**Washington State**
**Public Works Board**
Post Office Box 42525
Olympia, Washington 98504-2525

**AGENDA**
**PUBLIC WORKS BOARD MEETING**
**February 6, 2012 – 8:30 A.M.**

| Agenda Item | Action | Page | Time |
|---|---|---|---|
| **1) ADMINISTRATION** | | **3** | **8:30** |
| a) Call to Order | | | |
| b) Introduction: Board Members, Staff, and Guests | | | |
| **c) Approve Agenda** | **Action** | **1** | |
| **d) January 11 Meeting Minutes: Ann Campbell** | **Action** | **5** | |
| **e) Set Meetings for 2012: Janea Eddy** | **Action** | **13** | |
| **2) CONTRACTING** | | **15** | **9:00** |
| **a) Des Moines Extension Request: Isaac Huang** | **Action** | **17** | |
| b) 2011 DWSRF Contract Status Update: Chris Gagnon | Written Report | 19 | |
| **BREAK** | | | **10:10** |
| **3) LEGISLATIVE UDPATES** | | **21** | **10:25** |
| a) Update on 2013 Loan List: Cecilia Gardener/John LaRocque | Written Report | 23 | |
| b) Update on RCW Re-Write: Cecilia Gardener/John LaRocque | Written Report | 25 | |
| **LUNCH** | | | **11:30** |
| **4) PROGRAM UPDATES** | | **27** | **12:15** |
| **a) PWTF Proposed New Application Process: John LaRocque** | **Action** | **29** | |
| b) PWTF Loan Term Summary: Ann Campbell | Written Report | 31 | |
| c) DOH/Commerce/Board LEAN Process Report Out: Stan Finkelstein/Karen Larkin | Verbal | | |
| d) Initial Work on IGEA: Steve Dunk/John LaRocque | Written Report | 33 | |
| **5) FINANCIAL** | | **35** | **2:30** |
| a) Update DWAA Fund: Myra Baldini | Written Report | 37 | |
| b) Update PWAA Fund: Myra Baldini | Written Report | 39 | |
| **6) INFORMATION AND OTHER ITEMS** | | **43** | **2:45** |
| a) Gig Harbor Follow-up: Isaac Huang | Written Report | 45 | |

**Note:** ***Anticipated time of Adjournment is 2:45 p.m.***

**NEXT MEETING SCHEDULED: March 5, 2011, at 8:30 a.m.– Department of Commerce, 1011 Plum Street SE Olympia, WA 98504-2525. Contact the Public Works Board at (360) 725-3151 for further information.**

**This publication is available in alternative format upon request. Meetings sponsored by the Public Works Board shall be accessible to persons with disabilities. Accommodations may be arranged with 10 days notice to the Public Works Board at (360) 725-3150.**

# TAB 1

# Administration

**Washington State**
**Public Works Board**
Post Office Box 42525
Olympia, Washington 98504-2525

# PUBLIC WORKS BOARD MEETING NOTES
**January 11, 2012**
Department of Commerce (Olympia, WA)

| Board Members Present: | Board Members Absent: | Staff Members: |
|---|---|---|
| Stan Finkelstein – Chair<br>Frank Abart<br>Jerry Cummins<br>Tom Fitzsimmons<br>Kathryn Gardow<br>Larry Guenther<br>Ed Hildreth<br>Don Montfort<br>Doug Quinn<br>Darwin Smith<br>Larry Waters | Steve Stuart | John LaRocque – Executive Director<br>Myra Baldini, Dawn Eychaner<br>Ann Campbell, Christina Gagnon<br>Cindy Chavez, Cecilia Gardener<br>Terry Dale, Jeff Hinckle<br>Steve Dunk, Isaac Huang<br>Janea Eddy, Bruce Lund |

***Guests Present:***

- Kristin Bettridge, Dept of Health
- Karen Larkin, Dept of Commerce
- Katy Isaksen, Katy Isaksen and Associates
- Denise Clifford, Dept of Health
- Steve Misuriak, City of Gig Harbor
- Cathi Read, Dept of Commerce
- John Kounts, Washington Public Utility District Association
- Jeff Nejedly, Dept of Ecology
- Polly Zhem, Dept. of Ecology

**ADMINISTRATION**

a) Call to Order: Stan Finkelstein called to order – 8:52 a.m.

b) Introductions: Board, Staff, Guests, and Visitors.

c) Approve the agenda
**Action taken.** Ed Hildreth moved to approve the January 11, 2012, Public Works Board (PWB) Meeting Agenda. Larry Waters seconded the motion. Motion approved. (Vote 10-0. Yes – Abart, Cummins, Fitzsimmons, Gardow, Guenther, Hildreth, Montfort, Quinn, Smith, and Waters. No-None.)

d) December 11, 2011, meeting minutes
**Action taken.** Jerry Cummins moved to approve the December 11, 2011, PWB Meeting Minutes as presented. Kathryn Gardow seconded the motion. Motion approved. (Vote 10-0. Yes – Abart, Cummins, Fitzsimmons, Gardow, Guenther, Hildreth, Montfort, Quinn, Smith, and Waters. No-None.)

