



**Department of Commerce**

# **Building Communities Fund 2018**

*Biennial Report per RCW 43.63A.125*

December 2018  
Report to the Legislature  
Brian Bonlender, Director

# Acknowledgements

## Washington State Department of Commerce

Mark K. Barkley, assistant director, Local Government Division  
Tony Hanson, managing director, Community Capital Facilities Unit  
Chuck Hunter, program manager, Building Communities Fund Program

Special thanks to the Building Communities Fund Advisory Board for its unpaid services in reading and evaluating the 33 applications Commerce received.

## 2018 Building Communities Fund Advisory Board

### Advisory Board Members Present at Work Session:

Miriam Barnett, YWCA of Pierce County, Tacoma  
Julie Honekamp, Spokane Neighborhood Action Partners, Spokane  
Kay Sardo, Opportunities Council (retired), Bellingham  
Katya Miltimore, Washington State Boys & Girls Club Association, Seattle  
Dick Halvorson, CDM Caregiving Services, Vancouver

### Advisory Board Members Absent from Work Session:

Annette Klinefelter, Daybreak Youth Services, Brush Prairie

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## Executive Summary

RCW 43.63A.125 established the Building Communities Fund (BCF) in 2009, directing the Department of Commerce (Commerce) to administer the program. The program grants 25 percent matching funds to nonprofit organizations for acquiring, constructing or rehabilitating facilities used for the delivery of social or health services. It is financed through the sale of state bonds.

The program was designed to serve distressed communities. Small and rural projects are encouraged to apply. BCF investments play a key role in improving the economic, social and educational climates where the projects are located. Food banks, medical and mental health clinics, and senior centers are some of the types of nonprofit organizations that are able to apply for grants to build new or renovate existing facilities. The facility improvements resulting from BCF strengthen Washington communities.

In its history, the BCF has helped 106 different nonprofit organizations across the state improve social service delivery and expand services. Additionally, the program has leveraged more than \$250 million in nonstate funds toward these projects.

The Building Communities Advisory Board reviewed and ranked a list of 31 eligible projects totaling \$37,407,384. The list was submitted to the governor for consideration in the 2019-2021 capital budget. The list is comparable to the previous application cycle (2017-2019), which totaled \$36,409,000.

### **Recommendations**

For the first time, the advisory board approved an application that used the “exceptional circumstance” clause in the BCF enabling statute. Coastal Community Action Program (CCAP) submitted the application. This clause allows it (and other organizations that have suffered a dramatic event, such as a fire or flood) to apply for more than the usual 25 percent of eligible capital costs.

This award, however, is limited to 10 percent of the total amount the board awarded (and subsequently, the governor and Legislature), which is less than half of what it will cost to replace the CCAP facility. The board recommends that the 10 percent limit be increased to 20 percent of the total amount awarded.

# Introduction

## Background

The Building Communities Fund (BCF) was established in 2008, replacing the Community Services Facilities Program established in 1997. This report is submitted to meet the requirements of RCW 43.63A.125 subsections (3) and (4).

The BCF directs Commerce to identify qualified community and social service capital projects in distressed areas of the state and to evaluate and submit a ranked list of these projects to the governor and Legislature. These facilities must be used to deliver nonresidential community services, such as social service centers and multipurpose community centers, including those serving a distinct or ethnic population.

A distressed community<sup>1</sup> must include at least one of the following characteristics:

1. A county that has an unemployment rate that is 20 percent above the state average for the previous three years
2. An area within a county that the department determines to be a low-income community, based on the low-income community designations in the U.S. Department of the Treasury-Community Development Financial Institutions Fund's new markets tax credit program
3. A school district in which at least 50 percent of local elementary students receive free or reduced-price meals

In addition, RCW 43.63A.125 directs Commerce to:

1. Establish a competitive process to solicit and evaluate applications from nonprofit organizations
2. Evaluate applications in consultation with a citizen advisory board using objective criteria
3. Submit biennially to the governor in the department's capital budget request a ranked list of the qualified eligible projects
4. Submit biennially a summary report that describes the solicitation and evaluation process
5. Develop and manage contracts as well as monitor project expenditures and grantee performance
6. Develop accountability and reporting standards for grant recipients; at a minimum, the department must use the process, including issues encountered and recommendations for improvements listed in RCW 43.63A.125(2)(b)<sup>2</sup>, to evaluate the progress of each grant recipient
7. Submit a biennial report to the appropriate fiscal committees of the Legislature beginning Jan. 1, 2011, including:

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<sup>1</sup> <http://app.leg.wa.gov/rcw/default.aspx?cite=43.63A.764>

<sup>2</sup> <http://app.leg.wa.gov/Rcw/default.aspx?cite=43.63A.125>

- a. A list of projects under contract with the department under the BCF program; a description of each project that includes total cost, the amount of state funding awarded and expended to date; project status; number of low-income people served; and the extent to which the project has met the criteria in RCW 43.63A.125(2)(b)
- b. Recommendations, if any, for policy and programmatic changes to the BCF program to better achieve program objectives

The BCF will pay up to 25 percent of the capital cost of qualified projects. The BCF is also allowed to make an additional award of up to 10 percent of the total granted amount for projects that face “exceptional circumstances,” as defined in the statute. In addition, if the Legislature appropriates operating funds for BCF, up to \$3 million of those funds can be used for technical assistance grants to interested parties. The BCF is financed through the sale of state bonds.

### **Role of the Building Communities Fund Advisory Board**

The BCF statute directs Commerce to develop and administer a competitive grant process. A key component is reviewing applications in consultation with a citizen advisory board. The BCF Advisory Board, which Commerce recruited and appointed, consists of volunteers with expertise administering or advocating on behalf of community nonprofit organizations throughout the state. The board also helps develop program policy, review applications and recommend projects for the governor and Legislature to review.

The 2019-2021 Advisory Board convened in September 2018 to review and rank applications. The board used the 10 evaluation benchmarks set forth in the statute to evaluate the applications. Project applicants also participated by making brief project presentations (in person or by teleconference) and responding to questions posed by the board and program staff.

At the conclusion of the work session, a ranked list of 31 qualified eligible projects totaling \$37,404,384 was approved for submittal to the governor for consideration in the 2019-2021 capital budget. The Legislature will make the final determination regarding which projects, if any, will be included in the capital budget.

## Application Solicitation Process

The BCF solicitation process consists of four main elements: email announcements, email listserv, web links and application workshops.

Commerce assembled an email list of organizations that might have an interest in applying for funding through BCF, and each received BCF application notices. In cases where umbrella organizations did not release their proprietary mailing lists to Commerce, each organization agreed to distribute BCF information in its regular newsletter to members. Participating organizations included:

- Community action agencies
- YMCAs and YWCAs
- Boys & Girls Clubs
- Association of Washington Cities
- Washington State Association of Counties
- Nonprofit organizations listed with the Office of the Secretary of State
- Commission on African American Affairs
- Commission on Hispanic Affairs
- Commission on Asian Pacific American Affairs
- Governor's Office of Indian Affairs
- Indian tribes in Washington state
- Existing Commerce mailing lists of community nonprofit organizations
- All organizations or individuals who contacted Commerce concerning the BCF program or were referred by the Office of the Governor, the Office of Financial Management or the Legislature

The BCF webpage<sup>3</sup> on the Commerce website offers information about BCF, including application guidelines and forms. For outreach, staff conducted three application workshops (in Seattle, Spokane and Vancouver) in July 2018; about 150 people attended. The 2019-2021 BCF application timetable proceeded as follows:

- Applications available: June 7, 2018
- Spokane workshop: June 25, 2018
- Seattle workshop: June 28, 2018
- Vancouver workshop: July 2, 2018
- Applications due to Commerce: Aug. 6, 2018

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<sup>3</sup> <http://www.commerce.wa.gov/building-infrastructure/capital-facilities/building-communities-fund/>

## Grantee Eligibility Criteria

In the 2019-2021 cycle, BCF staff reviewed 33 submitted applications to ensure they met eligibility thresholds. Guidelines stipulate that applicants must:

- Be registered in the state as a nonprofit organization
- Have a legally constituted board of directors
- Agree to enter the Leadership in Energy and Environmental Design (LEED) certification process or apply for and receive an exemption
- Certify that state prevailing wages will be paid
- Have control of the project site through ownership or lease agreement
- Submit an executed joint operating agreement if applications are a partnership

After completing a preliminary review to determine eligibility, program staff forwarded 32 applications to the BCF Advisory Board for review.

