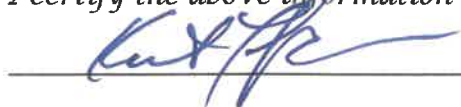


Agenda Summary Report (ASR)

Franklin County Board of Commissioners

DATE SUBMITTED: 6/03/2022	PREPARED BY: Shirley Jones
Meeting Date Requested: 6/14/2022	PRESENTED BY: Keith Johnson
ITEM: (Select One) <input type="checkbox"/> Consent Agenda <input checked="" type="checkbox"/> Brought Before the Board Time needed: 10 minutes	
SUBJECT: Approval of .09 Economic Development Fund Expenditures for Economic Development Projects	
FISCAL IMPACT: .09 Funding for 2 projects; \$25,000 to TRIDEC for recruiting leads and staff expense; \$1,000,000 to Port of Pasco/City of Pasco for Sanitary Sewer main for Darigold/Reimann to meet needs of the Darigold project.	
BACKGROUND: The Franklin County Economic Development Plan adopted in 2016 requires projects to be approved by the Board of Commissioners and listed in Appendix B of the Plan. The Economic Development Advisory Review Committee consisting of representatives from the City of Pasco, the City of Connell, TRIDEC, the Port of Pasco and Franklin County have evaluated these proposals and have recommended the approval of this request, as it meets the requirements of the Plan and will be of substantial economic benefit to the citizens of Franklin County.	
RECOMMENDATION: Approval of the attached resolution.	
COORDINATION: County Administrator, Keith Johnson (Supports approval) Economic Development Advisory Committee per the Franklin County Economic Development Plan (Supports approval)	
ATTACHMENTS: (Documents you are submitting to the Board) ASR/Resolution Economic Development Applications from TRIDEC and the Port of Pasco/City of Pasco.	
HANDLING / ROUTING: (Once document is fully executed it will be imported into Document Manager. Please list <u>name(s)</u> of parties that will need a pdf) Shirley Jones, County Administration City of Pasco, Dave Zabell, City Manager TRIDEC, Karl Dye, President & CEO Port of Pasco, Randy Hayden, Executive Director/ Stephen McFadden, Economic Development Director	

I certify the above information is accurate and complete.



Keith Johnson, Administrator

FRANKLIN COUNTY RESOLUTION

BEFORE THE BOARD OF COMMISSIONERS
FRANKLIN COUNTY, WASHINGTON

APPROVAL OF .09 ECONOMIC DEVELOPMENT FUND EXPENDITURES FOR ECONOMIC DEVELOPMENT PROJECTS

WHEREAS, the Board of Franklin County Commissioners constitutes the legislative authority of Franklin County and deems this action to be in the best interest of Franklin County; and

WHEREAS, *RCW 82.14.370* grants Franklin County the legislative authority to implement a sales and use tax collected for the purpose of financing 'public facilities' serving 'economic development purposes'; and

WHEREAS, the Tri Cities Development Council (TRIDEC) and the Port of Pasco/City of Pasco have submitted proposed projects to be funded from the County's .09 Economic Development Fund; and

WHEREAS, Franklin County finds that these projects will support the economic development purposes intended by *RCW 82.14.370* and benefit the citizens of Franklin County.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Franklin County Board of Commissioners approves \$1,025,000 in funding from the .09 Economic Development Fund to be allocated to the following projects in the noted amounts and in conformity with disbursement agreements and hereby amends the 2016 Franklin County Economic Development Plan to include these projects in Section 9, Appendix B.

TRIDEC - \$25,000 – Recruiting Leads and staff expense.

Port of Pasco/City of Pasco - \$1,000,000 – Sanitary Sewer main for Darigold/Reimann.

APPROVED this 14th day of June, 2022.

**BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, WASHINGTON**

Chair

Chair Pro Tem

Member

ATTEST:

Clerk to the Board



PORT^{OF} PASCO

CONNECTING HERE WITH THERE

MEMORANDUM

TO: Keith Johnson

DATE: June 2, 2022

SUBJECT: 0.09 Review Committee Recommendation

PREPARED BY: Stephen McFadden

Thank you for the opportunity for the Port to continue to help facilitate the annual Franklin County 0.09 Funding process.

Expenditures of these local economic development funds require the County to consult with the cities and ports within its jurisdiction as well as the Associate Development Organization - TRIDEC.