e) Set meetings for the first quarter
- Janea Eddy set forth proposed dates for the February and March 2012 PWB meetings. Ms. Eddy clarified that the Board did approve scheduling the first Fridays of each month in 2012, but that some Members had asked for the day to be reconsidered due to a number of scheduling conflicts. Ms. Eddy went on to clarify that she had polled Members and that February 6 and March 5 are the most feasible days for maximum Member attendance. Member Cummins stated that the Board's attendance policy is rigid. In addition, his schedule is set several months

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in advance so doing a quarterly Board meeting date setting may be a hardship and put his membership at risk due to the attendance policy. Member Cummins asked for a temporary suspension of the attendance policy should the Board choose to adopt setting Board meeting dates quarterly. Member Guenther stated that the Board chose Fridays at the December 2011 meeting; he asked for clarification as to why this needed to change. Vice Chair Gardow stated that she asked staff to revisit this issue due to scheduling conflicts. Chair Finkelstein posed the option of holding the attendance policy in abeyance for the first quarter of 2012, adopting the proposed February 6 and March 5 meeting dates, and revisit setting the remaining 2012 meeting dates at the February 6, 2012, meeting. Several Members asked for information regarding the Board's attendance policy. Member Smith iterated his support for having an attendance policy. He identified that having an attendance policy aids in maintaining the strength of the Board. Audience member, Katy Isaksen, addressed the Board. She shared that having set Board meeting dates published enables interested parties to include the meeting dates in their schedules without undue hardship.

**Action taken.** Doug Quinn moved to select Monday, February 6, 2012, and Monday, March 5, 2012, as the PWB meeting dates for February and March 2012. Ed Hildreth seconded the motion. Motion approved. (Vote 10-0. Yes – Abart, Cummins, Fitzsimmons, Gardow, Guenther, Hildreth, Montfort, Quinn, Smith, and Waters. No- None.)

**Action taken.** Jerry Cummins moved to hold the Attendance policy in abeyance from January 1, 2012, through March 31, 2012. Ed Hildreth seconded the motion. Motion approved. (Vote 10-0. Yes – Abart, Cummins, Fitzsimmons, Gardow, Guenther, Hildreth, Montfort, Quinn, Smith, and Waters. No- None.)

9:09 am: Chair Finkelstein excused himself to attend meetings at the Legislature. Vice Chair Gardow assumed the role of Chair.

## LEGISLATIVE UPDATE

a) Legislative Meeting Orientation

Cecilia Gardener outlined the plan for Members to meet with legislators later in the day. Ms. Gardener provided the historical note that this was the third year that Members spent a specific day attending pre-arranged meetings with legislators. The primary purpose of the meetings is to educate legislators about PWB and seek support for Governor Gregoire's supplemental budget proposal, which contains the $160 million 2013 Construction Loan list, $5 million for investment grade efficiency audits, $15 million for Community Economic Revitalization Board (CERB), and $25 million for the pre-construction program. Staff, working from lists provided by Members, attempted to schedule meetings between Members and legislators to discuss PWB agenda. Due to the truncated legislative session, fewer meetings are available than initially anticipated. As a result, not all Members are scheduled with a specific legislator. The five groups who are scheduled to meet with specific legislators are: Chair Finkelstein and Community Economic Revitalization Board (CERB) Chair Urdahl, Vice Chair Gardow and Member Smith, Member Quinn and CERB member Laura Merrill, and Member Montfort and Member Fitzsimmons. Staff are assigned to each group. Their role is to supply reference materials upon request and to take notes and complete any assignments or inquiries resulting from these meetings. Ms. Gardener clarified that currently, PWB does not have authority from Governor Gregoire to seek legislative support to revise RCW 43.155. PWB Management is anticipating direction on this topic from the Governor's office before the end of the PWB meeting. Member Fitzsimmons asked if legislators should be sought who will sign on the 2013 Construction loan list bill as sponsors. Ms. Gardener clarified that staff are waiting for Governor Gregoire to identify legislators whom she would prefer to be bill sponsors. If the Governor does not have specific legislators in mind, staff will inquire of the PWB home legislative committees whether they will sponsor the loan list bill. Member Montfort solicited direction in the event that Members were asked about "rumors" concerning changes to RCW 43.155. Ms. Gardener responded that it is true that PWB has proposed discrete changes to the RCW with Governor Gregoire and are awaiting her direction. Vice Chair Gardow asked about the status of the Modernization proposal. Ms. Gardener recapped for the PWB that the Legislature's mandate to

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submit a plan for the modernization of the state's infrastructure funding programs was met by the November 1, 2011, deadline. The plan was submitted to the Legislature and Governor Gregoire. Governor Gregoire is neutral on the plan, so the PWB must be neutral on the plan as well.

b) Update on the 2013 Loan List
Cecilia Gardener informed the Board that the 2013 Loan List is incorporated into Governor Gregoire's proposed supplemental capital budget, Senate Bill 6074 and House Bill 2168.

c) Update on 43.155 Rewrite
Cecilia Gardener informed the Board that the proposed modernization of RCW 43.155 is currently under review by Governor Gregoire.

d) Update on Modernization
Cecilia Gardener advised the Board that no new information available on this matter.

