREAS, by Ordinance 448 (June 27, 2007), the County raised the amount of the sales and use tax to .09% (effective August 1, 2007) as allowed by RCW 82.14.370; and,

WHEREAS, while said bonds are still outstanding the County now has sufficient funds reserved to pay the remaining debt service and no longer needs commitments from the Cities to assist with any potential funding shortfalls for repayment of the bonds; and,

WHEREAS, the County and the Cities therefore executed a *Termination of Amended and Restated Debt Participation Agreement for Jail and District Court Expansion* (Resolution 2016-596, recorded August 3, 2016), because sufficient debt-retirement funds have been transferred from the Fund into a bond payment reserve fund and because the County, the Cities, and the Ports wish to transition the use of the remaining balance of the Rural County Capital Fund and future deposits into it for other purposes in the community; and,

WHEREAS, after consultation with the Cities and the Ports, Benton County adopted allocation formulae (Resolution 2016-534, June 28, 2016) for the remaining Rural County Capital Fund balance as of March 31, 2016 and for accruals received after March 31, 2016; and,

WHEREAS, the County has created this *Rural County Capital Fund Disbursement Policy* to outline process and procedures for the management and disposal of a portion of the revenue from the Fund to the Cities and the Ports.

POLICY

A. Introduction, Background, and Purpose

The "Sales and Use Tax for Public Facilities in Rural Counties" was authorized by the Washington State Legislature, allowing the legislative authority of a 'rural county' – as defined by the State – to impose a sales and use tax in accordance with the law, as codified in RCW 82.14.370. The rate of tax may not exceed 0.09 percent of the selling price in the case of a sales tax, or value of the article used in the case of a use tax. If imposed, the tax must be deducted from the amount of tax otherwise required to be collected or paid over to the Department of Revenue. The Department of Revenue performs the collection of this tax on behalf of the county, and rebates the proper funds back to the county. Benton County deposits these funds into the "Rural County Capital Fund".

The County has elected to share revenues in the Fund with the Cities and the Ports. This Policy sets forth the process and procedures by which the County may share such revenues.

The Cities and Ports are encouraged to consider joint projects and to use Rural County Capital Fund dollars to leverage additional resources in order to provide the greatest aggregate benefits for the Benton County region. The Cities and Ports may seek to access funds reserved for them

per the formula described in **Section B** below; provided, Benton County, in its sole discretion, reserves the right to rescind this Policy or revise the allocation formula set forth below. Unless this Policy is rescinded or revised, the funds are cumulative year-over-year, applications are accepted by the County on a continuous rolling basis with no deadlines, and the process is not competitive.

As the initial recipient of these funds, Benton County will strive to hold the Cities and the Ports accountable to the State and to the taxpayers for their expenditures. Thus, the County requires an application and approval process for project proposals and will review all proposals for consistency with State law. However, the Cities and the Ports must agree to indemnify the County when receiving these funds for any use of the funds for purposes not authorized under RCW 82.14.370.

B. Funding Allocations

1. Per Benton County Resolution 2016-534, adopted June 28, 2016, a portion of the Rural County Capital Fund balance of \$5,953,136.31 as of March 31, 2016, shall be set aside for possible distribution to the Cities and Ports as follows, unless and until that policy decision is changed by the County:

City of Benton City	\$ 553,582.15
City of Kennewick	\$ 913,359.94
City of Prosser	\$ 553,582.15
City of Richland	\$ 825,313.05
City of West Richland	\$ 553,582.15
Port of Benton	\$ 553,582.15
Port of Kennewick	\$ 553,582.15

2. Any tax revenue (not including interest thereupon) deposited into the Rural County Capital Fund after March 31, 2016, will be set aside per Benton County Resolution 2016-534, unless and until that policy decision is changed by the County.
3. At any time after adoption of this Policy, any of the Cities or Ports that have a project approved pursuant to **Section C** below and that reach a disbursement agreement with the County to define the parties' legal obligations may receive funds that have been set aside for them. Although a City or Port may become entitled to funds pursuant to the terms of such an agreement, the timing of payment of said funds to such City or Port will be determined by the County and will be reflected in the disbursement schedule portion of the agreement.

C. Project Approval and Disbursement of Funds

Oversight of the Rural County Capital Fund shall be the responsibility of the Sustainable Development Manager or other appropriate staff member as designated by the Benton County Board of Commissioners. The Sustainable Development Manager may employ a committee for review of project applications and will advise the Board of Commissioners regarding action on

proposals. The Cities and the Ports may apply for funds, and the County shall review and act in its sole discretion upon such applications in a timely manner as described below:

