



## FUNDING POLICY

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# FUNDING POLICY

Approved and Adopted: [Date]

## 1.0 PURPOSE

The purpose of this Funding Policy is to establish the principles and procedures guiding the Kitsap Public Facilities District's (KPFDD) decision making in funding public facility projects that promote economic development, recreation, and community benefit across Kitsap County. All funding decisions shall be consistent with the authority granted under **RCW 36.100**, **RCW 35.57**, and **RCW 82.14.485**, and with the KPFDD's mission to enhance regional facilities that serve a regional population and provide measurable community impact.

## 2.0 POLICY STATEMENT

It is the policy of KPFDD to:

- Ensure all funding actions are financially responsible, transparent, and compliant with applicable state law.
- Support projects that meet statutory definitions of regional centers, special events centers, or other qualifying public facilities.
- Require that each project demonstrates clear economic and community benefit consistent with the statutory regulations governing Public Facilities Districts.
- Utilize a pay-as-you-go funding model based on sales and use tax rebate revenues and other legally available funds.
- Adhere to a structured process for project selection, timing, and evaluation.

## 3.0 GUIDING PRINCIPLES

KPFDD is committed to the responsible, and transparent allocation of public resources. When considering project funding, the KPFDD Board adheres to the following guiding principles:

- Promote economic development opportunities across Kitsap County.
- Ensure efficient and transparent use of public and private monies.
- Encourage projects that are innovative, creative, and multi-purpose.
- Prioritize facilities that are accessible to and serve the public.
- Support projects with strong financial feasibility and long-term sustainability.

When evaluating and approving projects, the Board of Directors will be guided by the following principles:

### 1. Fiscal Responsibility

KPFDD shall maintain financial independence and long-term sustainability by limiting its funding participation to **pay-as-you-go** financing. While KPFDD does not anticipate assuming bonded debt obligations from other jurisdictions, it may consider cooperative funding arrangements that align with its mission and statutory authority.

### 2. Legal Compliance

All funding actions will comply with **RCW 36.100.025 (WA Department of Commerce Financial Feasibility Review)** and **82.14.485 (Sales and Use Taxes for Regional Centers)** and other applicable state statutes governing public facilities districts. Compliance with these statutes ensures that all funding activities are legally sound, transparent, and accountable to the public.

### 3. Project Eligibility

The KPFD may provide funding for qualifying public facility projects as defined by statute, provided that:

- The project demonstrates regional significance;
- The project is deemed feasible;
- The total project cost meets or exceeds \$10 million, including debt service;
- A Public Partner or Agency provides matching funds totaling no less than one-third (1/3) of the cost of design and construction; and
- The facility is open and accessible to the public.

#### **4. Funding Mechanism**

The District's funding participation shall be structured through **Interlocal Agreements (ILAs)** that specify:

- The total amount of KPFD funding;
- Any phasing of a project and the terms and schedules thereof;
- The term and schedule of payments;
- Any reporting or performance requirements of the project sponsor; and
- A clear statement that the KPFD shall not issue or guarantee bonds for the project, if applicable.
- KPFD funding is conditioned on available funds.

#### **5. Transparency and Accountability**

All funding decisions shall be made in open session by the Board of Directors following public notice, review, and deliberation. The KPFD will maintain transparent reporting standards, requiring all funded projects to submit:

- Regular progress reports
- Financial audits
- Outcome and impact evaluations

### **4.0 ELIGIBLE PROJECT TYPES**

Under **RCW 35.57.020** and **RCW 36.100.010**, KPFD may fund projects that:

- Serve as regional centers, special events centers, or related facilities and parking;
- Are constructed, improved, or rehabilitated after July 25, 1999;
- Have a total cost of at least \$10 million, including debt service;
- Serve a regional population as defined by statute; and
- Are owned, operated, or maintained by a Public Agency or Public Partner or through an Interlocal Agreement under **RCW 39.34**.

See [APPENDIX B: ELIGIBILITY CRITERIA](#) for project screening tool.

### **5.0 BOND FUNDING POLICY**

It is the policy of KPFD, barring exceptional circumstances, that KPFD shall not issue construction bonds or assume bonded debt obligations on behalf of any project or public partner. KPFD shall not pledge its credit, guarantee repayment, or assume any bonded indebtedness beyond revenues legally available to KPFD.

