

**City of Blaine**  
**Request for Council Action**  
**Meeting Date: December 9, 2019**

**Subject:** Interlocal Cooperation Agreement Amendment Between Whatcom County and the Cities of Whatcom County For The Purpose Of Administering Funds Generated As A Result Of RCW 36.22.178 and RCW 82.14.540

**Department:** City Manager

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

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

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**Attachments:**

1. Interlocal Cooperation Agreement Amendment
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**Background/Summary:**

The State passed Substitute House Bill 1406 (SBH 1406) during the last session. The law allows for a tax rebate to local jurisdictions to assist in funding certain qualifying affordable housing programs. The rebate is 0.0146% of state sale taxes returned to the local jurisdiction. To indicate Blaine's intent to participate in the rebate program, the City Council passed a Resolution 1779-10 on October. Blaine would collect about \$20,000 per year for ten years from the rebate.

Each of the seven Whatcom County cities, and the county, have passed resolutions of intent. At a staff level, the jurisdictions have been working to develop the attached, Interlocal Cooperation Agreement Amendment. The Amendment will allow the seven cities and Whatcom County to work cooperatively to expand affordable housing services that help residents in all the cities and throughout the county. The funds will be administered the county's existing system. This allows us to avoid the administrative costs that would be incurred if each of the seven cities were to collect and distribute the tax rebate separately. A centralized effort also helps to ensure that the funding is well-targeted and avoids a disjointed effort.

The Whatcom County Housing Advisory Committee was created by the original Interlocal Agreement. The Committee provides oversight of the expenditure of funds. It includes two small city representatives. The law outlines how and when the funds are received, and provides certain limits on use of the funds. The county must report annually to the Department of Commerce on the collection and use of the revenue.

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

This has no impact on the 2019 Budget.

It would impact the yet to be adopted 2020 Budget by forgoing revenue (approx. \$20,000) and avoiding the expenses related running a program to distribute the funds and report to the state on the distribution.

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**Recommendation:**

The City Manager recommends the City Council approve the Interlocal Cooperation Agreement Amendment Between Whatcom County and the Cities of Whatcom County For The Purpose Of Administering Funds Generated As A Result Of RCW 36.22.178 and RCW 82.14.540.

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**Reviewed By:**

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

**Interlocal Cooperation Agreement Amendment  
Between Whatcom County and the Cities of Whatcom County  
For The Purpose Of Administering Funds Generated As A Result Of  
RCW 36.22.178 and RCW 82.14.540**

This agreement is entered into between Whatcom County and the Cities of Bellingham, Blaine, Ferndale, Lynden, Everson, Nooksack, and Sumas for the purpose of creating an Interlocal Cooperation Agreement. This Agreement addresses the use of funds created from the surcharge for each document recorded in the County Auditor's office to fund housing programs, pursuant to RCW 36.22.178, and through a tax credit against a portion of the state's share of local sales and use tax pursuant to RCW 82.14.540. This agreement amends and supersedes the original Interlocal Agreement dated January 5, 2004 and designated as Whatcom County contract number 200402021, and the Interlocal Agreement Amendment dated June 21, 2010 and designated as Whatcom County contract number 200402021-1.

**WHEREAS**, the Washington State Legislature passed Substitute House Bill 2060 during the 57<sup>th</sup> Legislative Session and Governor Locke signed the bill on April 2, 2002, and said statute has been amended multiple times by state legislature since then; and

**WHEREAS**, this bill authorizes a surcharge on documents recorded through the County Auditor's office for the purpose of providing funds for housing programs for income eligible persons defined in RCW 36.22.178; and

**WHEREAS**, the Washington State Legislature passed Substitute House Bill 1406 during the 2019 Regular Session, and the Governor signed into law; and

**WHEREAS**, this bill authorizes the governing body of a county to impose a local sales and use tax for affordable and for supportive housing to income eligible persons defined in RCW 82.14.540; and

**WHEREAS**, housing affordability has become a significant problem for a large portion of the population in Whatcom County; and

**WHEREAS**, funding to support the operation of shelters serving the homeless, building operations, maintenance, and rehabilitation of housing facilities/programs, construction or acquisition of affordable housing and rental assistance is critical to providing an array of housing opportunities for residents,

**NOW THEREFORE**, in consideration of the mutual housing benefits for income eligible persons and those experiencing homelessness throughout Whatcom County, the above partners agree as follows:

- A. The purpose of this Agreement shall be to provide for the administration and expenditure of revenue generated from the recording surcharge authorized under the provisions of RCW 36.22.178 and the tax credit under the provisions of RCW 82.14.540.
- B. That portion of the revenue generated from the surcharge and tax credit that is to be retained by Whatcom County and used for local income eligible housing and emergency shelter needs within Whatcom County shall be collected by Whatcom County. Those funds will be held in designated funds by the Whatcom County Treasurer, to be drawn upon as provided in County policy, for the purposes specified in this agreement.

- C. Permissible uses of these particular funds are defined in RCW 36.22.178 and RCW 82.14.540.
- D. The Whatcom County Housing Advisory Committee (WCHAC), previously established with this original agreement and staffed by the Whatcom County Health Department, will advise the county on the strategic priorities for use of funds generated by above noted RCWs. Additionally WCHAC will provide guidance for reasonable equitable distribution of funds throughout all cities and the county that reflects consideration of other fund sources that support affordable and supportive housing, where the revenue is generated, and the broader continuum of housing needs for the entire county.
- E. Membership of the WCHAC will be established in committee by-laws and include, but is not limited to no less than two representatives of the city of Bellingham, no less than two positions representing the small cities, two positions representing the county, and other representatives of housing and related services. Membership shall constitute no less than nine members and no more than 15 members.
- F. Whatcom County will facilitate a county-wide housing plan by collating the various cities' and county housing plans and then identifying common goals.
- G. The WCHAC will approve and submit an annual report of activities generated by the housing plan that will include housing priorities, strategies, funding sources and accomplishments of the entire county.
- H. The expenditure of all funds will be subject to audit by the State Auditor or other authorized entity. Whatcom County reserves the right to review, monitor, or audit the use of these funds as deemed necessary, as required by county policies. Such activities may occur with or without notice. The County reserves the right to recover any ineligible costs identified. All recipients of funding under this agreement shall remain accountable for all funds. Funds will be disbursed in a manner that is consistent with County practices.
- I. For the purposes of RCW.39.34.030 (4)(a), the Whatcom County Executive is designated as the administrator responsible for overseeing and administering the joint or cooperative undertaking contemplated by this agreement. No property shall be acquired by the parties to this agreement by reason of this joint or cooperative undertaking.
- J. This agreement shall commence on the date of the last party affixing its signature hereto and shall run indefinitely unless the parties agree in writing to terminate the agreement. In the event of termination, not less than ninety (90) days written notice will be provided to the parties to this agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement this \_\_\_\_ day of \_\_\_\_\_, 2019.

**Accepted for City of Bellingham**

Attested by:

\_\_\_\_\_  
Mayor Kelli Linville

STATE OF WASHINGTON    )  
  ) ss  
COUNTY OF WHATCOM    )

On this \_\_\_ day of \_\_\_\_\_, 2019 before me personally appeared Kelli Linville, to me known to be the Mayor of Bellingham and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

\_\_\_\_\_ NOTARY  
PUBLIC in and for the State of Washington, residing at  
\_\_\_\_\_. My commission expires  
\_\_\_\_\_.

**Accepted for City of Blaine**

Attested by:

\_\_\_\_\_  
Michael Jones, City Manager

STATE OF WASHINGTON    )  
  ) ss  
COUNTY OF WHATCOM    )

On this \_\_\_ day of \_\_\_\_\_, 2019, before me personally appeared Bonnie Onyon, to me known to be the Mayor of Blaine and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

\_\_\_\_\_  
NOTARY  
PUBLIC in and for the State of Washington, residing at  
\_\_\_\_\_. My commission expires  
\_\_\_\_\_.



**Accepted for City of Lynden**

Attested by: \_\_\_\_\_

Mayor Scott Korthuis

STATE OF WASHINGTON    )  
  ) ss  
COUNTY OF WHATCOM    )

On this \_\_\_ day of \_\_\_\_\_, 2019, before me personally appeared Scott Korthuis, to me known to be the Mayor of Lynden and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

\_\_\_\_\_ NOTARY  
PUBLIC in and for the State of Washington, residing at  
\_\_\_\_\_. My commission expires  
\_\_\_\_\_.



**Accepted for City of Everson**

Attested by:

\_\_\_\_\_  
Mayor John Perry

STATE OF WASHINGTON    )  
  ) ss  
COUNTY OF WHATCOM    )

On this \_\_\_ day of \_\_\_\_\_, 2019, before me personally appeared John Perry, to me known to be the Mayor of Everson and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

\_\_\_\_\_ NOTARY  
PUBLIC in and for the State of Washington, residing at  
\_\_\_\_\_. My commission expires  
\_\_\_\_\_.

**Accepted for City of Nooksack**

Attested by:

\_\_\_\_\_  
Mayor James S. Ackerman

STATE OF WASHINGTON    )  
  ) ss  
COUNTY OF WHATCOM    )

On this \_\_\_ day of \_\_\_\_\_, 2019, before me personally appeared James S. Ackerman, to me known to be the Mayor of Nooksack and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

\_\_\_\_\_  
NOTARY  
PUBLIC in and for the State of Washington, residing at  
\_\_\_\_\_. My commission expires  
\_\_\_\_\_.

**Accepted for City of Sumas**

Attested by:

\_\_\_\_\_  
Mayor Kyle Christensen

STATE OF WASHINGTON    )  
  ) ss  
COUNTY OF WHATCOM    )

On this \_\_\_ day of \_\_\_\_\_, 2019, before me personally appeared Kyle Christensen, to me known to be the Mayor of Sumas and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.

\_\_\_\_\_  
NOTARY  
PUBLIC in and for the State of Washington, residing at  
\_\_\_\_\_. My commission expires  
\_\_\_\_\_.