1. Project Application and Approval

- a. Step 1. Jurisdictions shall submit project(s) to the County using the application attached to this Policy (**Attachment 1**). The amount requested in the application(s) cannot exceed the existing fund balance set aside for that jurisdiction. Submissions shall include a scope of work, project schedule and milestones, and full funding and cash flow scheme demonstrating how and when funds from the Rural County Capital Fund are proposed to be used.
 - b. Step 2. Benton County shall review projects for all of the following:
 - i) Consistency with RCW 82.14.370 requirements. Projects must finance a “public facility” as defined in RCW 82.14.370, and be listed in at least one of the following:
 - Benton County Overall Economic Development Plan;
 - Benton County Comprehensive Land Use Plan – Economic Element; or
 - A city’s comprehensive land use plan.
 - ii) A demonstrated ability and plan to obtain adequate funding for completion of the entire project.
 - iii) Schedule and milestones for timely project completion.
 - iv) Anticipated benefits of the project, including but not limited to job creation/retention and increased industrial capacity.
 - c. Step 3. Benton County, in its sole discretion, takes action to approve or deny the application.
 - d. Step 4. If approved, Benton County and applicant jurisdiction execute a disbursement agreement reflecting the use of funds, project schedule and milestones, funding disbursement schedule, and the content of required annual status report(s).
 - e. Step 5. The Sustainable Development Manager, or other County official as designated by the Board of Commissioners, annually will review the project for consistency with the agreement at the beginning of each calendar year for as long as the project remains uncompleted (“active” status). If a project agreement is not being satisfied by a jurisdiction, the County has the option of discontinuing disbursements for that project. In order to receive the remainder of the allocation designated for a particular project, the jurisdiction would need to reach agreement with the County to amend the project agreement. If no such agreement can be reached, the jurisdiction is no longer entitled to the remainder of funds designated for the project at issue.
2. Cash Flow and Reimbursement. Disbursement of funds to the Cities and Ports from the Rural County Capital Fund will be done only on a reimbursable basis. Project proponents need to have self-financing in place to adequately cash-flow a project’s expenses either in whole or in phases such that after work has been completed the jurisdiction can then invoice the County under the terms of the agreement.

D. Banking and Termination

Each jurisdiction's designated set aside from the Rural County Capital Fund balance shall, less disbursements, carryover year-over-year without penalty, until June 30, 2026, unless this policy is earlier revised by the County.

E. County Administration Costs

It is recognized that the County will have ongoing administrative responsibilities pertinent to its oversight of the Rural County Capital Fund. The County shall be entitled to all interest accrued from the investment of the Rural County Capital Fund balance in order to offset these administrative costs. Said interest shall be deposited in the County's Current Expense Fund.

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**BENTON COUNTY
RURAL COUNTY CAPITAL FUND
PROJECT APPLICATION FORM**

This form is available in a digital format for ease of completion and submittal.

Organization: _____

Contact: _____

Telephone: _____ **Email:** _____

Address: _____

Project Title: _____

Project Category:

<input type="checkbox"/> Transportation (Roads & Bridges)	<input type="checkbox"/> Energy Generation
<input type="checkbox"/> Domestic Water Facilities	<input type="checkbox"/> Transmission & Conveyance
<input type="checkbox"/> Industrial Water Facilities	<input type="checkbox"/> Earth Stabilization
<input type="checkbox"/> Sanitation & Sewer	<input type="checkbox"/> Telecommunications
<input type="checkbox"/> Buildings & Structures	<input type="checkbox"/> Port Facilities
<input type="checkbox"/> Other: _____	

Project Description: Please describe the project briefly, but with the essential details. Include location (attach vicinity map), describe how the project will be managed, and list any partnerships or other forms of leveraged monetary, logistical, administrative, or other support.

Is the Project named in City/County/Port Comprehensive Plan? Yes No

Is the Project named in the Benton County Overall Economic Development Plan? Yes No

Note: To ensure compliance with RCW 82.14.370, all projects submitted to the County will be included in the updated Benton County Overall Economic Development Plan, revised at least annually.

Project Schedule & Budget

Estimated proposed project schedule, expenditures, and sources of funds.

Project Begin Date: _____ **Completion Date:** _____

Project Budget: _____ **Contingency?:** _____

Project Funding Sources: Proponent’s Own Funds: _____

Other Leveraging Sources: _____

Benton County RCCF: _____

Project Budget & Schedule Detail:

PROJECT PHASES	START DATE	FINISH DATE	RCCF FUNDS REQUESTED	OTHER FUNDS IN-HAND	SOURCE(S) OF OTHER FUNDS
SUB-TOTALS			1	2	
TOTAL PROJECT COST			1+2		

Rural County Capital Fund assistance is on a reimbursable basis. The proponent must be able to cash-flow work on the project either in whole or in phases. The proponent shall invoice the County not more than once per month for those expenses eligible for Rural County Capital Fund assistance to the extent that such costs are directly attributable and properly allocable to the project.

Project Anticipated Benefits

What are the anticipated outcomes of this project with respect to the criteria identified below?

Please answer concisely in narrative form, supported with defensible estimates and projections. This is not a competitive application. The intent is to demonstrate that the project meets with the “economic development purposes” intended by the Legislature in its development of RCW 82.14.370 and our local economic development goals, not to weigh the merits of multiple projects against each other.

Jobs

- Estimated *new* jobs to be created? What mix/types of new jobs?
- Estimated retention of *existing* jobs?

Diversification

- Would the project help to expand the palette of Tri-Cities business and industry? How would it help to develop new sectors to better balance the local and regional economy, making it less anchored in, reliant upon, and responsive to traditional economic sectors?

Tax Revenue Generation

- Estimate and discuss tax revenue generation from expanded business or trade (sales, property, business & occupation taxes, etc.).

Sustainability

- Does the project utilize existing abandoned, derelict, or otherwise underutilized land, buildings, or other infrastructure?
- What are the long-term prospects for success of the project's intended beneficiaries?
- What is the project's impact on resource consumption?
- Discuss other potential environmental impacts.

Incidental & Other Benefits

- Does the project have a likelihood to incubate or spin-off other businesses into the future that may not be intended or foreseen now?
- Will the project support additional prestige, cultural, recreational, tourism, or other experiential opportunities aside from the intended direct economic benefits?

Submitted by:

Agency: _____

Date: _____ By: _____

Title: _____

Submit to: Benton County Commissioners Office
% Sustainable Development Manager
7122 West Okanogan Place
Kennewick, Washington 99336
commissioners@co.benton.wa.us