Consistent with **RCW 82.14.485**, **RCW 35.57**, and **RCW 36.100**, KPFD may, however, participate in the financing of an eligible public facility by contributing legally available revenues toward the project's costs.

This participation may include payments that support the debt service of a qualifying partner agency's project, provided that:

- The project meets all statutory and policy eligibility requirements;
- The District's participation is limited to current or projected revenues and does not create a debt obligation for the KPF D; and
- The specific terms of participation are clearly defined within an executed **Interlocal Agreement (ILA)** between the KPF D and the partner agency.

The KPF D Board reserves the right to revise this position in the future but considers non-issuance of bonds its standing policy unless exceptional circumstances arise. Such exceptions shall be determined on a case-by-case basis and approved by a vote of the Board.

## 6.0 FUNDING CYCLES

KPF D will manage project funding cycles in a manner that supports responsible fiscal management and transparency across Kitsap County. The timing for new project consideration will be based on KPF D's overall financial position, progress of existing projects, and availability of revenues.

### 6.1 Determining Funding

When determining the timing and structure of new funding cycles, the Board will consider:

- The current and projected balance of sales and use tax rebate revenues;
- Outstanding financial or contractual obligations from prior projects;
- The overall funding capacity of KPF D without compromising existing commitments; and
- The regional and community impact of potential new projects.

Projects selected for funding must meet the KPF D's established eligibility criteria, comply with statutory requirements, and align with the Board's Guiding Principles.

Final project approvals shall be contingent upon a favorable **WA Department of Commerce Financial Feasibility Review**, as required under **RCW 36.100.025**, and no Interlocal Agreement (ILA) shall be executed until such review is completed and supports project viability.

For additional details on anticipated funding cycles, refer to [APPENDIX A: FUNDING TIMELINE](#).

### 6.2 Funding Opportunities

KPF D may open funding rounds for eligible capital projects based on available resources, the status of existing commitments, and applicable statutory requirements. These rounds may include both large-scale and small-scale funding opportunities, structured to reflect KPF D's financial position, outstanding obligations, and community needs. The Board will determine the size, timing, and structure of each round and will publish clear eligibility criteria and a **Request for Proposal (RFP)** at least one (1) year in advance.

- **Small-Scale Funding Opportunities:** The small-scale capital funding opportunity, up to \$500,000, provides limited financial support for projects that meet the following:

Eligible Projects Must:

- Be a part of a larger project of at least \$10 million, including debt service.
- Demonstrate that the project is established and beyond early-stage development, including evidence of secured funding, prior approvals, or active development progress.
- Be submitted by a public agency.

- Include requests for eligible capital-related costs directly associated with the current qualifying project.
- Be consistent with KPF D's statutory authority, eligibility criteria, and funding policies.

#### Requests Cannot:

- Be for preliminary or early-stage work, including feasibility studies, planning, design, or permitting.
- Be for maintenance or operational expenses.

#### Additional Considerations:

- A third-party feasibility study is not required, as the request must pertain to a current project already in progress and previously evaluated for feasibility.
  - The Board reserves the right to decline any request based on financial capacity, legal considerations, or policy concerns.
- **Large-Scale Funding Opportunities:** The large-scale funding opportunity is designed to support major regional capital projects, with the following criteria:
    - The request meets all the criteria detailed in section [4.0 ELIGIBLE PROJECT TYPES](#)
    - The request is consistent with KPF D's enabling statutory purpose, eligibility criteria, and funding policies.
    - The total amount available for large-scale funding will be determined by the Board using updated financial forecasts and revenue projections.
    - Funds may be distributed to one or more projects depending on merit, geographic equity, project readiness, and alignment with KPF D's funding guidelines.
    - The Board will publish a public **Request for Proposal (RFP)**, eligibility requirements, and the application process at least one (1) year prior to each round.

## 7.0 PROJECT APPLICATION REQUIREMENTS

To be considered for KPF D funding, all project applications must meet basic eligibility requirements and include required documentation as outlined in this section. These application materials provide the foundation for the Board's initial evaluation, ensuring consistency, transparency, and alignment with statutory obligations and KPF D priorities.

Only complete and eligible applications will be advanced for full review and consideration.

All applications submitted for KPF D funding must include the following:

1. **Proof of Public Partnership:** The applicant must be a public agency, as defined in section [8.0 DEFINITIONS](#).
2. **Project Value Threshold:** The total project must be at least \$10 million in total cost, including design, construction, and debt service. (**RCW 35.57 and 36.100**)
3. **Match Commitment:** The public partner must contribute at least 1/3 of the cost of design and construction.
4. **Funding Plan:** Clearly identify all funding sources and their current status (secured, pending, etc.).
5. **Timeline and Phasing:** Describe key milestones and phasing strategies, if applicable.

Applications submitted for KPFD funding are encouraged to include the following supplemental materials:

1. **Independent Feasibility Study** (*preferred*): All large-scale projects are strongly encouraged to include an independent, third-party feasibility study commissioned and paid for by the applicant, as defined in section [8.0 DEFINITIONS](#).
2. **Minimum and Maximum Ask** (*optional*): Applicants may indicate a preferred funding range and/or minimum funds necessary for project viability.

## 8.0 DEFINITIONS

The following definitions are provided to ensure clarity, consistency, and transparency in the interpretation and application of this Funding Policy. These terms reflect the statutory language of Washington State law governing public facilities districts, as well as specific terms adopted by KPFD to guide its funding practices and decision-making processes. Together, they establish a common understanding of key concepts, responsibilities, and procedures referenced throughout this policy.

- **Guiding Principles:** Foundational standards established by the KPFD Board of Directors to direct decision-making, promote consistency, and uphold the District's mission, as well as serve as the framework for evaluating projects, allocating funds, and ensuring that all actions reflect fiscal responsibility, legal compliance, transparency, and measurable community benefit.
  - **Efficient Use of Public and Private Monies:** The prudent and responsible allocation and management of both public and private funds in a manner that maximizes community benefit, minimizes waste, and ensures cost-effectiveness and accountability.
  - **Innovative:** Innovation in the context of these guidelines implies the introduction of novel and creative ideas, technologies, or approaches in the development, operation, or management of a project. Innovative projects should bring new and original solutions to address community needs or challenges.
  - **Creative:** Creativity involves the generation of imaginative and unique concepts, designs, or solutions that enhance the overall quality, experience, or impact of a project. Creative elements can include artistic, cultural, or aesthetic components that make a project stand out.
- **Regional Center:** As defined in **RCW 35.57.020**, a convention, conference, or special events center—or any combination of such facilities and related parking facilities—serving a regional population, constructed, improved, or rehabilitated after July 25, 1999, with a total project cost (including debt service) of at least \$10 million.
  - **Improvement:** Enhancements or upgrades made to an existing facility to increase its functionality, quality, capacity, or efficiency in serving the public.
  - **Rehabilitation:** The repair, renovation, or restoration of an existing facility to ensure continued service, safety, and usability, especially for facilities that have deteriorated over time.
- **Special Events Center:** As defined in **RCW 35.57.020**, a facility available to the public, used for community events, sporting events, trade shows, artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances.

- **Regional Population:** As defined in **RCW 35.57.020**, a regional center is conclusively presumed to serve a regional population when state and local government investment in its construction, improvement, or rehabilitation equals or exceeds \$10 million, including debt service.
- **Public Agency or Public Partner:** A governmental entity (e.g. a city, county, port, park district, or school district) that operates at the local or regional level to provide public services, implement policies, and act in the public interest.
- **Interlocal Agreement (ILA):** In accordance with **RCW 39.34A**, an ILA is a formal contract between the KPFD and a qualifying public agency defining the roles, responsibilities, funding amounts, and reporting obligations for a project.
- **Independent Feasibility Study:** A comprehensive, third-party analysis commissioned and paid for by the applicant to evaluate the project's economic impact, financial sustainability, and community benefits over a 5–10 year period. Focused on defending the allocation of funds, the study highlights how the money will be used to benefit the community economically. The study must include:
  - Economic Impact Assessment
  - Community Impact Analysis
  - Market Analysis
  - Financials for the Project – projected out a minimum of 5 years
  - Management Analysis
  - Justification for Funding Allocation
  - Focused Allocation of Funds
- **WA Department of Commerce Financial Feasibility Review:** As required by **RCW 36.100.025**, a state-mandated review conducted by the Washington State Department of Commerce to examine the potential costs and revenue adequacy of a proposed public facility project prior to formation, indebtedness, or long-term development.
- **Pay-As-You-Go Financing:** A fiscally conservative funding model in which KPFD allocates funds only from current or projected revenues (such as sales and use tax rebates) rather than issuing debt or bonds.
- **RFP:** A Request for Proposal (RFP) is a formal solicitation process issued by KPFD, inviting eligible public agencies to submit project proposals for funding consideration. The RFP outlines the District's priorities, eligibility criteria, required documentation, and evaluation process.

