

355 - Department of Archaeology and Historic Preservation Capital Project Request

2017-19 Biennium

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Version: BR 17-19 Agency Capital Budget Request

Report Number: CBS002

Date Run: 9/8/2016 1:31PM

Project Number: 30000010

Project Title: Historic County Courthouse Grants Program

Description

Starting Fiscal Year: 2016

Project Class: Grant

Agency Priority: 1

Project Summary

The current Historic County Courthouse Grants Program is requesting \$3,983,193 to continue the historic county courthouse grant program. The program is a match between state funds and county governments, resulting in each grant award leveraging additional investment. This program has the strong support of the Washington State Association of Counties.

Project Description

The current Historic County Courthouse Grants Program is requesting \$3,983,193 to continue the historic county courthouse grant program. The program is a match between state funds and county governments, resulting in each grant award leveraging additional investment. This program has the strong support of the Washington State Association of Counties.

Funding the program at \$3,983,193 will provide grant assistance to 16 counties statewide, as summarized in the following table:

	Adams
	\$251,790
	Chelan
	\$185,490
	Clallam
	\$100,000
	Clark
	\$184,583
	Douglas
	\$1,887
	Ferry
	\$123,750
	Franklin
	\$21,976
	Grant
	\$543,576
	Grays Harbor
	\$322,850
	Jefferson
	\$250,000
	Klickitat
	\$400,000
	Lewis
	\$230,000
	Pend Oreille
	\$400,000
	Pacific
	\$364,041
	Snohomish
	\$227,250
	Spokane
	\$260,000
Administration	
	\$116,000
	Total:
	\$3,983,193

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Funding the program at \$3,983,193 will generate nearly \$7,150,000 in historic county courthouse rehabilitation which will result in the creation/support of over 240[CM2] jobs in the following fields: masonry (general masonry work, as well as masonry restoration for bricks, sandstone, terrazzo, granite and other finish masonry), general and finish carpentry, roofing, electrical, mechanical, plumbing, painting, window fabrication & installation (including restoration of leaded glass and other ornamental window treatment), drywall, sheet metal, earthwork/excavation, crane operation, general contracting and engineering, architecture and others.

In 2005, the Legislature established the Historic County Courthouse Rehabilitation Grant program in response to a statewide survey that determined 33 of the state's county courthouses are of architectural and historic merit. These courthouses have over \$85 million of need in capital improvements. The Legislature allocated \$5 million in the 2005-07 and 2007-09 capital budgets, \$2 million in the 2009-11 budget, \$750,000 in the 2011-13 budget, \$2M again in the 2013-15 budget, and \$2.5M in the 2015-17 budget. Since the program's inception, 96 applications have been submitted requesting over \$31 million dollars.

Fifty-six grants have been awarded to 26 counties statewide, representing an investment of more than \$17 million by the state. This investment has leveraged nearly \$45 million in overall capital improvements through courthouse rehabilitation projects. Sales tax revenue generated statewide through the courthouse program is estimated to be over \$3.75 million.

The principle problem being addressed is the physical needs of historic county courthouses in Washington State. These courthouses represent the history of the state at the local and regional level. The State's funding ensures that county courthouses are rehabilitated or restored using the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, are ADA compliant, and are eligible for listing in the National Register of Historic Places and/or the Washington Heritage Register. By investing in the historic character of county courthouses, the state prolongs the useable life of the facility, acknowledges the rich history of the state's local government, saves significant buildings from demolition by neglect and reuses existing resources in a sustainable manner. Preservation and reuse of historic buildings reduces resource and material consumption, puts less waste in landfills, and consumes less energy than demolishing buildings. Investment in the continued use of civic buildings is an investment in sustainability. Historic preservation means environmental, cultural and economic benefits for Washington communities.

Continued funding of this grant program will increase the number and scale of historic county courthouse rehabilitation projects, enrich the heritage resource inventory of the state and ensure the survival of historic county courthouses. Investing in preservation projects has a significant positive impact on local economies through job creation, increased tax revenue and heritage tourism. Funding stimulates local economies, creates jobs in the construction field, increases the historic preservation profile of the state, and prevents demolition and waste. As historic preservation tends to be detailed work, the majority of the material and labor is local. Furthermore, preservation projects are typically labor intensive rather than materials intensive, resulting in a larger proportion of expenditures committed to hiring local workers than with new construction projects. This program acknowledges the importance of the history of local government in Washington.