**PROGRAM UPDATES**

a) New PWTF Request for Assistance Process Review and Approval
Cecilia Gardener presented the outline for the proposed changes to the project selection process starting with the 2014 Construction loan cycle. Ms. Gardener covered the concepts of a simplified request for assistance, which will identify:
- Who is asking for assistance
- What is the project to be funded (name, type of system)
- How much money is needed

Staff will review the above information using the following framework:
- Consult with resource agencies (Depts. of Ecology, Health, Transportation, etc.) to determine whether or not the project is one that could be funded through one of their programs using federal dollars. Applicants may be offered technical assistance in order to fully utilize federal funding.
- Conduct a review of the system's management capacity.
- Conduct a review of the system's financial capacity.
- Incorporate conditions arising from the capacity reviews into a contract proposal and enter in contract negotiations with the applicant entity.

Ms. Gardener informed the Board that under the historical process for project selection, staff vetted projects in an effort to weed out as many applicants as possible in order to use the limited funds available judiciously. Under the new process, several issues are addressed:
~ Legislative directive: The 2012 and the 2013 Construction Loan lists have been thoroughly scrutinized by the Legislature to ensure that all federal funds that could be used were being used prior to state funds being accessed. The proposed process ensures that federal funds are used first and that applicants have the support they may need in order to access those funds.
~ Affordability: Some recipients of Construction Loan funding were unable to utilize their full award due to being unable to meet the ensuing debt obligation. The proposed process ensures that the applicants are fully aware of the debt obligation they would assume upon receipt of a loan. Staff will work with applicants to ensure that all information is accurate and timely.

Member Fitzsimmons related that during discussions with several legislators, concern was expressed that money will not be spent on the most important projects. Member Fitzsimmons noted that the process that the PWB uses to prioritize projects lends credibility and that without ranking projects, the Board's credibility could be jeopardized. Member Montfort stated that, historically, the perspective of the PWB has been that the Public Works Assistance Account (PWAA) funds are local governments' money coming to the state and going back to the local governments' projects and that the PWB functions as a clearinghouse. Member Montfort noted that setting the importance of a project is the province of the departments of Ecology and Health, not the PWB. Member Montfort went on to share his concerns with shifting projects to federal funding. He asked for clarification on how such a shift would work. Ms. Gardener responded that this shift is being done in response to repeated legislative direction to do as much during the 2012 and 2013

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Construction Loan list reviews. She further clarified that technical assistance will be available to entities unable to meet federal requirements, the goal being to accommodate the entity.

Vice Chair Gardow acknowledged Katy Isaksen, a member of the audience. Ms. Isaksen asked if the PWB adds contract language, whether the Washington State Bond Council had been consulted. She went on to say that, PWB debt is considered a junior lien, and if the contract language is to be modified, it needs to be reviewed by the bond council to ensure that the PWB stays in a junior lien position. Ms. Isaksen further asked that as the PWB considers changing the selection process that the members are mindful of the need for clarity in the selection process. She shared that many projects are years in the making and having a funding process that's clearly laid out enables entities to plan ahead for funding. Vice Chair Gardow identified the proposed process as a monumental change from prior processes and declared her discomfort with deciding on the process without greater detail. Member Smith concurred with Vice Chair Gardow. The Board agreed to table the discussion until Executive Director John LaRocque returned to the meeting.

b) PWTF Loan Terms for 2014 Construction Cycle
Ann Campbell presented the proposed term changes for the 2014 Construction loan cycle as outlined on page 45 in the meeting packet. Ms. Campbell explained that loan rates and terms are reviewed annually prior to the Construction Loan application cycle and that the proposed terms reflect the PWB's goal of fund perpetuity while maintaining accessible rates and terms for all clients regardless of system type. Ms. Campbell pointed out that the major changes include discontinuing a local match requirement and basing rates on the term of the loan: the shorter the term, the lower the rate. She added that entities who suffer from financial hardship, as demonstrated by rate affordability, are eligible to decrease their rate between 0.25% or 0.5% dependent upon the severity of the financial hardship. Ms. Campbell touched upon the PWB adoption of an interest rate floor of 0.25% in the Spring of 2011. Member Montfort volunteered that a member of the Washington State Water and Sewer District Association recently received a 1.33% bond issuance. He asked if maintaining a minimum local match requirement was considered. Ms. Campbell conveyed the discussion that staff had surrounding a minimum local match requirement. Ms. Campbell explained that staff consensus is that a jurisdiction's commitment to a project is recognizable by its willingness to assume debt. She added that there are many entities that both do not have sufficient cash, or other "match" funds, and fail to meet the rate affordability definition of financial hardship necessary to qualify for the current lower interest rates, a sort of PWB "donut hole." Ms. Campbell noted that the proposed rates and terms would even out these discrepancies.

Ms. Campbell further stated that the PWB is the arbiter of its loans and as such has the discretion to include a local match requirement. Member Montfort expressed his expectation that Myra Baldini has reviewed the proposal and its impact on the long-term health of the PWAA. He asked for an impact of the proposal. Ms. Baldini clarified that client selection of shorter loan terms would significantly benefit the PWAA. She added that a shorter term is less expensive for the borrower. As the term increases, the cost to borrow money increases too. Member Guenther asked as to the number of borrowers who would qualify for the 0.5% interest rate decrease due to having an Affordability Index of 2.6% or more. Bruce Lund clarified that less than 10% of existing borrowers qualify for the lower rate.

Chair Finkelstein recognized Katy Isaksen. Ms. Isaksen questioned whether the PWB's five-year deferral for new systems was being continued. Ms. Campbell clarified that the five-year deferral is not represented in this proposal as there are no changes to the deferral being proposed at this time. Member Fitzsimmons commented that the proposed terms would include incentives for jurisdictions to adjust their terms and would result in improved PWAA health. He went on to inquire as to the impact on customers who were shopping for loans. Executive Director LaRocque expounded on the intent of having the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF), and the PWAA to share rate, terms, and conditions. He reiterated the history of legislative staff directing PWB to send projects that could be funded by CWSRF or

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DWSRF to those programs and remove them from the PWB funding list. Member Smith noted the need by clients to have standardized rates and terms among the funding agencies. Executive Director LaRocque went on to point out that there are some project components that cannot be funded with federal money. He explained that to that end, technical assistance teams currently, and will continue to, provide pathways for clients to achieve full funding using the various federal, state, and local resources. Member Quinn asserted that there may be contention with applicants who intended to access the PWAA, but are re-directed to federal funding. Member Montfort asked for input on the proposed rates and terms from the Department of Ecology (ECY) and Department of Health (DOH) representatives in the audience.

Kristin Bettridge, DOH, offered that the rates and terms for the DWSRF applications due on March 1, 2012, have been set. She went on to explain that DOH does have flexibility, within existing federal rules, to change these in the future. Ms. Bettridge identified the typical term for a DWSRF loan as 20 years, noting that a term of up to 30 years is available for financially disadvantage communities. Jeff Nejedly, ECY, disclosed that the CWSRF has more limitation than the DWSRF program; more specifically, the CWSRF program caps terms at 20 years and has interest rates higher than what the PWB is discussing. Mr. Nejedly explained that the CWSRF program does not have a financially disadvantaged consideration. Mr. Nejedly pointed out that in past ECY has partnered with the PWB to help disadvantaged clients, including the use of technical assistance to work through federal funding requirements. Ms. Bettridge volunteered that the rates and terms for the US Department of Agriculture's Rural Development program are set at the national level.
**Action taken.** Tom Fitzsimmons moved to approve the rates and terms as presented in the memo on page 45 in the meeting packet. Member Fitzsimmons tasked staff with providing the assumptions behind the proposed rates and terms. Larry Guenther seconded the motion.
Motion approved. (Vote 10-0. Yes – Abart, Cummins, Fitzsimmons, Gardow, Guenther, Hildreth, Montfort, Quinn, Smith, and Waters. No- None.)

10 MINUTE BREAK

a) New PWTF Request for Assistance Process Review and Approval – *continued from Item "a" above.*
Executive Director LaRocque pontificated on the proposed project selection process. He explained that staff is asked to provide information on applicants and their projects by the PWB and the Legislature and that the current process is one size fits most. Mr. LaRocque noted that common issues that arise are Growth Management Act (GMA) compliance, regulatory compliance, and audit findings and that, while common, these issues are not universal. Mr. LaRocque stated that the proposed process allows for a tailored approach to funding and will include the following assessments of each project:

- Management assessment (MA): Is the applicant well managed?
- Financial assessment (FA): Is the applicant able to meet the proposed debt service obligation while maintaining adequate resources?
- Project assessment (PA): Is this the right project at the right time?
- Contract negotiation (CN): Based on review of the above assessments, applicants would receive a funding offer.

Mr. LaRocque noted that staff does not have the capacity necessary to do all of the above assessments. He explained that working with resource agencies is crucial to the success of this proposal and that the anticipated outcomes would be multi-fold:

1. Verification of an applicant's ability to successfully manage a project of the size proposed,
2. Incentivize projects fostering state priorities,
3. Ensure maximize use of federal funding through channeling eligible projects to the appropriate program, and
4. Individualized approach will allow high capacity entities such as King County to speed through the selection process while providing technical assistance to more challenged entities thus ensuring equal access to funding for all.

Mr. LaRocque concluded that upon completion of the review process, the PWB would be presented with the pros, cons, strengths, and weaknesses of each project. He added that included in the presentation would be the items necessary to mitigate any cons, or weaknesses, to eliminate

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funding risk and that this would be an evolutionary process; lessons learned will be assimilated into future review processes. Vice Chair Gardow expressed concerns with the proposal, primarily the potential opportunity for bias against an applicant to cloud decision-making. Mr. LaRocque agreed that bias could be an issue, but that staff would be tasked with resolving information that conflicts while keeping the applicant abreast of what was occurring. He explained that ultimately, the staff would meet with the applicant to review the process and verify all information that determines the contract conditions upon funding approval. Vice Chair Gardow reiterated her concerns with the lack of concrete detail on what would be asked in each circumstance. Chair Finkelstein affirmed that this is no action being requested of the PWB by staff at this time.

Vice Chair Gardow and Members Smith and Waters exited the meeting to attend to meetings with legislators.

