

**City of Blaine**  
**Request for Council Action**  
**Meeting Date: April 13, 2020**

**Subject: Resolution 1810-20 Recommending RED Loan Board**

**Department: Community Development Service**

**Prepared By:** \_\_\_\_\_  
(Digital Signature)

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**This Action Is:**       Necessary and Routine       COVID-19 Response

Community Development Services requests that the City Council consider recommending the Rural Economic Development (RED) fund and revolving loan program. The RED fund may assist small local businesses in mitigating the financial impacts of the COVID-19 pandemic.

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**Agenda Location:**       Consent Agenda       Council Action       Unfinished Business

**Attachments:**

1. Ordinance Number 99-2430
2. Resolution Number 1810-20

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**Background/Summary:**

In 1999, the City adopted Ordinance No. 99-2430 (**Attachment 1**), establishing the Rural Economic Development (RED) fund and revolving loan program. In 2011, the program ceased. The purpose of proposed Resolution 1810-20 (**Attachment 2**) is to restart the RED fund loan program in order to assist small businesses in mitigating the financial impacts of the COVID-19 pandemic.

Resolution 1810-20 will re-establish a local board consisting of at least three members representing local businesses and community groups. These members would be appointed by the City Council to oversee and direct the activities of the RED revolving loan program. The local board would oversee and direct the activities of the RED fund and determine all criteria and conditions for the expenditure of the RED revolving loan program, including the terms and conditions of re-payment.

Members of the proposed Board are required to reside or work in the qualifying rural area served by the City's electrical utility. Pursuant to RCW 82.16.0491, RED funds are made available through a credit towards a utility tax.

The Rural Economic Development Revolving Fund Loan Program Board (the Board) will consist of the following three members following passage of Resolution 1810-20:

1. Bonnie Onyon
2. Michael Ebert
3. Dave Freeman

If there are vacant positions on the Board, the City Manager may appoint additional board members from local businesses or community groups. Once recommended, the Board will develop a set of rules and procedures similar to other City boards and commissions, including administering the RED fund loan program as required by RCW 82.16.0491. The RED Revolving Loan Board is a City board subject to the Open Public Meetings Act, the Public Records Act and Record Retention requirements.

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**Budget Implications:**    Current Budget    New Budget Request    Non-Budgetary

The City currently has rural economic development (RED) funds that are not budgeted by the City in 2020. There is an estimated \$100,000 of RED funding available, which the Department expects will be fully needed. Upon approval of Resolution 1810-20, remaining rural economic development funds would potentially be fully utilized by the RED revolving loan program. Over time, as these loans are repaid, the rural economic development fund would be replenished.

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**Recommendation:**

The Department recommends that the City Council approve Resolution 1820-10 recommending the Rural Economic Development Revolving Fund Loan Program in response to COVID-19 and in the support of business development and business retention established by Ordinance 99-2430.

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**Reviewed By:**

City Manager \_\_\_\_\_ Finance Director \_\_\_\_\_ City Clerk \_\_\_\_\_  
(Digital Signature) (Digital Signature) (Digital Signature)

ATTACHMENT 1

ORDINANCE NO 99-2430

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLAINE,  
WASHINGTON, ESTABLISHING A FUND TO BE KNOWN AS  
FUND 402 – ELECTRIC UTILITY RURAL ECONOMIC  
DEVELOPMENT (R.E.D.) REVOLVING FUND,  
ESTABLISHING A BOARD OF DIRECTORS,  
AND AMENDING THE 1999 BUDGET

WHEREAS, the Washington State Legislature passed House Bill 2260 establishing the Electric Utility Rural Economic Development Revolving Fund program which the Governor signed into law in 1999, and

WHEREAS, this Bill allows the City to establish our own Electric Utility Rural Economic Development Revolving Fund to be used for economic development and job creation, and

WHEREAS, this Fund is a revolving loan fund, with oversight by a board of directors from our area, which can loan funds to “qualifying projects”, including projects designed to achieve job creation or business retention, to add or upgrade nonelectrical infrastructure, to add or upgrade health and safety facilities, to accomplish energy and water use efficiency improvements, including renewable energy development, or to add or upgrade emergency services in any designated qualifying rural area.

WHEREAS, this loan fund allows the utility to file for a public utility tax credit for up to 50% of the amount it contributes to the fund, to a maximum credit of \$25,000 per calendar year.

NOW, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BLAINE AS FOLLOWS:

SECTION 1: Fund 402 – Electric Utility Rural Economic Development (R.E.D.) Revolving Fund be established.

SECTION 2: A board of directors be established, including three members representing local business and community groups, to oversee and direct the activities of the fund, determine all criteria and conditions for the expenditure of funds, and establish terms and conditions of repayment, if any.

SECTION 3: The 1999 Budget be amended as follows:

Light Fund:

401.000.033.308.10.00	Beginning Fund Balance	\$50,000
401.000.033.587.10.00	Residual Equity Transfer Out	\$50,000

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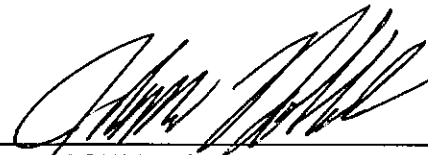
Electric Utility R.E.D. Revolving Fund:

402.000.033.387.10.00.00	Residual Equity Transfer In	\$50,000
402.000.033.581.30.00.00	Revolving Loans Issued	\$50,000

SECTION 4: Should any section, clause or provision of this ordinance be declared by the courts to be invalid or unconstitutional, the same shall not affect the validity of the ordinance as a whole or any part thereof, other than the part of the ordinance declared to be invalid.

SECTION 5: This Ordinance shall take effect and be in force from and after its passage by the City Council and approval by the Mayor, if approved, otherwise, as provided by law and five days after the date of posting for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON on this 23 day of August, 1999, and approved by the Mayor on the same day.

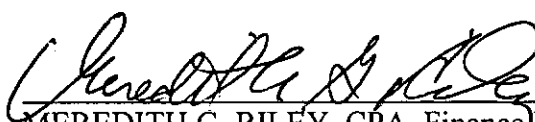
  
\_\_\_\_\_  
JOHN HOBBERLIN, Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
SHIRLEY THORSTEINSON, CMC, City Clerk

  
\_\_\_\_\_  
MATTHEW ELICH, City Attorney

  
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MEREDITH G. RILEY, CPA, Finance Director

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ATTACHMENT 2

RESOLUTION NO. 1810-20

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
BLAINE, WASHINGTON, RECOMMENCING THE RURAL  
ECONOMIC DEVELOPMENT REVOLVING FUND LOAN  
PROGRAM IN RESPONSE TO COVID-19 AND IN SUPPORT OF  
BUSINESS DEVELOPMENT AND BUSINESS RETENTION  
ESTABLISHED BY ORDINANCE NO. 99-2430.**

**WHEREAS**, by Ordinance Number 99-2430 the City has established an Electrical Utility Rural Economic Development Revolving Fund (RED Fund) loan program allowed by RCW 82.16.0491, utilizing funds derived from the State of Washington in the form of a tax credit towards the State Utility tax assessed on the City's electrical utility pursuant to RCW 82.16, and not the City's funds; and

**WHEREAS**, the statute further provides that the City Council for the City of Blaine appoint an agent to receive any claim for damages against the City of Blaine; and

**WHEREAS**, on March 13, 2020, the Blaine City Manager issued a Proclamation of Local Emergency regarding COVID-19 ("Proclamation") and on March 16, 2020, the City Council of Blaine, Washington, adopted Resolution No. 1800-20 confirming the City Manager's Proclamation of Local Emergency regarding COVID-19 ("Resolution"); and

**WHEREAS**, COVID-19 has had a significant impact on the economies of the United States, Washington State, Whatcom County and the City of Blaine; and

**WHEREAS**, many industries worldwide, including businesses within the City of Blaine, face unprecedented uncertainty and challenges ahead and have sought relief to maintain business solvency in order to make payroll to keep their employees secure; and

**WHEREAS**, the City has not operated the RED fund loan program since 2011, but funds remain from the State Tax Credit in the City's RED revolving fund, and as a result, there is not a local board to administer the RED fund loan program as required by RCW 82.16.0491; and

**WHEREAS**, the City does seek to re-establish the RED fund loan program to support local job creation or business retention and other projects identified as a qualifying project under RCW 82.16.0491.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON, DOES  
HEREBY RESOLVE AND CONFIRM AS FOLLOWS:**

- 1) The City Council hereby appoints the following individuals to serve as members of the Local Board as defined in RCW 82.16.0491(d) ("Local Board").
  - a) Bonnie Onyon
  - b) Michael Ebert
  - c) Dave Freeman

- 2) The City Council directs that the Local Board may not operate unless there are at least three (3) members representing local business and community groups as required by RCW 82.16.0491, provided that there shall be no less than three (3) and no more than nine (9) board members of the Local Board. If there are vacant positions on the Local Board such that there are less than three (3) members of the Local Board, the City Manager may appoint additional board members from local businesses or community groups until there are at least three (3) board members; provided further, that the Local Board shall:
  - a. Establish its own rules for operations and procedures;
  - b. Administer the RED fund loan program as required by RCW 82.16.0491; and
  - c. Oversee and direct the activities of the RED fund and determine all criteria and conditions for the expenditure of the RED funds, and the terms and conditions of re-payment.
- 3) The City Manager or his designee shall serve as staff to the Local Board.
- 4) The local Board is a City Committee and thus subject to the requirements of the Open Public Meetings Act (RCW 42.30), the Public Records Act (RCW 42.56), and the Records Retention Act (RCW 40.14).

**PASSED BY THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON**, on the 13<sup>th</sup> day of April, 2020, and approved by the Mayor on the same day.

**CITY OF BLAINE, WASHINGTON**

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Bonnie Onyon, Mayor

ATTEST/AUTHENTICATE:

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Samuel Crawford, City Clerk