Funding also results in increased energy efficiency for historic courthouses, enabling them to better perform in terms of energy use. Retrofitting existing courthouses with energy efficient systems is a far better alternative to constructing a new building. A new building, even one with the highest efficiency performance ratings possible, still consumes a tremendous amount of energy during construction. Rehabilitation of existing courthouses retains and harnesses all of the energy utilized in the original construction of these courthouses.

This grant program is one of DAHP's flagship preservation programs. This is the only source of state funding readily available specifically for historic county courthouses. The extremely competitive Heritage Capital Project Funds grants program through the Washington State Historical Society is available for courthouse projects, but competition with other arts and heritage projects makes awarding funds to courthouses difficult. A dedicated source of funding to historic county courthouses is important because of the unique nature of the historic resources and the need to ensure historic preservation standards are maintained. The program supports all three of the agency's goals as outlined in the Statewide Preservation Plan, 2014-2019.

What opportunity or problem is driving this request?

The problem driving this request is the millions of dollars required to properly restore and rehabilitate the state's historic county courthouses, particularly during a time of economic difficulty. Due to the cost and logistical challenges of historic rehabilitation, preservation is often de-incentivized and important resources like courthouses fall into disrepair. Additionally, more recent needs related to security and social justice require counties to find creative solutions for making courthouses safe and

accessible to all. The same holds true for energy efficiency. It can be a difficult design problem to replace outdated mechanical

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and electrical equipment with updated, high-performing systems without impacting historic features. The courthouse grant program creates case studies in sustainability as projects improve building performance while enhancing historic and architectural character.

It is imperative that courthouses implement these solutions in a manner compatible with their significant historic character. These buildings, when no longer in use as courthouses, can still be important tools in community revitalization, especially when adaptively reused. Investment in these structures encourages communities to think creatively about the use of their historic assets in community planning and their response to sustainability goals and principles. Many of the courthouses are in downtown areas so their continued existence is critical for the locally based surrounding businesses. Historic preservation is a proven strategy that encourages economic growth, increases energy efficiency and reduces carbon emissions. Historic preservation supports locally based jobs and companies. It increases tax revenue for the state and local communities through local sales. Historic preservation also supports heritage tourism efforts. As historic county courthouses are located in 33 out of 39 counties, a grants program has the ability to bring local economic stimulus through preservation to almost every part of the state.

How does the project support the agency and statewide results?

The program directly supports the state's economy by stimulating local economies throughout the state through job creation, increased tax revenue, reduced energy consumption and increased tourism.

This project supports the agency's mission to combine historic preservation with economic development. According to the *Washington State Economic Benefits of Historic Preservation Study*, every \$1 million spent on historic rehabilitation creates 28 jobs. Funding this program will assist the agricultural economy and create local income multipliers by keeping work in the affected county. The state's sustainability initiatives are also served by this program, as the grants provide incentives for the maintenance and increased energy efficiency of historic buildings, a green practice. Rehabilitation reduces the waste stream to landfills and promotes the recycling of existing structures. Historic county courthouse rehabilitation supports two DAHP activities: preserving and enhancing historic places and protecting archaeological and cultural resources.

This project meets all of the goals in the Washington State Historic Preservation Plan, including:

- Revitalize communities by actively engaging historic preservation with other forces shaping our environment.
- Engage a broad spectrum of the public in preservation by improving access to information.
- Strengthen policies and planning processes to enhance informed decision-making for managing historic and cultural resources.

This program directly fulfills the statewide strategy of improving cultural and recreational opportunities throughout the state. The agency's strategy is to preserve and protect cultural and recreational opportunities through three activities. Each of these activities is enhanced by this program:

- Preserving and enhancing historic places through county courthouse preservation
- Creating and managing cultural resource data through extensive documentation of county courthouses
- Protecting archaeological and/or historic resources by preventing the loss of valuable structures

What are the specific benefits of this project?

Investment in historic preservation has significant positive economic impacts. It creates locally based jobs, circulates expenditures within the local economy, increases tax revenue, decreases energy consumption and encourages tourism. These local jobs would be created throughout the state. The accrued effect of many courthouse repairs increases Washington's status as a heritage tourism destination, increasing tourism across the state as a whole.

The grant program will directly purchase \$3,983,193 in repairs and rehabilitation for historic county courthouses. As a matching grant program, an additional \$3,983,193 in repairs and rehabilitation will be invested by other parties, resulting in a total investment of nearly \$7,150,000. These repairs will increase the useable life of historic county courthouses, improve economic activity in the area, preserve the state's local government functions and enhance Washington's heritage profile.