**CONTRACTING**

a) Consent Agenda
Laura Lowe presented the consent agenda as described on page 49 in the meeting packet.
**Action taken.** Jerry Cummins moved to approve the actions as outlined on the consent agenda. Tom Fitzsimmons seconded the motion. Motion approved. (Vote 7-0. Yes – Abart, Cummins, Fitzsimmons, Guenther, Hildreth, Montfort, and Quinn. No- None.)

b) DWSRF 2011 Contract Update
Members were presented with a written update as to the contracting status of the 2011 DWSRF recipients. Bruce Lund volunteered that both Lenora Water and Sewer District and the Country Club Estates Water Association have outstanding contract issues.

| Contracts approved: 38 | Status as of January 3, 2012 |
|---|---|
| 3 | Recipients declined the loan offer |
| 1 | DOH determined the recipient to be ineligible to receive funding |
| 8 | Recipients have met all pre-contract conditions |
| 4 | Recipients have conditions needing resolution prior to contracting |
| 20 | Recipients are reviewing issued contracts |
| 2 | Contracts have been executed |

c) PWTF 2012 Update
Members were presented with a written update as to the contracting status of the 2012 Construction Loan recipients.

| Contracts approved: 77 | Status as of January 5, 2012 |
|---|---|
| 1 | Recipients declined the loan offer |
| 7 | Recipients are reviewing issued contracts |
| 69 | Contracts have been executed |

d) Pre-Contract Exception to Policy Request – Anacortes
Bruce Lund, Client Services Manager, presented the City of Anacortes request to convert its 2009 pre-construction loan from a five-year term to a twenty-year term. Mr. Lund outlined the Board's current policy, adopted in February 1998, allowing clients to extend the repayment term for their pre-construction loan from five years to twenty in the event that full construction funding is secured by the date of the loan's first principal payment. He further enlightened the Board of the evanescent policy adopted by the PWB in July 2009 that allowed pre-construction loan recipients to petition for a loan term conversion to twenty years in light of 30% secured construction funding. He explained that the timeframe requirement of requesting a term conversion prior to the first principal payment was also suspended, a temporary policy change, which ended on June 30, 2011. Mr. Lund noted that Anacortes received pre-construction loan #PR09-951-009 on March 1, 2009and that the pre-construction portion of the project was completed in October 2011. Mr. Lund explained that Anacortes secured full funding for the construction portion of the project through the 2012 Construction Loan list, but was not apprised of this fact prior to making their first pre-construction loan principal payment on June 9, 2011.
**Action taken.** Kathryn Gardow moved to approve converting the loan term for Pre-Construction



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loan PC09-951-009 to twenty years. Darwin Smith seconded the motion. Motion approved. (Vote 7-0. Yes – Abart, Cummins, Fitzsimmons, Guenther, Hildreth, Montfort, and Quinn. No- None.)

## FINANCIAL

a) Update on DWSRF Fund
Myra Baldini introduced the memo on page 65 in the meeting packet, which Ms. Baldini and Cindy Chavez created in response to the PWB request of an impact illustration resulting from the waiver of administrative fees for distressed recipients of the 2011 DWSRF program. Ms. Baldini identified the dependence of fund revenue on the annual loan cycle, contract execution timing, and the rate at which recipients draw on funds. She noted that the table on page 65 in the meeting packet depicts the ebb and flow of the DWSRF administrative loan fee fund, explaining that the projections include a 1% expense rate of increase. Ms. Baldini clarified that the jump in revenues projected for 2013 is from the anticipate acceleration of the fund and that the revenue increases in Fiscal Year 10 are reflective of the influx of funds from the American Recovery and Reinvestment Act (ARRA).

b) PWAA/ALCM Fact Sheet
Executive Director LaRocque informed Members that the PWB is awaiting direction from the Governor's Office as to whether or not the Governor has approved the PWB's recommendation to update the authorizing statute, RCW 43.155.

## INFORMATION AND OTHER ITEMS

Member Cummins requested an update from staff on the status of the Spokane County request for an extension to construction loan PW-05-691-057. Executive Director LaRocque reminded Members that the request was being reintroduced at the February 6, 2012, meeting. Mr. LaRocque explained that staff have communicated Members' concerns with the County. He shared that the County has been tasked with identifying the status of the project funded by the loan and the County's desired plans for a successful resolution of the extension request. He reported that, as of January 2012, the County has drawn approximately $4.3 million. Mr. LaRocque explained that termination of the loan and the ensuing repayment of all funds drawn may bankrupt the County's transportation budget. He iterated that staff have challenged the County to possibly re-scope the project so that closing the contract, rather than extending it, becomes a viable option, explaining that closing, rather than terminating, the contract allows for a twenty-year repayment window. Chair Finkelstein asked whether the County understands the gravity of the information request. Executive Director LaRocque detailed that PWB staff, Contracts Administration Unit staff, and County staff efforts to gather all information necessary to either curtail the project for possible closure, or for Members to make an informed decision regarding the extension request. Member Cummins asked if County policy makers are abreast of the situation. Executive Director LaRocque specified that staff contact has been with the County's transportation department but that staff have not been in contact with the Spokane County Council. Chair Finkelstein asserted that the County Council needs to be aware of the causatum. Member Montfort pointed out that keeping the County Council informed is the work of County staff. Chair Finkelstein proposed sending a missive to County staff, with a copy to the County Council, regarding the situation and the PWB's expectations for the February 6, 2012, meeting. Members indicated no objection to Chair Finkelstein's proposal. Member Hildreth questioned the County's financial condition. Executive Director LaRocque revisited staff conversations with the County about reducing the project scope in order to close the project. He specified that the County is tasked with providing acceptable resolution options for Member consideration.

**Action taken.** Ed Hildreth moved to adjourn the January 11, 2012, Public Works Board meeting. Jerry Cummins seconded the motion. Motion approved. (Vote 7-0. Yes – Abart, Cummins, Fitzsimmons, Guenther, Hildreth, Montfort, and Quinn. No- None.)

Meeting adjourned at 11:36 am, January 11, 2012.

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Washington State
**Public Works Board**

**2012 Schedule of Regular Meetings**

DATE: February 6, 2012

TO: Office of the Code Reviser

FROM: Public Works Board

**NOTICE OF PUBLIC MEETINGS 2012:**

The Public Works Board will be holding regularly scheduled meetings on the following dates at 8:30 a.m.:

- March 5
- April 6
- May 4
- June 1
- July 13
- August 3
- September 7
- October 5
- November 2
- December 7

Please contact the Public Works Board at 360.725.3150 for any further information.

# TAB 2

# Contracting

Date: January 25, 2012

To: Public Works Board

From: Isaac Huang, Client services Representative

Subject: City of Des Moines request to change the loan term for Pre-Construction loan PR08-651-112 – Des Moines Gateway Project

**RECOMMENDATION:**
Staff recommends granting Des Moines' request to convert Pre-Construction loan PR08-651-112 to a 20-year loan term by making two policy exceptions to the Public Works Board's (Board) Pre-Construction Loan Term Conversion policy:

1. Waive the requirement to have 100% construction funding secured at the time of the conversion request, and
2. Waive the requirement to request consideration for term conversion prior to the first principal payment.

**POLICY:**
In February 1998 the Public Works Board (Board) adopted a policy allowing pre-construction loan borrowers to petition to have their pre-construction loan term converted from five (5) years to twenty (20) years if full construction funding for the project is secured prior to the borrower making a first principal payment on the loan.

**REQUEST:**
The City of Des Moines (Des Moines) executed a Pre-Construction loan for $1,000,000 with the Board on January 26, 2009.
Des Moines completed the project on March 2, 2011.
Des Moines has made three payments as of July 1, 2011:

- June 30, 2009: $ 1,033.33 (interest only)
- July 1, 2010: $ 190,697.92 ($187,500 principal; $3,197.92 interest)
- July 1, 2011: $ 274,111.11 ($270,833.33 principal; $3,277.78 interest)

The outstanding balance on the loan is $541,667.
Des Moines secured 75% funding for the project's construction element November 18, 2011, from the Transportation Improvement Board in the form of a $4 million grant.*

**Staff comment: Des Moines applied for funding, but was not selected, during the 2012 Construction Loan cycle; due to the nature of the project, road improvements, it was ineligible for funding during the Board's 2013 Construction Loan cycle, which excluded road, street, and bridge projects from consideration.*

Des Moines requests an exception to the existing loan term policy and allow for conversion of the loan term to twenty (20) years.

Extending the loan term to 20 years will:

- Lower the annual debt service payment from an approximate average of $272,865, to $35,293.
- Increase the total interest paid to the Public Works Assistance Account from $11,568.06 to $29,404.64
- Enable Des Moines to stretch the transportation budget cash flow in order to begin construction

DATE: January 25, 2012

TO: Public Works Board

FROM: Chris Gagnon, Client Services Representative

SUBJECT: 2011 DWSRF Contract Status Update

**BACKGROUND**

At the December 6, 2011Public Works Board meeting, the Board requested staff to report regularly on the status of the 2011 DWSRF contracts.

During the underwriting process, staff identified medium and high risk applicants. These applicants were further reviewed for managerial and financial capacity and project readiness to proceed. Measures to resolve any issues and concerns were presented to the Board at the August 26, 2011, meeting. Staff is working with applicants who have outstanding conditions that are highlighted in Table 1 on the following page.

Staff will monitor the financial performance of medium and high risk contracts. Special contract conditions will be added as shown on Table 1.

**CONTRACT STATUS UPDATE**

| Number of Contracts | Status |
|---|---|
| 38 | Approved by the Board (August 26, 2011) |
| 3 | Declined loan offers |
| 1 | Determined ineligible by DOH |
| **34** | |
| | |
| 7 | Contracts executed |
| 20 | Contracts mailed to clients for signature |
| 3 | Contracts being prepared to mail to clients |
| 4 | Pending (outstanding pre-contract conditions) |
| **34** | |

**Table1. 2011 DWSRF Contract Status**

| DOH App # | Applicant Name | Loan Request | % of Subsidy | Pre-Contract Condition | Contract Special Condition | Loan Status |
|---|---|---|---|---|---|---|
| 2011-002 | Bullman Beach Water Assoc | $386,838 | 30% | Resolution adopting debt surcharge<br>Amend bylaws to incur debt | Annual financials | Approved |
| 2011-005 | City of Everett | $1,055,819 | 0% | | | Executed |
| 2011-006 | City of Ilwaco | $1,130,000 | 30% | Resolution adopting debt surcharge | | Mailed |
| 2011-007 | City of Ilwaco | $585,000 | 30% | Resolution adopting debt surcharge | | Mailed |
| 2011-008 | City of Ilwaco | $99,000 | 30% | Resolution adopting debt surcharge | | Mailed |
| 2011-009 | City of Kent | $2,000,000 | 0% | | | Mailed |
| 2011-010 | City of Lynden | $6,000,000 | 0% | | | Executed |
| 2011-011 | City of Omak | 2,396,000 | 0% | | | Executed |
| 2011-012 | City of Moxee | $1,954,600 | 0% | Resolution adopting debt surcharge<br>Easement | | Approved |
| 2011-013 | City of Prosser | $1,980,000 | 0% | | | Mailed |
| 2011-014 | City of Ritzville | $3,662,000 | 30% | Resolution adopting debt surcharge<br>Project schedule | Annual financials | Mailed |
| 2011-015 | City of Ritzville | $2,231,000 | 30% | Resolution adopting debt surcharge<br>Project schedule | Annual financials | Approved |
| 2011-017 | City of Union Gap | $741,700 | 0% | | | Executed |
| 2011-018 | City of Yakima | $3,480,000 | 0% | | | Mailed |
| 2011-019 | Clark Public Utilities | $2,012,000 | 0% | | | Mailed |
| 2011-020 | Country Club Estates Water Assoc | $132,000 | 0% | Resolution adopting debt surcharge | | Approved |
| 2011-022 | Covington Water District | $2,000,000 | 0% | | | Executed |
| 2011-023 | Deming Water Assoc | $461,000 | 30% | | Annual financials | Mailed |
| 2011-024 | Fruitland Mutual Water Co | 3,279,000 | 0% | | | Mailed |
| 2011-025 | Greater Bar Water District | $2,722,800 | 50% | Signed contract or MOU<br>Resolution adopting debt surcharge<br>Project schedule | Dedicated repayment acct<br>Annual financials | Mailed |
| 2011-027 | Johnson Creek Water Assoc | $157,781 | 30% | Resolution adopting debt surcharge | Annual financials | Approved |
| 2011-028 | Lakehaven Utility District | $2,000,000 | 0% | | | Mailed |
| 2011-029 | Lake Wenatchee Water District | $2,327,135 | 50% | Signed contract or MOU<br>Approved ULID<br>Project schedule | Dedicated repayment acct<br>Annual financials | Mailed |
| 2011-030 | Lenora Water & Sewer District | $961,400 | 50% | Signed contract or MOU<br>Resolution adopting debt surcharge<br>Project schedule | Dedicated repayment acct<br>Annual financials | Approved |
| 2011-033 | Meadowmeer Water Assoc | $723,500 | 0% | | | Mailed |
| 2011-035 | Peoples Creek Water Group | $118,812 | 0% | | Annual financials | Executed |
| 2011-037 | Ponderosa Community Club, Inc. | $3,467,000 | 0% | Resolution adopting debt surcharge<br>Site Control/Acquisition | | Executed |
| 2011-038 | Clallam Co PUD No. 1 | 2,673,267 | 30% | | | Mailed |
| 2011-041 | Silverdale Water District #16 | 2,500,000 | 50% | Closing sale documents | | Mailed |
| 2011-042 | City of Spokane | $365,000 | 50% | Signed contract or MOU | | Approved |
| 2011-043 | Tacoma | $6,000,000 | 0% | | | Mailed |
| 2011-044 | Tacoma | $6,000,000 | 0% | | | Mailed |
| 2011-046 | Town of Carbonado | $110,000 | 0% | | Annual financials | Mailed |
| 2011-048 | Prairie Estates WA | $123,000 | 0% | Resolution adopting debt surcharge | | Mailed |

# TAB 3

# Legislative Update

DATE: January 31, 2012

TO: Public Works Board

FROM: Cecilia Gardener, Policy and Program Development Manager

SUBJECT: 2012 Legislative Update

**2013 PWTF Loan List:**

- Included in the Governor's Capital Budget
- Z Bill (0953) delivered to House Capital Budget Committee Chair for sponsorship
- Z Bill (0757) delivered to Senate Ways and Means Committee Chair for sponsorship

**RCW 43.155 Policy Update:**

- Z bill (0837/0972). We have received permission from the Governor's office to proceed with the process and solicit sponsors to both the Senate and House (companion bills) to the RCW update. As of Tuesday the 31st, staff was seeking sponsors. An update will be provided at the meeting.

**Capital Bond Proposals:**

There are Senate and House proposals to issue bonds for capital projects and utilize existing tax revenue or funds to pay for debt service. Should either of these versions, or a hybrid, pass, the 2013 PWTF Loan List z bill (above) will no longer be necessary as the 2013 loan list projects are included in each version of the bond proposal at this time.

- Senate Proposal
  - Includes PWB 2013 Loan list for $160 million, and
  - $25 million per year, a total of $50 million per biennium, from the Public Works Assistance Account to pay a portion of the debt service. This withdrawal will continue until 2032.

| Annual Debt Service for Revenue Bonds | Estimated Annual Debt Service | 11-13 Average Annual Approp. | % to Debt Service |
|---|---|---|---|
| Solid Waste Tax | $17 M | 0 | 0 |
| Public Utility Tax | $8M | 0 | 0 |
| Total from PWAA | $25M | $162 M | 15% |
| Hazardous Substance Tax | $17M | $172 M | 10% |

- House Proposal
  - Includes PWB 2013 Loan list for $160 million,
  - An additional $100 M for PWTF projects, and
  - $25 million per year, a total of $50 million per biennium, from the Public Works Assistance Account to pay a portion of the debt service. This withdrawal will continue until 2032.

| Annual Debt Service for Revenue Bonds | Estimated Annual Debt Service | 11-13 Average Annual Approp. | % to Debt Service |
|---|---|---|---|
| Solid Waste Tax | $17 M | 0 | 0 |
| Public Utility Tax | $8M | 0 | 0 |
| Total from PWAA | $25M | $162 M | 15% |
| Hazardous Substance Tax | $17M | $172 M | 10% |
| Aquatic Lands Enhancement Account | $3 M | $8 M | 25% |
| Lottery | $8 M | $100 B | 8% |

## Bills Being Tracked:

| Bill # | Title | Description | Status | Notes |
|---|---|---|---|---|
| 2662 - CERB | An act relating to authorizing community economic revitalization board funding to benefit innovation partnership zones; | Adds an objective for funding for the CERB Board to address innovation partnership zones designated under | Scheduled for executive session 1/30 in House CDH Committee | A fiscal note has been requested, and we are preparing it now. The FN states no fiscal impact for this bill. Only adds a new element for the Board to take into consideration. |
| 5320-CERB | AN ACT Relating to prioritizing infrastructure projects; | The board may make direct loans to rural counties for carrying out an analysis of industrial sites to identify where high priority infrastructure developments are warranted. | Passed out of Senate Committee on Economic Development, Trade & Innovation 1/27 | A fiscal note has been requested, and prepared. The FN states no fiscal impact for this bill. Adjusts the selection criteria for board projects. |
| SB 6310 | AN ACT Relating to establishing the Washington investment trust | Creates the Washington Investment Trust to serve as a depository for state moneys, facilitate investment in infrastructure, administer student loans, and provide banking services. | Public hearing 1/25 in the Senate Committee on Financial Institutions and Housing & Insurance | Monitored hearing on 1/25/11 @ 1:30; PWAA mentioned as a possible source of capitalization. |
| HB 2434 | AN ACT Relating to establishing the Washington investment trust | Creates the Washington Investment Trust to serve as a depository for state moneys, facilitate investment in infrastructure, administer student loans, and provide banking services. | Public hearing in House Committee on Business & Financial Services 1/26 | Monitored hearing on 1/25/11 @ 1:30; PWAA mentioned as a possible source of capitalization. |
| Z-bill 0837 Z –bil 0972 | An ACT relating to the Public Works Board | Rewrite of 43.155 – increasing the eligible jurisdictions, systems, and authorities | In Governor's office, waiting for approval | As of 1/30/2012, we have not heard from the Governor's office, but we anticipate an approval. |
| Z-bill 0757 (Senate Z-Bill 0953 (House) | An Act relating to authorization for projects and appropriating funds recommended by the public works board | This is the 2013 Public Works Trust Fund Loan List | House version has been delivered to Rep. Dunshee. Awaiting direction | As of 1/30/2012 No word from HCB Chair |

# PUBLIC WORKS BOARD
## 2012 Policy Bill – Z-0837 / Z-0972

### Overview of Z-0837 / Z-0972

- Agency request legislation from the Department of Commerce at the request of the Public Works Board
- Modernizes the Public Works Board's authorizing statute, 43.155 RCW
    - Expands eligible jurisdictions for low-cost infrastructure financing to include port districts
    - Expands eligible systems for financing to include rail, telecommunications, energy, public buildings, and other capital facilities owned and operated by local governments
    - Adds contingent loan agreements and forgivable loans as financing tools available to the Board
    - Clarifies state policy priorities for infrastructure financing
    - Authorizes the Board to conduct a statewide infrastructure needs and resources assessment, reporting to the Legislature and Governor on these needs every four years
    - Streamlines the Board's project selection process for construction projects and removes the Legislature from the approval of projects
- No fiscal impact

### Contact

John LaRocque, Executive Director, Public Works Board
360.725.3166
john.larocque@commerce.wa.gov

# TAB 4

# Program Update

# PWTF Proposed New Application Process

John LaRocque

PowerPoint Presentation

Date: January 24, 2012

To: Public Works Board

From: Ann Campbell, Project, Policy, & Project Development Coordinator

Subject: Current Loan Rates, Terms, Incentives, and Deferral Option Information

**BACKGROUND:**
The Public Works Board (Board) sets rates annually. The 2014 Loan Cycle rates were set at the Board meeting on January 11, 2012. The following is a synopsis of the Board's current rates, terms, incentives, and the deferral option for new systems.

Myra Baldini created an excel spreadsheet with a tool "Speed-Oh-My-Terms" that provides a visual illustration of the impact when a borrower chooses various terms for their loan. This tool was sent to Board Members via email on January 23, 2012. A modified version of this tool will be available to prospective borrowers.

**FRAMEWORK:**
- Per Board policy, at no time can any loan interest rate, regardless of incentive or hardship combination, drop below 0.25%.
- The loan term cannot exceed the life of the asset constructed with the loan proceeds.

The following is informational material only. **No Board action is required**.

## LOAN TERMS AND RATES AT CONTRACT EXECUTION

1. Match requirement: NONE
2. Is the borrower a brand new system? If NO, proceed to item 3
   If YES, skip to item 5
3. All borrowers select a loan repayment period:

| Repayment period (in years) | Interest rate |
|---|---|
| 10 | 0.5% |
| 15 | 0.75% |
| 20 | 1% |
| 25 | 1.5% |
| 30 | 2% |

4. Financially distressed borrower options *only:*
   a. Rate-based system loan recipients with an Affordability Index[1] (AI) of 2.01%, *or more*, have the option of decreasing the interest rates identified in item 3 above.

| AI | Interest rate reduction |
|---|---|
| 2.01% - 2.5% | (0.25%) |
| 2.51% or more | (0.5%) |

*Example: Borrower intends to borrow $1 million for 25 years. