

E2SHB 3125 - S COMM AMD

By Committee on Economic Development, Trade & Management

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Many regions of the state are thriving but other communities
5 throughout rural and urban Washington need increased investments to
6 create vibrant local business districts and prosperous neighborhoods;

7 (b) Nonprofit organizations provide a variety of community services
8 that serve the needs of the citizens of Washington. Many of these
9 services are implemented under contract with state agencies. The
10 efficiency and quality of these services may be enhanced by the
11 provision of safe, reliable, and sound facilities, and, in certain
12 cases, it may be appropriate for the state to assist in the development
13 of these facilities; and

14 (c) Providing capital investments is critical for the economic
15 health of many communities, helps build strong relationships with the
16 state, and expands life opportunities for underserved, low-income
17 populations.

18 (2) It is the intent of the legislature to enhance community
19 service programs by nonprofit organizations by creating the building
20 communities fund.

21 NEW SECTION. **Sec. 2.** The definitions in this section apply
22 throughout sections 3 through 5 of this act unless the context clearly
23 requires otherwise.

24 (1) "Department" means the department of community, trade, and
25 economic development.

26 (2) "Eligible project area" means: (a) A county that has an
27 unemployment rate that is twenty percent above the state average for
28 the immediately previous three years; (b) an area within a county that
29 the department determines to be a low-income community consistent with

1 the definition of low-income community in section 45D of the internal
2 revenue code, as amended; or (c) an area within a school district in
3 which at least fifty percent of local elementary students receive free
4 and reduced-price meals.

5 (3) "Nonprofit organization" means an organization that is tax
6 exempt, or not required to apply for an exemption, under section
7 501(c)(3) or 501(c)(6) of the internal revenue code, as amended.

8 (4) "Technical assistance" means professional services provided
9 under contract to nonprofit organizations for feasibility studies,
10 planning, and project management related to acquiring, constructing, or
11 rehabilitating nonresidential community services facilities.

12 NEW SECTION. **Sec. 3.** The building communities fund account is
13 created in the state treasury. The account shall consist of
14 legislative appropriations and gifts, grants, or endowments from other
15 sources as permitted by law. Moneys in the account may be spent only
16 after appropriation. Expenditures from the account may be used only
17 for capital and technical assistance grants as provided in RCW
18 43.63A.125.

19 NEW SECTION. **Sec. 4.** (1) The building communities fund program is
20 created in the department. Under the program, capital and technical
21 assistance grants may be made to nonprofit organizations in eligible
22 project areas. The department shall establish a statewide competitive
23 process to solicit, evaluate, and prioritize grant applications for
24 acquiring, constructing, or rehabilitating facilities, including social
25 service centers, multipurpose community centers, and cultural centers,
26 used for the delivery of nonresidential community services. The
27 department shall evaluate and rank applications in consultation with a
28 citizen advisory committee. Applicants must demonstrate that:

29 (a) Their facilities will offer to:

30 (i) Provide social services;

31 (ii) Provide technical assistance to start or retain small
32 businesses;

33 (iii) Provide employment readiness training for community
34 residents;

35 (iv) Increase the job skills of community residents;

1 (v) Provide educational and recreational opportunities beyond those
2 available from the public education system; or

3 (vi) Provide services to meet such other high priority needs of
4 residents of eligible project areas as are determined by the department
5 in consultation with the citizen advisory committee required in this
6 section; and

7 (b) The proposed project:

8 (i) Will increase the range, efficiency, or quality of social
9 services it provides to citizens;

10 (ii) Will be located in and serve an eligible project area;

11 (iii) Reflects a long-term vision for the development of the
12 community, shared by residents, businesses, leaders, and partners;

13 (iv) Requires state funding to accomplish a discrete, usable phase
14 of the project;

15 (v) Is ready to proceed and will make timely use of the funds;

16 (vi) Is sponsored by one or more entities that have the
17 organizational and financial capacity to fulfill the terms of the grant
18 agreement and to maintain the project into the future;

19 (vii) Fills an unmet need for community services;

20 (viii) Will achieve its stated objectives; and

21 (ix) Is a community priority as shown through tangible commitments
22 of existing or future assets made to the project by community
23 residents, leaders, businesses, and government partners.

24 (2) The evaluation and ranking process shall also include an
25 examination of existing assets that applicants may apply to projects.
26 Grant assistance under this section shall not exceed twenty-five
27 percent of the total cost of the project. The nonstate portion of the
28 total project cost may include cash, the value of real property when
29 acquired solely for the purpose of the project, and in-kind
30 contributions.

31 (3)(a) The department shall submit a ranked list of recommended
32 projects to the governor and the legislature in the department's
33 biennial capital budget requests beginning with the 2009-2011 biennium
34 and thereafter. The list shall include a description of each project,
35 its total cost, the amount of requested state funding, and the amount
36 of recommended state funding.

37 (b) The total amount of recommended state capital funding for
38 projects on a biennial ranked project list shall be determined by the

1 capital budget beginning with the 2009-2011 biennium and thereafter,
2 and shall not exceed ten million dollars. In addition, if funds not
3 obtained through the issuance of bonds have been appropriated, up to
4 three million dollars may be used for technical assistance grants. The
5 department shall not sign contracts or otherwise financially obligate
6 funds under this section until the legislature has approved a specific
7 list of projects.

8 (4) In addition to the ranked list, the department shall submit to
9 the appropriate fiscal committees of the legislature all application
10 materials it received and all working papers it developed during its
11 evaluation process.

12 (5) After the legislature has approved a specific list of projects
13 in law, the department shall:

14 (a) Develop and manage appropriate contracts with the selected
15 applicants;

16 (b) Monitor project expenditures and grantee performance;

17 (c) Report project and contract information to the appropriate
18 fiscal and policy committees of the legislature; and

19 (d) Exercise due diligence and other contract management
20 responsibilities as required.

21 (6) In contracts for grants authorized under this section, the
22 department shall include provisions that require that capital
23 improvements be held by the grantee for a specified period of time
24 appropriate to the amount of the grant and that facilities be used for
25 the express purpose of the grant. If the grantee is found to be out of
26 compliance with provisions of the contract, the grantee shall repay to
27 the state general fund the principal amount of the grant plus interest
28 calculated at the rate of interest on state of Washington general
29 obligation bonds issued most closely to the date of authorization of
30 the grant.

31 NEW SECTION. **Sec. 5.** (1) The department shall develop both
32 performance measures and accountability and reporting standards for
33 grant recipients and shall annually evaluate the progress of each grant
34 recipient applying these measures and standards. At a minimum, the
35 department shall require performance measures of workload or level of
36 service, measures of efficiency, and measures of effectiveness.

1 Performance measures should be as consistent as is practicable to allow
2 for cross-project comparisons. The department shall, based on its
3 evaluations, share best practices with grant recipients.

4 (2) Beginning January 1, 2011, the department shall submit an
5 annual report to the appropriate committees of the legislature,
6 including:

7 (a) A list of projects currently under contract with the department
8 under the building communities fund program; a description of each
9 project, its total cost, the amount of state funding awarded and
10 expended to date, the project status, the number of low-income people
11 served, and the results of the project evaluations required in
12 subsection (1) of this section; and

13 (b) Recommendations, if any, for policy and programmatic changes to
14 the building communities fund program to better achieve program
15 objectives.

16 NEW SECTION. **Sec. 6.** Sections 2 through 5 of this act are each
17 added to chapter 43.63A RCW."

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18 On page 1, line 1 of the title, after "program;" strike the
19 remainder of the title and insert "adding new sections to chapter
20 43.63A RCW; and creating a new section."

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