A study on county courthouses in 2005 identified over \$90 million in repairs needed by historic county courthouses in the state. This project will directly help alleviate that need. There are 33 historic county courthouses distributed nearly evenly throughout the state. These grants make rehabilitation of these properties a viable option, extending the useable life of historic structures, and affirming the state's commitment to protecting cultural resources.

How will clients be affected and services changed if this project is funded?

Continued funding of this grant program will have a positive effect on the many involved clients. Grants leverage matching dollars and significantly improve the condition of county courthouses, which are highly visible civil icons and sources of civic pride. The Washington State Association of Counties has made this program a priority for continuation. The local economies receiving these grants experience a financial improvement due to job creation, sales tax revenues, and

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increased tourism. The majority of the building supplies for preservation projects are locally sourced, while rehabilitation projects are more labor intensive, drawing largely from the local workforce. These attributes amplify the local effect of the preservation grants.

DAHP contracts for the administration of these grants. The Washington Trust for Historic Preservation has done this work at minimal cost. Administrative costs for the 2017-19 biennium are anticipated to be \$116,000. This project will allow for the continuation of existing services without adding additional FTEs.

How will the other state programs or units of government be affected if this project is funded?

In cases where county courthouses are still active government buildings, this program can be a capital improvement to those facilities. This program does not directly affect other state units of government. But this program can be used in conjunction with Energy Efficiency grants through the Department of Commerce. This provides counties an opportunity to couple courthouse grants with energy efficiency grants, resulting in a more comprehensive rehabilitation project. In this way, the courthouse program facilitates the use of other state incentive programs. In every case, grants help stimulate local government by increasing tax revenues and tourism.

This program is central to DAHP's functions and is one of the agency's flagship expenditure programs. This program supplements the Heritage Capital Grants Program run by the Washington State Historical Society and the Heritage Barn Grants program run by DAHP to provide the majority of preservation grant funding in the state. It supports heritage tourism within participating Main Street communities, as many county courthouses are located in communities with active Main Street programs. It will improve economic activity in many government jurisdictions.

What is the impact on the state operating budget?

The request will have no impact upon the state operating budget.

Why is this the best option or alternative?

There are three alternatives to funding this project.

- The first is to fund at this level but require DAHP to administer it with an FTE. This would be more expensive than the current program because of the cost of an additional FTE.
- The second alternative is to fund this program at a reduced amount. This would lower the amount of grants awarded in the program and the amount of matching funds. Fewer grants would be awarded, with priority going to those counties at the top of the table provided above. The net effect would be the reduction of preservation efforts in the state, the potential loss of important heritage resources and the creation of fewer local jobs.
- The third alternative is to not fund this project. This would end the statewide program to protect and preserve heritage icons of local government. There would be no job creation, no local benefit, and no increase in energy efficiency. Courthouses would continue to suffer from benign neglect creating great funding requirements in the future.

This cost is consistent with other preservation grants programs.

What is the agency's proposed funding strategy for the project?

The agency proposes a \$3,983,193 capital appropriation for the historic country courthouse program. A capital fund appropriation is the only viable financing option. The state's investment is matched. In-kind materials and labor count towards the match.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

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Grant Recipient Organization: County Courthouses still in operation

RCW that establishes grant: 27.34

Application process used

These courthouses represent the history of the state at the local and regional level. The State's funding ensures that county courthouses are rehabilitated or restored using the Secretary of the Interior's Standards for the Treatment of Historic Properties, are ADA compliant, and are eligible for listing in the National Register of Historic Places and/or the Washington Heritage Register. By investing in the historic character of county courthouses, the state prolongs the useable life of the facility, acknowledges the rich history of the state's local government, saves significant buildings from demolition by neglect and reuses existing resources in a sustainable manner.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	16,883,000		734,000	1,766,000	3,983,000
	Total	16,883,000	0	734,000	1,766,000	3,983,000
Future Fiscal Periods						
		2019-21	2021-23	2023-25	2025-27	
057-1	State Bldg Constr-State	2,600,000	2,600,000	2,600,000	2,600,000	
	Total	2,600,000	2,600,000	2,600,000	2,600,000	

Operating Impacts

No Operating Impact

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2017-19	2017-19
Agency	355	355
Version	BR-A	BR-A
Project Classification	*	All Project Classifications
Capital Project Number	30000010	30000010
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids