


**JEFFERSON COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA REQUEST**

**TO:** Board of Commissioners

**FROM:** Philip Morley, County Administrator 

**DATE:** May 6, 2013

**RE:** **AGREEMENT re: Public Infrastructure Project Funding for the Fort Worden Building 202 Improvement Project; City of Port Townsend; \$150,000**

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**STATEMENT OF ISSUE:**

The Public Infrastructure Fund Board has recommended awarding a \$150,000 Public Infrastructure Fund 100% grant to the City of Port Townsend for the Fort Worden Building 202 Improvement Project. The proposed Grant would run through March 31, 2018, and fund approximately 2% of the entire Building 202 Project.

**ANALYSIS:**

On October 30, 2012, the Public Infrastructure Fund Board met and reviewed letters of interest for a variety of public infrastructure projects. By a vote of 5 yes, 0 no, and 1 abstention, the PIF Board approved a recommendation to provide PIF grants to five projects, including \$150,000 for the Fort Worden Building 202 Improvement Project. On November 5, 2012, the Board of County Commissioners approved Resolution No. 63-12 concurring with the PIF Board's recommendations.

The Fort Worden Building 202 Improvement Project is to renovate a historic barracks building, Building 202, at Fort Worden State Park in Port Townsend. The project will create a center for higher education by adding modern classrooms, learning centers, and faculty offices and preserving and restoring the historic exterior of Building 202. The Fort Worden Building 202 Improvement Project will provide a permanent Jefferson County campus for Peninsula College and also provide classroom and educational support space for a number of other higher education partners, which may include Goddard College and Old Dominion University, among others. The project includes design, engineering, permitting, financing, construction management, and construction. Peninsula College is the lead agency for the design, permitting and construction of the Fort Worden Building 202 Improvement Project. Construction of this project is anticipated to begin in 2014, although the schedule is subject to adjustment by the Peninsula College within the term of this Agreement at Peninsula College's sole discretion.

Consistent with the PIF Board's recommendation and Resolution No. 63-12, the proposed Grant Agreement is for a 100% grant of \$150,000 for the Fort Worden Building 202 Project: \$75,000 in 2014, and \$75,000 in 2015. The proposed Grant would run through March 31, 2018, and provide funds to Port Townsend, which would then be wielded along with the City's own \$350,000 to Peninsula College as the lead agency. Because of Washington State's substantial funding for the project, coupled with the

\$350,000 of funding from the City of Port Townsend and additional fundraising by Peninsula College, the proposed PIF Grant would only comprise 2.2% of the entire Building 202 Project. (See the Project Budget in Exhibit 1 to the Grant Agreement.)

Under the terms of the proposed grant, PIF grant funds for the Fort Worden Building 202 Improvement Project would not be released to the City until the City certifies to the County the following:

- a. That a contract is in place between the Fort Worden Public Development Authority (FWPDA) and Peninsula College (and as appropriate, State Parks and/or the City) requiring that Peninsula College will use the PIF grant monies only for capital costs related to the rehabilitation and redevelopment of Building 202; and that Peninsula College will provide records as requested;
- b. That Peninsula College has received bids and has awarded or is prepared (on receipt of monies from the FWPDA and/or City) to award a contract for the rehabilitation and redevelopment of Building 202; and that Peninsula College has funding in place to do the work;
- c. That FWPDA, the City and the County agree the scope of the work for the contract for the rehabilitation and redevelopment of Building 202 meets the objectives of the project and the Operating Agreement Between the City of Port Townsend and Fort Worden Lifelong Learning Center Public Development Authority, entered into January 18, 2012, including the Recitals to rehabilitate and redevelop Building 202 as part of the implementation of the Lifelong Learning Center; and
- d. That \$350,000 of funding is committed for the project by the City of Port Townsend above and beyond the \$150,000 from the PIF Grant.

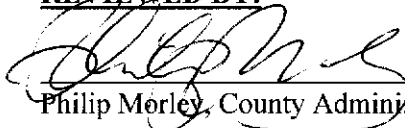
**FISCAL IMPACT:**

Funds from Fund 306 would be appropriated in 2014 and 2015 to pay for the grant.

**RECOMMENDATION:**

Approve the proposed Grant Agreement.

**REVIEWED BY:**

  
Philip Morley, County Administrator

5/1/13  
Date

PIF Grant Agreement – Fort Worden Building 202 Improvement Project

Grant Agreement by and Between

JEFFERSON COUNTY  
and  
THE CITY OF PORT TOWNSEND

For Public Infrastructure Project Funding  
Fort Worden Building 202 Improvement Project

WHEREAS, RCW 82.14.370 authorizes a sales and use tax to provide funding of public infrastructure projects; and

WHEREAS, pursuant to RCW 82.14.370, Jefferson County has established the Public Infrastructure Fund and a program for its administration as codified in Jefferson County Code Chapters 3.28, 3.29 and 3.36; and

WHEREAS, the Fort Worden Building 202 Improvement Project, by providing a permanent home for expanded services by Peninsula Community College, Goddard College and others, will significantly expand local higher education opportunities, and in creating an educated workforce will contribute significantly to the economic development of the City and all of Jefferson County; and

WHEREAS, the Washington State Legislature allocated \$4.377 Million in State capital dollars for the Fort Worden Building 202 project including \$2.377 Million for Washington State Parks and \$2.0 Million for Peninsula College; and

WHEREAS, the City of Port Townsend originally set aside \$500,000 for the redevelopment of Building 202 with funds from the City's 2010 Bond issue; and

WHEREAS, an Operating Agreement Between the City of Port Townsend and Fort Worden Lifelong Learning Center Public Development Authority was executed on January 18, 2012, and included provisions for the redevelopment of Fort Worden Building 202 for higher education, including the \$500,000 of City capital funding for the project; and

WHEREAS, a \$150,000 of grant funding from Jefferson County's Public Infrastructure Fund for Building 202 would offset an equal amount of the City's \$500,000 capital commitment from its 2010 bond issue for the Building 202 project; and

WHEREAS, on October 30, 2012, the Public Infrastructure Fund Board recommended that the County approve a 100% grant for a total of \$150,000 to fund no more than 50% of the cost of the Fort Worden Building 202 Improvement Project; and

WHEREAS, on November 5, 2012, the Board of County Commissioners approved Resolution No. 63-12 concurring with the Public Infrastructure Fund Board's recommendations; and

PIF Grant Agreement – Fort Worden Building 202 Improvement Project

WHEREAS, Peninsula College and the Washington State Parks Commission have entered into an agreement by which Peninsula College is the lead agency for the design, permitting and construction of the capital project rehabilitating Building 202 at Fort Worden State Park;

NOW, THEREFORE, in fulfillment of Jefferson County Resolution No. 63-12, Jefferson County, a municipal corporation in Washington State, hereinafter referred to as "County," and the City of Port Townsend, hereinafter referred to as "City," in consideration of the mutual benefits, terms, and conditions hereinafter specified, do hereby agree as follows:

1. **Grant Commitment.** A 100% grant of Public Infrastructure Funds is hereby made to the City for the Fort Worden Building 202 Improvement Project. The approved maximum amount of the grant, intended to cover no more than 50% of the approved project cost, shall be \$150,000. The grant (\$150,000) shall be available as follows: \$75,000 in 2014, and \$75,000 in 2015, all available as set forth in this Grant Agreement, including those in Section 3 and Section 4. This grant commitment will expire and is automatically withdrawn if the available funds are not expended by March 31, 2018. Any request for an extension beyond March 31, 2018, must be approved by the County Commissioners upon receipt of a recommendation from the Public Infrastructure Board.
2. **Project Designation.** The Fort Worden Building 202 Improvement Project is to renovate a historic barracks building, Building 202, at Fort Worden State Park in Port Townsend. The project will create a center for higher education by adding modern classrooms, learning centers, and faculty offices and preserving and restoring the historic exterior of Building 202. The Fort Worden Building 202 Improvement Project will provide a permanent Jefferson County campus for Peninsula College and also provide classroom and educational support space for a number of other higher education partners, which may include Goddard College and Old Dominion University, among others. The project includes design, engineering, permitting, financing, construction management, and construction. Peninsula College is the lead agency for the design, permitting and construction of the Fort Worden Building 202 Improvement Project. Construction of this project is anticipated to begin in 2014, although the schedule is subject to adjustment by the Peninsula College within the term of this Agreement at Peninsula College's sole discretion.
3. **Release of Funds.** PIF grant funds for the Fort Worden Building 202 Improvement Project shall not be released to the City until the City certifies to the County the following:
  - a. That a contract is in place between the Fort Worden Public Development Authority (FWPDA) and Peninsula College (and as appropriate, State Parks and/or the City) requiring that Peninsula College:
    - Will use the PIF grant monies only for capital costs related to the rehabilitation and redevelopment of Building 202 consistent with Section 2., above;
    - Will provide records or accounting information pertaining to the PIF grant monies as requested by the FWPDA, City and/or the County;

PIF Grant Agreement – Fort Worden Building 202 Improvement Project

- b. That Peninsula College has received bids and has awarded or is prepared (on receipt of monies from the FWPDA and/or City) to award a contract for the rehabilitation and redevelopment of Building 202 consistent with Section 2., above; and that Peninsula College has funding in place to do the work;
  - c. That FWPDA, the City and the County agree the scope of the work for the contract for the rehabilitation and redevelopment of Building 202 meets the terms and objectives of Section 2., above, and the Operating Agreement Between the City of Port Townsend and Fort Worden Lifelong Learning Center Public Development Authority, entered into January 18, 2012, including the Recitals to rehabilitate and redevelop Building 202 as part of the implementation of the Lifelong Learning Center; and
  - d. That \$350,000 of funding is committed for the project by the City of Port Townsend
4. **Payment.** When the City gives the County written certification pursuant to paragraph 3 including the City's commitment to pay the City's contribution for the Building 202 project, and upon review and approval of the certification by the PIF Administrator, the County shall pay the grant monies to the City within 30 days of the notice. Provided, for any notice prior to 2016, the County shall pay as provided in paragraph 1 (namely, \$75,000 in 2014 and \$75,000 in 2015). The City shall promptly document to the County that the City's and the County's payment was paid for the Building 202 project.

The anticipated Fort Worden Building 202 Improvement Project Budget of anticipated revenues and expenditures, showing the match of other funds to the PIF grant, is described in Exhibit 1, attached hereto and incorporated by reference. Should the City's capital payment to the Fort Worden Building 202 Improvement Project be reduced below 100% of \$350,000, the County's \$150,000 PIF Grant and contribution shall be reduced an equal percentage.

5. **Compliance with Laws.** The City shall, in completing its project under this Grant Agreement, faithfully observe and comply with all federal, state, and local laws, ordinances, and regulations, applicable to the project to be completed under this Grant Agreement.
6. **Indemnification.** The City shall indemnify, defend and hold harmless the County, its officers, agents, and employees, from and against any and all claims, losses or liability, or any portion thereof, including attorney's fees and costs, arising out of or in connection with a negligent act, omission or failure of the City or the City's employees, representatives or agents, including but not limited to injury or death to persons, including injuries, sickness, disease, or death to the City's own employees, or damage to property occasioned by a negligent act, omission or failure of the City or the City's employees, representatives or agents.

PIF Grant Agreement – Fort Worden Building 202 Improvement Project

7. Insurance. The City shall obtain and keep in force during the term of the contract, or as otherwise required, Worker's Compensation and Employer's Liability insurance with companies or through sources approved by the State Insurance Commissioner pursuant to RCW 48. The City will maintain its membership in the Washington Cities Insurance Authority, a joint self-insurance program created pursuant to Ch. 48.62 RCW, during the term of this Agreement.
8. Independent Contractor. The City and the County agree that the City is an independent contractor with respect to the project to be completed pursuant to this Grant Agreement. Nothing in this Grant Agreement shall be considered to create the relationship of employer and employee between the parties hereto. Neither the City nor any employee of the City, nor any subcontractor of the City shall be entitled to any benefits accorded to County employees by virtue of their services on the project to be completed under this Grant Agreement. The County shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the State industrial insurance program, or otherwise assuming the duties of an employer with respect to the City, or any employee, representative or agent of the City, or any contractor of the City.
9. Discrimination Prohibited. The City, with regard to the project to be completed under this Grant Agreement, will not discriminate on the grounds of race, creed, color, national origin, religion, age, sex, veteran or military status, sexual orientation, or the presence of any sensory or physical disability in the selection and retention of materials, supplies, contractors or subcontractors.
10. Contract Expiration. This contract shall run until the project is complete and until the County has made all payments required under this Grant Agreement, except that the project must be completed no later than March 31, 2018 unless extended by mutual agreement.
11. Failure to Appropriate. The City acknowledges that the County may only appropriate monies for this grant in the current year and in a manner consistent with Paragraph 1 above. The County agrees to appropriate monies to fund this grant. During the term of this Grant Agreement, if the Washington State Legislature acts to curtail disbursements to Jefferson County of sales and use tax for public facilities in rural counties pursuant to RCW 82.14.370, or if actual income would limit the County's ability to fund the Public Infrastructure Fund grant for the Fort Worden Building 202 Improvement Project in the amount of \$75,000 in 2014 and \$75,000 in 2015 as described in Jefferson County Resolution No. 063-12, in that event, the parties have set forth their responsibilities in Amendment Number Two (Agreement concerning 2010 Sales Tax) dated February 11, 2013. .

PIF Grant Agreement – Fort Worden Building 202 Improvement Project

12. Integrated Agreement. This Grant Agreement together with attachments or addenda represents the entire and integrated agreement between the County and Peninsula College and supersedes all prior negotiations, representations, or agreements written or oral. This Grant Agreement may be amended only by written instrument signed by both the County and Peninsula College.

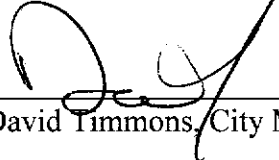
IN WITNESS WHEREOF, the parties have caused this Grant Agreement to be executed this \_\_\_\_\_ day of April, 2013.

**Jefferson County  
Board of Commissioners**

\_\_\_\_\_  
John Austin, Chair

\_\_\_\_\_  
Date

**City of Port Townsend**

  
\_\_\_\_\_  
David Timmons, City Manager

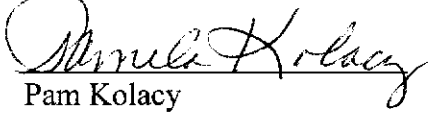
4/17  
\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Erin Lundgren  
Clerk of the Board


\_\_\_\_\_  
Date

ATTEST:

  
\_\_\_\_\_  
Pam Kolacy  
City Clerk

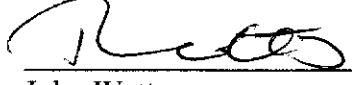
4/17/13  
\_\_\_\_\_  
Date

APPROVED AS TO FORM:

  
\_\_\_\_\_  
David Alvarez  
Deputy Prosecuting Attorney

3/27/13  
\_\_\_\_\_  
Date

APPROVED AS TO FORM:

  
\_\_\_\_\_  
John Watts  
City Attorney

4-15-13  
\_\_\_\_\_  
Date

**EXHIBIT 1**

**PROJECT BUDGET**

| <b>Building 202 Improvement Project Revenues*</b>     | <b>Budget</b>       |
|---|---------------------|
| Washington State Parks State Capital Appropriation    | \$ 2,000,000        |
| Peninsula College State Capital Appropriation         | \$ 2,000,000        |
| Peninsula College "Local Commitment"                  | \$ 600,000          |
| Fundraise   | \$ 1,600,000        |
| City of Port Townsend 2010 Bond Revenue               | \$ 350,000          |
| <b>Public Infrastructure Fund</b>                     | <b>\$ 150,000</b>   |
| <b>Total Building 202 Improvement Project Revenue</b> | <b>\$ 6,700,000</b> |
| <b>PIF Revenue as % of Total Project Revenues:</b>    | <b>2.2%</b>         |

\* **Source:** Estimates and Funding; Deborah Frazier, Vice-President of Administrative Services, Peninsula College, via email 03/05/13

| <b>Building 202 Improvement Project Expenditures**</b>             | <b>Budget</b>       |
|--|---------------------|
| Consultant Services (Design Costs Schematic through Completion)    | \$ 850,000          |
| Construction Costs   | \$ 5,000,000        |
| Other Costs (Permits, mitigation, equipment, furniture, etc.)      | \$ 850,000          |
| <b>Total Building 202 Improvement Project Revenue</b>              | <b>\$ 6,700,000</b> |
| <b>PIF Revenue (\$150,000) as % of Total Project Expenditures:</b> | <b>2.2%</b>         |

\*\* **Source:** Laura Price (Assistant to Deborah Frazier, Vice-President of Administrative Services, Peninsula College) via email 03/13/13