

RURAL ECONOMIC DEVELOPMENT (RED) LOANS
COUNCIL REPORT AUGUST 14, 2006

Authorized by the State Legislature in 1999, the City established the RED Loan Program in the same year. The program is funded by the Electric Fund with \$50,000 each year. The Electric Fund then receives \$25,000 in credit against State excise tax, which is 3.837% of electric service revenue.

The City has made 25 loans for a total of \$337,500 to local businesses since 1999. Twenty of these loans have been to businesses in our downtown core. Loans have been made for building improvements, to help with start up costs, and to expand businesses.

Nine of the loans have been paid in full, and this \$110,000 has gone back into the loan program. The Program currently has \$62,500 in new funds available plus the \$110,000 in repaid loans for a total of \$172,500 available. No defaults have occurred on any of these loans.

Initial application is made through Sterling Bank. The applications are then reviewed by the RED Loan Committee which is comprised of two banking people, a local business person, a Blaine citizen, a Blaine Council Member, and the Blaine Finance Director. The loans are no interest with a 1% loan processing fee.

Information on the RED Loan Program can be found on the City's website.

RURAL ECONOMIC DEVELOPMENT (R.E.D.) REVOLVING LOAN PROGRAM

The Washington State Legislature passed House Bill 2260 establishing the Electric Utility Rural Economic Development Revolving Fund Program which the Governor signed into law in 1999.



The Blaine City Council established the Rural Economic Development (R.E.D.) Revolving Fund and a board of directors in August 1999.

PURPOSE

The purpose of this program is to establish and offer loans at below market interest rates to existing businesses and to encourage new business start-ups in the City of Blaine. The source of funds for this loan program is a contribution from the City of Blaine Electric Utility and a Public Utility tax credit authorized by EHSB2260 and enacted by Blaine City Council Ordinance No. 99-2430.

GOALS

The goals of this program are to:

- 1) Achieve job creation or business retention;
- 2) Add or upgrade non-electrical infrastructure;
- 3) Add or upgrade health and safety facilities;
- 4) Accomplish energy and water use efficiency improvements;
- 5) Add or upgrade emergency services.

Since that time, the R.E.D. Fund has loaned out over \$300,000 in small business interest-free loans. These loans have been used for job creation, purchase of inventory, building renovations inside and out, and successful implementation of the City's downtown core turn-of-the-century guidelines.

ELIGIBILITY

All property owners, owners of businesses or individuals whose business is located within the city limits of the City of Blaine are eligible to submit a loan application for the following purposes:

- 1) To improve the appearance of building facades, signage or other structural improvements in compliance with City adopted design and signage standards;

- 2) To improve parking, landscaping and the general exterior appearance of the building;
- 3) To refinish the interior of the building in order to provide an enhanced commercial environment;
- 4) To assist in the start-up of new business opportunities;
- 5) To accomplish one of the stated goals of this program.

LOAN PROCESS

Loan application is made through the Blaine Branch of Sterling Bank. The contact person is Sabrina Ooms. Sabrina can be reached at (360) 332-5565.