



**Department of Commerce**  
Innovation is in our nature.

# Building Communities Fund Report

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RCW 43.63A.125(4)

**December 2010**  
Report to the Legislature  
Rogers Weed, Director

## ACKNOWLEDGEMENTS

### **Washington State Department of Commerce**

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Special thanks to the Building Communities Fund Advisory Committee for their unpaid services in developing the application package, and reading and evaluating the 25 applications that were received by Commerce. Membership of the 2010 Advisory Committee includes:

- Miriam Barnett, YWCA of Pierce County, Tacoma
- Doreen Cato, First Place, Seattle
- Ricardo Garcia, Northwest Communities Education Center, Granger (retired)
- Dean Hanks, Tacoma Goodwill Industries, Tacoma
- Peter Jackson, Foundation Northwest, Spokane Valley (retired)
- Steve Mitchell, Opportunities Industrialization Center, Yakima
- Ronald Morrison, Dept. of Social & Health Services, Vancouver (retired)
- Kay Sardo, Opportunities Council, Bellingham (retired)
- Matthew Wattrous, Washington State Boys & Girls Club Association, Seattle

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# TABLE OF CONTENTS

Executive Summary .....	1
Introduction.....	2
Application Solicitation Process .....	4
The Process.....	6
Application Eligibility Criteria .....	6
Project Eligibility Criteria .....	6
Evaluation Benchmarks .....	7
Issues Encountered and Recommendations .....	7
2011-2013 List of Qualified Eligible Projects.....	8
BCF Proposed Projects Statewide 2011-2013 .....	9
Role of the Advisory Committee .....	9
2009-2011 List of Projects .....	10

## EXECUTIVE SUMMARY

The Building Communities Fund (BCF) was established through an amendment to RCW 43.63A.125 and directed the Department of Commerce (Commerce) to establish and administer the program. The statute also directs Commerce to prepare a Summary Report including a discussion of issues encountered and recommendations for process improvements, and submit it to the fiscal committees of the Legislature at the conclusion of each grant cycle.

The 2008 Legislature enacted the BCF to provide a means of identifying qualified community and social service capital projects in distressed areas of the state, and provide capital support to nonprofit agencies and their partners to acquire, develop, or rehabilitate these facilities.

The 2009 Legislature made some changes to the authorizing legislation. Those changes included:

- Authorization for the BCF Advisory Committee to rank applications.
- Clarification of the definition for Community Service Objective whereby an applicant can qualify for funding consideration by demonstrating that a proposed project will offer three or more distinct activities that meet a single community service objective, i.e., a food bank providing (1) food for the needy (2) food program outreach and (3) nutritional education.
- Requiring that Commerce submit a biennial report which originally had been an annual report.

The BCF Advisory Committee helps develop program policy, reviews applications, and recommends projects for review by the Governor and Legislature. The committee consists of volunteers with demonstrated expertise in funding, administering, or advocating for community-based social service organizations.

The Advisory Committee convened by teleconference in August 2010 to review 25 applications requesting a total of \$20,771,233. The committee used the ten evaluation benchmarks set forth in the statute to evaluate the applications. At the conclusion of the Advisory Committee work session, a ranked list of 22 qualified eligible projects in the state's distressed areas was unanimously approved for submittal to the Governor and Legislature for consideration in the 2011-2013 Capital Budget. The 22 projects request a total of \$14,679,000.

The Legislature will make the final determination as to which projects, if any, receive grants, and the dollar amounts of the awards.

## INTRODUCTION

The BCF was established by an amendment to RCW 43.63A.125 and replaced the Community Services Facilities Program. The BCF provides a means of identifying qualified community and social service capital projects in distressed areas of the state, and providing funding support to nonprofit agencies to acquire, develop, or rehabilitate these facilities. These facilities must be used for the delivery of nonresidential community services, including social service centers and multipurpose community centers, including those serving a distinct or ethnic population.

Qualified projects must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons. Distressed community as defined in RCW 43.63A.764 means:

1. A county that has an unemployment rate that is 20 percent above the state average for the immediately previous three years;
2. An area within a county that the department determines to be a low-income community, using as guidance the low-income community designations under the community development financial institutions fund's new markets tax credit program of the United States Department of the Treasury; or
3. A school district in which at least 50 percent of local elementary students receive free and reduced-price meals.

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 committee using objective criteria;
3. Submit biennially to the Governor and the Legislature 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 including issues encountered and recommendations for process improvements; and
5. Develop and manage contracts, monitor project expenditures, and grantee performance.

6. Develop accountability and reporting standards for grant recipients. At a minimum, the department shall use the criteria listed in RCW 43.63A.125(2) (b) to evaluate the progress of each grant recipient.
7. Submit a biennial report to the appropriate fiscal committees of the Legislature beginning January 1, 2011 including:
  - a. A list of projects under contract with the department under the BCF program; a description of the project, total cost, the amount of state funding awarded and expended to date, the project status, the number of low-income people served, and the extent to which the project has met the criteria in RCW 43.63A.125(2)(b), and;
  - 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 legislation also allows the BCF to make an additional award of up to ten percent of the original grant 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.

## APPLICATION SOLICITATION PROCESS

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

1. Staff at 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 their regular newsletters to members. Participating organizations included:
  - Community Action Agencies
  - YMCA's and YWCA's
  - Boys and Girls Clubs
  - Association of Washington Cities
  - Washington State Association of Counties
  - Washington Secretary of State's list of nonprofit organizations
  - Members of the Washington State Legislature
  - 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 list of community nonprofit organizations
  - All organizations or individuals that contacted Commerce by email or telephone concerning the BCF program, or were referred by the Office of the Governor, the Office of Financial Management, or the Legislature
2. Staff developed and maintained an email listserv to keep interested parties informed about BCF information and events such as application workshops.
3. The Commerce Web site included information about BCF, including application guidelines and forms which could be downloaded when available.
4. Program staff conducted three application workshops (Seattle, Spokane, and Vancouver) in June 2010. A total of 142 persons attended.

5. The 2011-13 BCF application timetable was as follows:

- Date application advisory announcement was made..... May 10
- Date applications were made available..... May 10
- Spokane Workshop..... June 8
- Seattle Workshop..... June 9
- Vancouver Workshop..... June 10
- Date applications were due at Commerce..... July 1
- Total number of applications received..... 30
- Number of applications forwarded to Governor & Legislature... 22
- Amount of state funds requested by qualified projects..... \$14.7 million



## THE PROCESS

### Application Eligibility Criteria

Program staff reviewed 30 BCF applications to ensure they met the 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;
- Possess a current or advance ruling 501(c) (3) IRS registration;
- Have control of the project site through ownership or lease; and
- Submit an executed joint operating agreement if applications are a partnership

After completing a preliminary review to determine eligibility, program staff forwarded 25 applications to the BCF Advisory Committee for review. The committee convened by teleconference in August to review project applications. Project applicants also participated in the teleconference by making brief project presentations and responding to questions posed by the Advisory Committee and program staff.

At the conclusion of the work session, the Advisory Committee ranked the applications according to the ten evaluation criteria set forth in the statute and agreed unanimously to recommend 22 projects for inclusion in the 2011- 2013 Capital Budget. Commerce then submitted those projects to OFM for review, in accordance with RCW 43.63A.125.

### Project Eligibility Criteria

In order to be forwarded to the Governor and Legislature for funding consideration, projects must:

- Consist of acquisition, construction or rehabilitation of a nonresidential facility used to deliver community services (social service and multipurpose community centers) including those serving a distinct or ethnic population;
- Be located in a distressed community or serve a substantial number of low-income or disadvantaged persons;
- Be located in an area designated as a low-income community under United States Department of the Treasury's CDFI New Markets Tax Credit program; or
- Be located in a school district in which at least 50 percent of local elementary students receive free and reduced-price meals.

## **Evaluation Benchmarks**

The Advisory Committee used the ten evaluation benchmarks set forth in the statute as a template for evaluating applications. In order to be forwarded to the Governor and Legislature for funding consideration, applicants had to demonstrate to the Advisory Committee's satisfaction that their project met all ten criteria (RCW 43.63A.125):

- (i) Will increase the range, efficiency, or quality of the services provided to citizens;
- (ii) Will be located in a distressed community or will serve a substantial number of low-income or disadvantaged persons;
- (iii) Will offer a diverse set of activities that meet multiple community service objectives including, but 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;
- (iv) Reflects a long-term vision shared by residents, businesses, leaders, and partners for the development of the community;
- (v) Requires state funding to accomplish a discrete, usable phase of the project;
- (vi) Is ready to proceed and will make timely use of the funds;
- (vii) Is sponsored by one or more entities that have the organizational and financial capacity to fulfill the terms of the grant agreement and to maintain the project into the future;
- (viii) Fills an unmet need for community services;
- (ix) Will achieve its stated objectives; and
- (x) 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.

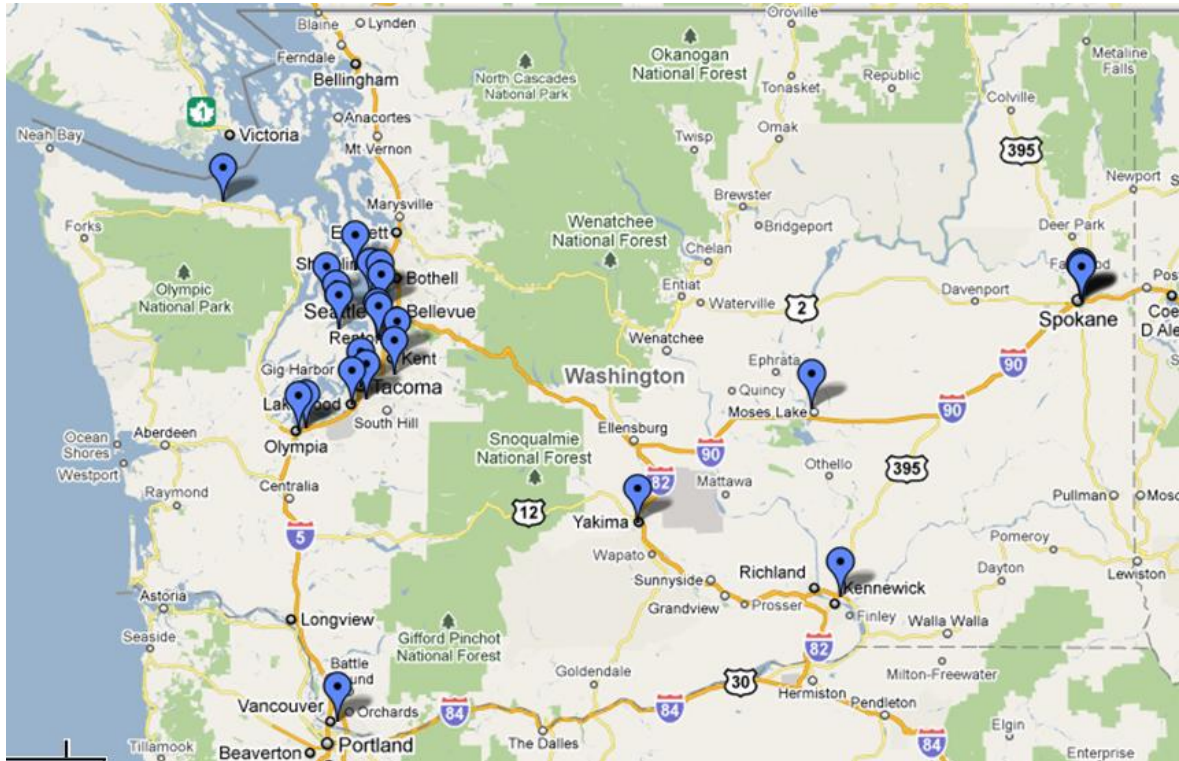
## **Issues Encountered and Recommendations**

The Advisory Committee did not encounter any programmatic issues with this year's selection process and therefore does not have any recommendations for process improvements.

**Building Communities Fund  
List of 2011-2013 Qualified Eligible Projects**

<b>Rank</b>	<b>Applicant/Project</b>	<b>Location</b>	<b>Request</b>
<b>1</b>	Serenity House of Clallam County Tempest Building Rehabilitation Completion	Port Angeles	\$52,000
<b>2</b>	Boys & Girls Clubs of King County Auburn Activity Center	Auburn	\$316,000
<b>3</b>	YMCA of Pierce and Kitsap Counties Haselwood Family YMCA	Silverdale	\$1,250,000
<b>4</b>	Jewish Family Service Multi-Use Social Services Facility	Seattle	\$2,313,000
<b>5</b>	Low Income Housing Institute Urban Rest Stop 2	Seattle	\$313,000
<b>6</b>	The Salvation Army Center for Nurturing Families & Children	Spokane	\$56,000
<b>7</b>	Share Share Service Center	Vancouver	\$581,000
<b>8</b>	Navos Mental Health & Wellness Center	Burien	\$2,500,000
<b>9</b>	Kitsap Community Resources South Kitsap Community Services Center	Port Orchard	\$600,000
<b>10</b>	Transitions New Leaf Bakery	Spokane	\$109,000
<b>11</b>	Boys & Girls Clubs of the Columbia Basin Building the Future	Moses Lake	\$648,000
<b>12</b>	Village Green Foundation Community Center at Village Green Park	Kingston	\$1,029,000
<b>13</b>	Community Action Council of Lacey/Mason/Thurston Building Blocks	Olympia	\$95,000
<b>14</b>	United Way of Kitsap County Non-Profit Community Center	Bremerton	\$605,000
<b>15</b>	ARC of Spokane ARC of Spokane Building Consolidation	Spokane	\$862,000
<b>16</b>	Dynamic Family Services Dynamic Collaboration for Kids	Burien	\$575,000
<b>17</b>	University District Food Bank University Commons	Seattle	\$573,000
<b>18</b>	Community Health Care Lakewood Clinic Renovation	Lakewood	\$123,000
<b>19</b>	YWCA Yakima Bringing It Home	Yakima	\$203,000
<b>20</b>	SafePlace Community Service Center	Olympia	\$778,000
<b>21</b>	Allen Renaissance, Inc. Allen Place Performing Arts & Technology	Tacoma	\$800,000
<b>22</b>	Kent Youth and Family Services Valli Kee Homes Community Room	Kent	\$298,000
		<b>Total</b>	<b>\$14,679,000</b>

## BCF Proposed Projects Statewide 2011-2013



### Role of the Advisory Committee

The statute directs Commerce to develop and administer a competitive grant process. A key component of this mission is to review applications in consultation with a citizen advisory committee. The BCF Advisory Committee, which was recruited and appointed by Commerce, consists of volunteers with expertise administering or advocating on behalf of community nonprofit organizations throughout the state. The Advisory Committee also includes grant officers from major local foundations, thus giving applicants exposure to other sources of funding.

## Building Communities Fund 2009-2011 List of Projects

Commerce submitted the following list of projects which was subsequently approved by the Governor and the Legislature in the amount of \$28,000,349 during the 2009-2011 session. The list includes a description of the project, total cost, the amount of state funding awarded and expended to date and the project status. The projected number of low-income people served is included in the project summary brief column. Each project had to meet the ten criteria as stipulated in RCW 43.63A.125(2)(b).

Status	Grantee	Project Title	AUTHORIZED AMT	Project Summary Brief
C	Boys & Girls Clubs of King County	Rainier Vista & Rainier Valley Teen Center	\$2,400,000	Construction of a 40,000 sq. ft. Boys & Girls Club and a Teen Center. People served:300 annually. Expended to date: \$2,370,000.00
A	Boys & Girls Clubs of South Puget Sound	Donald G. Topping HOPE Center	\$1,934,250	Construction of a 45,000 sq. ft. HOPE Center. People served: 2,000 annually. Expended to date:\$1,441,969.62
C	Boys & Girls Clubs of Whatcom County	Ferndale Boys & Girls Club	\$752,847	Construction of a 21,000 sq. ft. boys & girls club. People served: 2,000 annually. Expended to date:\$734,026.00
O	CASA Latina	A Home for Opportunity	\$325,000	Construction of a 2,000 sq. ft. facility for community center. People served: 1,500 annually. Expended to date: \$0
C	Community Health Care	Building the new Eastside Clinic	\$1,900,000	Construction of a medical clinic and pharmacy People served: 3,382 annually. Expended to date: \$1,870,000.00
C	DV/SA Program of Jefferson County	Dove House	\$240,000	Construction of a 3,724 sq. ft. service center for victims of domestic violence and sexual assault. People served:1,474 annually. Expended to date: \$212,220.49
C	Dynamic Family Services	Pierce County Therapy Center	\$128,000	Acquisition of a 4,800 sq. ft. pediatric therapy & early education center. People served: 520 annually. Expended to date: \$124,800.00
A	El Centro de la Raza	Safety & Systems Improvements	\$250,031	Safety improvements, electrical, seismic and plumbing. People served: 18,719 annually. Expended to date: \$0
O	Eritrean Association of Greater Seattle	Eritrean Community Center Expansion	\$300,000	Construction of a 4,800 sq. ft. building adjacent to the community center. People served: 1,500 annually. Expended to date: \$0
C	Family Services	Rotary Support Center for Families	\$3,500,000	Construction of a 38,000 sq. ft. family resource facility. People served: 6,325 annually. Expended to date: \$3,470,000.00
A	Hopelink	Duvall Multi-Service Center	\$617,985	Construction of a 4,200 sq. ft. service center. People served: 272 annually. Expended to date: \$456,487.25
C	Kitsap Mental Health Services	Keller House Services Center	\$600,000	Construction of a 8,922 sq. ft. of program and office space. People served: 2,500 annually. Expended to date: \$502,333.55
C	Life Works	Giant Step	\$520,761	Acquisition & construction of a warehouse for a multipurpose community facility. People served: 8,000 annually. Expended to date: \$507,742.00
O	Mt. Baker Planned Parenthood	Education and Training Center	\$881,847	Construction of a 8,000 sq. ft. facility for program services. People served: 10,000 annually. Expended to date: \$0
A	Neighborhood House	High Point Neighborhood Center	\$2,000,000	Land acquisition and construction of a 20,000 sq. ft. community facility. People served: 1.131 annually.

				Expended to date: \$1,946,273.25
N	Northeast Community Center Expansion	Northeast Community Center Expansion	\$1,300,000	Construction of 32,000 sq. ft. of new program space. People served: 80,720 annually. Expended to date: \$0
C	PSESD Foundation	Greenbridge Early Learning Center	\$1,419,281	Construction of a 44,000 sq. ft. early learning center. People served: 1,233 annually. Expended to date: \$1,389,281.00
C	Richard Allen Enterprises	Emmanuel Family Life Center	\$400,594	Construction of a 16,886 sq. ft. facility for multi-purpose use. People served: 4,200 annually. Expended to date: \$390,579.00
N	Solid Ground	Community Center for Sand Point Housing	\$350,000	Construction of a 3,500 sq. ft. community center. People served: 300 annually. Expended to date: \$0
C	Spokane Neighborhood Action Programs	Riverwalk Point Community Building	\$79,253	Construction of a two-story, 6,650 sq. ft. community building. People served: 300 annually. Expended to date: \$77,272.00
C	Tacoma Goodwill Industries	Milgard Work Opportunity Center	\$1,850,000	Construction of a 6,321 sq. ft. Opportunity & Youth Career Center. People served: 4,846 annually. Expended to date: \$1,820,000.00
O	Technology Access Foundation	TAF Community Learning Space	\$1,500,000	Construction of 22,600 sq. ft. facility for developing educational programming. People served: 1,199 annually. Expended to date: \$0
A	United Indians of All Tribes Foundation	Repurposing Daybreak Star	\$87,500	Design, engineering and installation of a new HVAC system. People served: 20,000 annually. Expended to date: \$0
C	YMCA of Greater Seattle	Highline YMCA	\$1,163,000	Construction of a 48,000 sq. ft. YMCA facility. People served: 12,000 annually. Expended to date: \$1,133,925.00
C	YWCA of Spokane	YMCA/YWCA Central Spokane Facility	\$3,500,000	Construction of a 80,000 square foot YWCA/YMCA facility in Central Spokane. People served: 20,000 annually. Expended to date: \$3,470,000.00

Total Amount Awarded 2009-2011	\$28,000,349.00
Total Amount Expended	<u>\$21,916,909.16</u>
Contract Balance	\$ 6,083,439.84

Explanation of project status symbols :

A = Active

C = Closed

N = Negotiations in progress

O = Not under contract