For the third consecutive application cycle, the Building Communities Fund continued to use an online application system, reducing paperwork and improving efficiency. Applicants and the board widely praised the online application process as an improvement over processes that required multiple paper applications.



## Project Eligibility Criteria

To be forwarded to the governor for funding consideration, projects must acquire, construct or rehabilitate a nonresidential facility used to deliver community services (such as social service and multipurpose community centers), including those serving a distinct or ethnic population. Projects must also be located in a distressed community or serve a substantial number of low-income or disadvantaged people.

Projects must meet at least one of the following criteria:

- Be located in a distressed county, as defined by the state Employment Security Department
- Be located in an area designated as a low-income community in the U.S. Department of the Treasury-Community Development Financial Institutions Fund's new markets tax credit program
- Be located in a school district in which at least 50 percent of local elementary students receive free or reduced-price meals

The board used the 10 evaluation benchmarks set forth in RCW 43.63A.125 as a template for evaluating applications. To be forwarded to the governor for funding consideration, applicants had to demonstrate to the board's satisfaction that their project met all of the following 10 criteria:

1. The project will increase the range, efficiency or quality of the services provided to citizens.
2. The project will be located in a distressed community or will serve a substantial number of low-income or disadvantaged people.
3. The project will offer a diverse set of activities that meet multiple community service objectives. That could include, but is not limited to, providing social services, expanding employment opportunities for or increasing the employability of community residents, or offering educational or recreational opportunities separate from the public school system or private schools as long as recreation is not the sole purpose of the facility.
4. The project will reflect a long-term vision shared by residents, businesses, leaders and partners for the development of the community.
5. The project will require state funding to accomplish a discrete, usable phase of the project.
6. The project is ready to proceed and will make timely use of the funds.
7. The project is sponsored by one or more entities that have the organizational and financial capacity to fulfill the terms of the grant agreement and maintain the project into the future.
8. The project will fill an unmet need for community services.
9. The project will achieve its stated objectives.

10. The project is a community priority as shown through tangible commitments of existing or future assets made to the project by community residents, leaders, businesses and government partners.

## Issues Encountered and Recommendations

For the first time, the advisory board approved an application that used the “exceptional circumstance” clause in the BCF enabling statute. Coastal Community Action Program (CCAP) submitted the application. This clause allows it (and other organizations that have suffered a dramatic event, such as a fire or flood) to apply for more than the usual 25 percent of eligible capital costs.

CCAP is a community action agency that provides a wide range of social services to Aberdeen/Hoquiam and the surrounding Grays Harbor and Pacific County area. These include:

- Food banks and Meals on Wheels
- In-home care and long-term care ombudsman
- Housing, including the Low-Income Home Energy Assistance Program (LIHEAP)
- Homeless assistance
- Health and nutrition
- WorkFirst and employment support
- Medical and employment transportation
- Student Needs Assistance Program (SNAP)

The Washington State Employment Security Department considers CCAP’s entire service area as “distressed.” The term is defined as a county where the three-year unemployment rate is at least 20 percent higher than the statewide average<sup>4</sup>. This measure is also an eligibility criterion of the BCF.

The facility CCAP uses (along with the Aberdeen Senior Center and the Aberdeen Museum of History) was destroyed in a fire in June 2018, just when the BCF was accepting applications. CCAP staff and other volunteers were able to quickly put together a proposal for a new facility.

The project involves the acquisition and renovation of a previously vacant building in downtown Aberdeen known as the “Bank of America Building.” The proposed project is a full gut and rehabilitation of 35,000 square feet of conditioned office space and 45,000 square feet of structured parking. All systems and surfaces will either be replaced or refurbished.

This award, however, is limited to 10 percent of the total amount the board awarded for all projects (and subsequently, the governor and Legislature), which is less than half of what it will cost to replace the CCAP facility. The board recommends that this percentage be increased to 20 percent of the total amount awarded to reflect the added burdens of rapid, unanticipated construction and renovation.

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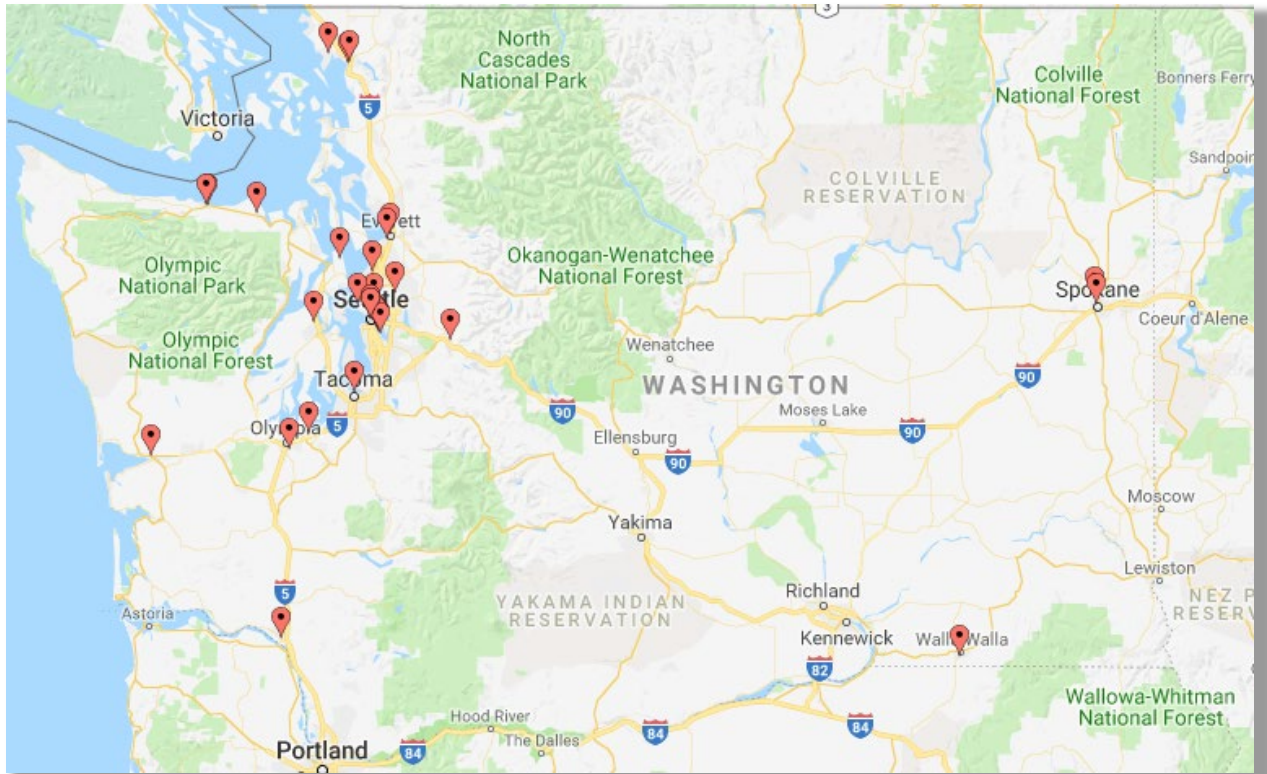
<sup>4</sup> <https://fortress.wa.gov/esd/employmentdata/reports-publications/regional-reports/distressed-areas-list>

## Building Communities Fund 2019-2021 Qualified Eligible Projects

Rank	Applicant/Project Title	Amount
1	Mercy Housing Northwest Mount Baker Family Education & Resource Center	\$820,000
2	Northwest Indian College Northwest Indian College Health & Wellness Building	\$232,337
3	Refugee Women’s Alliance (ReWA) ReWA Main Facility Expansion	\$392,467
4	Coastal Community Action Program CCAP Community Service Center	\$3,740,738
5	West African Community Council One Family Learning Center Renovation and Expansion	\$387,242
6	YWCA Pierce County YWCA Pierce County	\$750,000
7	Work Opportunities Carstens Buildings Renovations	\$25,000
8	Whatcom Dispute Resolution Center A Permanent Place for Peace	\$118,300
9	University Heights Center for the Community University Heights Center Phase II Renovation	\$271,300
10	Chief Seattle Club Community Facility for Urban Indians	\$1,700,000
11	HomeSight HomeSight Opportunity Center	\$3,000,000
12	Unity Care NW North Whatcom Expansion Project	\$3,000,000
13	Rainier Valley Food Bank Rainier Valley Community Food Center	\$950,000
14	Peninsula Behavioral Health Children's Behavioral Health Clinic	\$200,000
15	Compass Health Compass Health Bailey Campus	\$3,500,000
16	Blue Mountain Action Council BMAC Community Service Center	\$750,000
17	Encompass Northwest It Starts Here: Our Campaign for Encompass	\$1,500,000
18	Boys & Girls Clubs of the Olympic Peninsula Building Great Futures	\$575,000
19	Community Action Council of Lewis, Mason & Thurston Counties CAC of Lewis, Mason & Thurston Counties	\$475,000

Rank	Applicant/Project Title	Amount
20	YMCA of Greater Seattle University YMCA	\$2,000,000
21	South Sound YMCA Shelton/Mason County YMCA	\$3,500,000
22	Downtown Emergency Service Center (DESC) DESC Integrated Healthcare	\$2,000,000
23	Friends of Youth Friends of Youth Issaquah Office Expansion	\$210,000
24	Holly Ridge Center Inc. Holly Ridge Center	\$600,000
25	Partners with Families & Children: Spokane Partners Family Services Building	\$500,000
26	Port Gamble S'Klallam Tribe Port Gamble S'Klallam Tribe Health and Wellness Center	\$2,000,000
27	Joint Pacific County Housing Authority Willapa Center	\$260,000
28	Volunteers of America Western Washington Lynnwood Neighborhood Center	\$2,000,000
29	FareStart FareStart Capital Improvements	\$200,000
30	Ethiopian Community in Seattle Ethiopian Community Village	\$750,000
31	Spokane Guilds' School & Neuromuscular Center Spokane Guilds' School Capital Campaign	\$1,000,000
<b>Total:</b>		<b>\$37,407,384</b>

## Building Communities Fund Proposed 2019-2021 Locations



## 2017-2019 Building Communities Fund Projects

For the 2017-2019 biennium, the governor and the Legislature approved the following list of projects totaling \$30,900,000. Each project met the 10 criteria as stipulated in RCW 43.63A.125(2)(b).

Rank	Applicant/Project Title	Amount
1	Boys & Girls Clubs of Snohomish County Inchelium Boys & Girls Club Expansion	\$27,000
2	Cocoon House Colby Avenue Youth Center	\$635,000
3	Mercy Housing Northwest Historic Building 9 Center Building	\$1,000,000
4	Skagit Valley Family YMCA New Skagit Valley Family YMCA	\$3,500,000
5	Edmonds Senior Center Edmonds Waterfront Center	\$2,250,000
6	Opportunity Council East Whatcom Regional Resource Center Phase 2	\$500,000
7	Filipino Community of Seattle Filipino Community Innovation Learning Center	\$600,000
8	Amara Amara Building Renovation/Addition	\$1,550,000
9	YMCA of Yakima Yakima YMCA/Aquatic Center	\$3,500,000
10	Northwest Indian College Health and Wellness Center	\$1,750,000
11	Lydia Place Bell Tower Service Center	\$96,000
12	Tacoma Community House Tacoma Community House	\$2,500,000
13	Peace Community Center Peace Community Center Renovation and Expansion	\$330,000
14	North Kitsap Fishline Food Bank Transforming Lives in North Kitsap	\$530,000
15	Martha & Mary Health Services Martha & Mary Health and Rehab Campus Renovation	\$1,000,000
16	Share Share Day Center	\$180,000
17	Country Doctor Community Clinic Campaign for Country Doctor	\$1,575,000

Rank	Applicant/Project Title	Amount
18	CDM Caregiving Services Aging with Dignity	\$395,000
19	Friends of Youth Friends of Youth Snoqualmie Office	\$300,000
20	Helping Hands Food Bank Helping Hands Food Bank Building	\$350,000
21	Catholic Community Services of King County New Hope House	\$190,000
22	Bridgeview Housing Bridgeview Education & Employment Resource Center	\$700,000
23	Aging in PACE Washington Aging in PACE	\$3,000,000
24	YMCA of Greater Seattle Kent YMCA Building Communities Grant	\$3,000,000
25	Brigid Collins House Brigid Collins Family Support Center - Skagit County	\$42,000
26	Step By Step Family Support Center Step By Step Family Support Center	\$1,400,000

**Total: \$30,900,000**