The review committee unanimously recommends the Franklin County Commissioners fund, in full, the two (2) proposals presented to the committee during the 2022 cycle. The recommendation calls for funding the TRIDEC request from the Uncommitted Funds. The recommendation calls for the Port of Pasco/City of Pasco joint request to be funded via the Emergent Project Reserves.

Below is a summary of the process and the proposals.

Process Summary

The .09 Economic Development Fund Committee conducted its initial meeting on April 18, 2022, to discuss this year's process, review previous funding, 2022 uncommitted funds, and to establish a timeline. Franklin County Administrator Keith Johnson provided the .09 Funds review.

On April 22, 2022, A call for proposals was issued to entities authorized to receive 0.09 Funds as designated by RCW 82.14.370. The deadline for submittals was May 20. The Committee received two proposals: one from Port of Pasco/City of Pasco, and one from TRIDEC. The Port of Pasco/City of Pasco joint request sought funding from the Emergent Project Reserves.

Per Franklin County's Overall Economic Development Plan (Res 2016-21), the committee met on Thursday, May 26, for review and consultation.

The committee met at the Port of Pasco. Attendees included: Keith Johnson, Franklin County; Dave Zabell, City of Pasco; and Randy Hayden, Port of Pasco. Stephen McFadden, Port of Pasco, facilitated the meeting.

The committee reviewed the financials for the 0.09 funds. The 2022 Uncommitted Funds available: \$1,011,504. Emergent Project Reserves available: \$1,000,000.

Project Summary

TRIDEC – This funding proposal is a continuation of TRIDEC's existing "SmartLeads" program. The program includes contracting with Whitaker Associates for target industry research and lead generation to support the recruitment of new, large businesses and industries to the area.

The 2022 request is for \$25,000 and represents an increase of \$5,000 that represents the addition of targeted lead generation among the Aerospace Industry Sectors. This new effort will focus lead generation and promotion of the Tri-Cities Airport-PSC as a prime location for future aerospace research & development facilities, manufacturing, and assembly facilities.

Port of Pasco/City of Pasco – This project seeks Emergent Project Reserves. The funds will be used to construct the 15" sanitary sewer main that will serve the Darigold project. Design and engineering for this project is currently underway. This is a joint application from the Port and the City. The sanitary sewer main is a municipal utility. The Port of Pasco must cover the expense of constructing the line to serve its Reimann Industrial Center. This is an urgent need via the Emergent Project Reserves "... because global impacts from the COVID pandemic, coupled with severe inflation, have rapidly escalated the cost of constructing public utilities and infrastructure to serve the Reimann and Darigold."

Entity	Project	Requested	Match	Notes
TRIDEC	Recruiting Leads - Staff	\$25,000	\$25,000	Pays for the staff and access to lead generation software.
Port of Pasco/City of Pasco	Sanitary Sewer main for Darigold/Reimann	\$1,000,000	\$4,000,000	Construction of 15" sanitary sewer main to serve the Darigold project.

**FRANKLIN COUNTY
ECONOMIC DEVELOPMENT PROGRAM APPLICATION**

Organization:	Port of Pasco in partnership with the City of Pasco
Contact Person:	Stephen McFadden
Telephone:	(509) 547-3378
e-mail:	smcfadden@portofpasco.org
Address:	1110 Osprey Pointe Blvd., Suite 201, Pasco, WA 99301

Project Title:

Reimann Industrial Center Sanitary Sewer project (as an element of the overall Phase #1 infrastructure project).

Project Description:

The Port of Pasco and the City of Pasco are partnering to request \$1 million from the Emerging Projects Fund from the Franklin County .09 Economic Development Fund. The grant will be used to construct the sanitary sewer main and lift station needed to serve the Port's Reimann Industrial Center, as part of a larger sewer LID project managed by the City of Pasco.

This key public utility infrastructure will immediately serve Darigold, Inc., and its 3rd party cold storage partner. Darigold purchased 150 acres of the Reimann in January 2022. The company expects to break ground and start construction in August or September of this year.

The combined milk processing & cold storage facility will result in a private capital investment of \$800 million while creating approximately 400 full time jobs on site. When construction is complete in 2024, Darigold and New Cold will have constructed more than 600,000 square feet of high-tech food processing and cold storage warehousing structures.

This \$1 million funding request is critical because global impacts from the COVID pandemic, coupled with severe inflation, have rapidly escalated the cost of constructing public utilities and infrastructure to serve the Reimann and Darigold. The 2020 estimates to construct the infrastructure were set at \$15.7 million. Today those costs have ballooned to nearly \$28 million for the Reimann Phase #1 infrastructure project. The Phase #1 project will construct: 16-inch municipal water main, 15-inch sanitary sewer main, reconstruct Railroad Avenue from Foster Wells Road North; and construct a new port-owned rail spur connected to the BNSF switch yard.

Sanitary Sewer Project Maps are attached.

Project Status: Please check one.

Project is Conceptual _____

Project is in Planning _____

Project is in Engineering **XXX**

Project is Ready to Bid _____

Project Schedule: Assuming funds are available, provide the project schedule. At a minimum provide estimated start date and completion date.

- Design and engineering are underway for the water, sanitary sewer, roads, and rail. The Port of Pasco will construct the water, roads, and rail infrastructure. The City of Pasco will construct sanitary sewer.
- Construction Bids will be opened in September 2022.
- All public infrastructure is expected to be completed by the end of 2023.
- The Darigold facility will come online in 2024.

Job Creation:

Construction Jobs: Approximately 500 including Darigold project
Retained Jobs: N/A
Job Growth: Approximately 400 permanent full time onsite jobs (Darigold & New Cold).

Private Investment: Machinery & Equipment:

Structures/Land: \$800 million in real and personal property

Description of Project Funding:

Describe the need for 0.09 funding and how that funding will leverage other funds.

This request is for "Gap" funding for this project as a result of unprecedented cost escalation.

Secured funding for the Port of Pasco's Reimann Phase #1 project = \$21,100,00. The entire project (including sanitary sewer) will cost an estimated \$28 million.

Local and state funding secured for Reimann Phase #1 includes:

Port Land Sale Proceeds	\$2,500,000.00
Port TIF	\$8,225,000.00
Port Economic Development Fund	\$1,000,000.00
State Appropriation	\$7,500,000.00
Franklin County .09 Fund Rails – 2020	\$300,000.00

Franklin County .09 Fund Roads – 2021 \$1,000,000.00
 CERB Rail Funding \$575,000.00
Total Secured: \$21,100,000.00

Project Budget: Provide an estimate of the project costs. The expenditure areas are suggestions; please feel free to use designations more appropriate to your project.

Project Expenditures	Total Project Cost	Grant Request	Public	Private
Planning/Engineering				
Land Acquisition				
Construction	\$5,000,000	\$1,000,000	\$4,000,000	\$0.00
Machinery/Equipment				
Other				
Total	\$5,000,000	\$1,000,000	\$4,000,000	\$0.00

General Project Information:

Describe the nature of the public/private investment:

The Port and its partners – City of Pasco, Franklin County, Franklin PUD, TRIDEC, and Cascade Natural Gas are working together to ensure public infrastructure is ready to serve Darigold and New Cold, as well as future industries at the Reimann Industrial Center.

The current food processing project will bring \$800 million in private investment. State and local funds will construct \$28 million in new public infrastructure.

How will the project compliment the County's existing economic development strategy?

Goal 1: Encourage economic development consistent with adopted comprehensive plans.

Compliment: The Reimann Industrial Center is located in an Industrial Land Use and Industrial Zoning, consistent with adopted comprehensive plans.

Goal 2: Enhance economic and job opportunities for all citizens, especially the unemployed, disadvantaged, minorities, and small businesses.

Compliment: Continued industrial development is important for Franklin County, Pasco, and the Tri-Cities. These primary sector jobs are essential for economic growth and diversification from reliance on Hanford. The increased tax base will be essential for supporting the Pasco School District, which has the lowest per student assessed value in the state.

Goal 3: Enhance the existing agricultural economic base through diversification.

Compliment: While not limited to a specific industry, we expect the Reimann Industrial Center to include food and beverage manufacturing, advanced manufacturing, logistics, climate-controlled storage, agriculture support industries and food processing support industries, representing the agriculture and food processing clusters.

Will this project complement existing infrastructure? If yes, how?

Yes, this project will design extensions of existing infrastructure to the Reimann Industrial Center. Franklin County will reconstruct the Vineyard Avenue/Railroad Avenue intersection and improve portions of both roads. The Port of Pasco will also improve existing roadway infrastructure in a manner that benefits all users and increased truck traffic.

Will this project create demand for additional infrastructure?

Yes, the development of the Reimann Industrial Center will require additional infrastructure.

The Phase #1 development plan includes construction of:

1. BNSF Rail switch, signalized rail crossing and common rail spur.
2. Reconstruction of Railroad Avenue from Foster Wells Road to the Northwest corner of the Reimann.
3. Installation of a municipal water main to serve high volume water users.
4. Installation of municipal sanitary sewer main to serve industrial users.
5. Relocation of Cascade Natural Gas line that currently travels across the Reimann.

Phase #1B

1. 6,100-foot rail long lead starting just North of Foster Wells Road - as required by BNSF

Phase #2

1. Reimann rail spur extended to serve second half of park
2. 100 MW Substation (Franklin PUD)
3. Municipal water and sanitary sewer main inside the Reimann's remaining 150 acres.
4. Interior roads to serve multiple lots.

Please describe any unique economic development opportunities this project will provide?

As part of the master planning process, The Metts Group's feasibility study estimates 3,326 direct and indirect jobs will be created. With that will be \$187,619,142 in estimated annual employee earnings (based on 3,326 new jobs).

**FRANKLIN COUNTY
ECONOMIC DEVELOPMENT PROGRAM APPLICATION**

Organization:	Tri-City Development Council (TRIDEC)
Contact Person:	Karl Dye, President
Telephone:	(509)735-1000
e-mail:	kdye@tridec.org
Address:	7130 W. Grandridge Blvd Ste A Kennewick, WA 99336

Project Title:

Staffing for Recruiting Lead Generation with Specific Aerospace Research and Vetting.

Project Description:

Since 2017 Franklin County has partnered with TRIDEC on our "SmartLeads" program. This program includes contracting with Whitaker Associates, a respected economic development consulting firm specializing in target industry research and lead generation for companies that are growing and should be looking to expand to new locations. Using a predictive model, the service generates a database of 25 company intelligence reports per quarter in our local target sectors. This service is limited to 10 communities nationally. TRIDEC uses these leads to market the Tri-Cities to these growing companies and shares the active projects with our economic development partners.

Project Status:

In progress (planning complete)

Project Schedule:

July 1, 2021 - June 30, 2022

Job Creation:

N/A

Private Investment: See Project Budget Below

Description of Project Funding:

TRIDEC has purchased the Whitaker leads services and will use the .09 funds for a portion of the personnel costs required to process, conduct additional research, actively market, follow up and manage the leads with our partners.

To support the Port of Pasco's Tri-City Airport Business Park, TRIDEC is proposing to add an enhanced service for specific aerospace related companies. This service would include a lead qualification and vetting process to refine the leads generated in this specific industry sector. TRIDEC will match this additional cost with our membership dollars.

Project Budget:

Project Expenditures	Total Project Cost	Grant Request	Public/ Private
Staff Expense	\$25,000	\$20,000	\$5,000
Subscription Cost	15,000	0	15,000
Enhanced Aerospace List	10,000	5,000	5,000
Total	\$50,000	\$25,000	\$25,000

General Project Information:

Describe the nature of the public/private investment:

Approximately 50% of TRIDEC's annual budget comes from private sector member dues. These dues are allocated across all TRIDEC programs for the benefit of the two-county region. TRIDEC also receives funding from the Department of Commerce as the designated Associate Development Organization for both Benton & Franklin Counties and will use some of these funds to pay for the Whittaker annual subscription.

How will the project compliment the County's existing economic development strategy?

This project generally supports Goals 1-6 of the County's strategy and specifically addresses Goal 2, Policy 3; "identify potential industrial clients" and Goal 3, Policy 3; "location of processing plants"

Will this project complement existing infrastructure? N/A

Will this project create demand for additional infrastructure? N/A

Please describe any unique economic development opportunities this project will provide.

One of TRIDEC's primary programs is marketing the Tri-Cities region to new industries. Recently TRIDEC's focus has been on target sectors identified by the consulting firm TadZo which include food processing, logistics, food machinery manufacturing, carbon fiber manufacturing and energy. This project will help TRIDEC to identify companies more likely to locate, consolidate or expand in our region. By using this expert third-party research, TRIDEC can focus on contacting these companies with real projects and increase the probability of successful project siting.

To support the Port of Pasco's Tri-Cities Airport Business Park growth, TRIDEC would like to additionally purchase a vetted list of specific types of emerging aerospace companies that would be a good fit with this development.