## 9.0 IMPLEMENTATION

This policy shall be applied to all new, amended, or renewed Interlocal Agreements entered into by the Kitsap Public Facilities District after the effective date of this policy.

Existing agreements are not retroactively affected but shall be reviewed for consistency with this policy when amended.

## EFFECTIVE DATE

This policy is adopted by the Kitsap Public Facilities District Board of Directors on this 24th day of August, 2026, and shall remain in effect unless amended or repealed by Board action.

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## APPENDIX A: FUNDING TIMELINE

The following timeline is provided as an initial planning tool to help guide the Board of Directors and inform the public about anticipated funding cycles. It is intended to offer transparency and structure for potential applicants; however, it does not bind the Board to specific dates or commitments.

The KPFD Board reserves the right to revise, expand, or reschedule funding rounds based on financial conditions, strategic priorities, and evolving community needs.

### TENTATIVE TIMELINE

| DATE      | DESCRIPTION                           |
|-----------|---------------------------------------|
| Jan 2027  | Small-Scale Project Applications OPEN |
| Dec 2027  | Small-Scale Project Applications DUE  |
| June 2028 | Small-Scale Projects AWARDED          |
| Jan 2029  | Large-Scale Project Applications OPEN |
| Dec 2029  | Large-Scale Project Applications DUE  |
| June 2030 | Large-Scale Projects AWARDED          |
| 2035      | Small-Scale Project Funding           |
| 2040      | Large-Scale Project Funding           |
| 2045      | Small-Scale Project Funding           |
| 2050      | Large-Scale Project Funding           |
| 2055      | Small-Scale Project Funding           |
| 2056      | PFD Funding Expires (pending renewal) |

## APPENDIX B: ELIGIBILITY CRITERIA

The following table outlines KPFD's Eligibility Criteria, which the Board of Directors will use as an initial screening tool during the project application process. These criteria are intended to ensure that all proposed projects meet the fundamental requirements established by statute, policy, and Board funding guidelines.

Only applications that satisfy all minimum eligibility standards will advance for full review, scoring, and potential funding consideration. The Board reserves the right to request clarification or additional documentation during this stage to support its determination.

| ELIGIBILITY CRITERIA                                                                                                                                                                                | YES | NO |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| Does it have a <b>Public Element</b> ?<br><ul style="list-style-type: none"><li>➤ Will the facility be accessible to the public?</li><li>➤ Will the facility be available for public use?</li></ul> |     |    |
| Is it a <b>multi-purpose facility</b> ? (see Public Element)                                                                                                                                        |     |    |
| Is it owned, operated, or maintained by a <b>Public Agency</b> ? (as defined above)                                                                                                                 |     |    |
| Does it serve the purpose of <b>convention, conference, or special events centers</b> ? (as defined above – RCW 35.57.010)                                                                          |     |    |
| Is it constructed, improved, or rehabilitated <b>after July 25, 1999</b> ? (RCW 35.57.010)                                                                                                          |     |    |
| Does it serve a <b>Regional Population</b> ? (as defined above – RCW 35.57.010)                                                                                                                     |     |    |
| Is the total value of the project <b>\$10,000,000 or greater</b> ? (RCW 35.57.010)                                                                                                                  |     |    |
| Does it have <b>matching funds</b> from a Public Partner/Agency totaling <b>no less than one-third (1/3)</b> of the cost of design and construction?                                                |     |    |
| Does it create <b>economic development opportunities</b> across the county?                                                                                                                         |     |    |
| Does it demonstrate <b>innovation and creativity</b> ? (as defined above)                                                                                                                           |     |    |
| Has an <b>Independent Feasibility Study</b> been completed? (as defined above)                                                                                                                      |     |    |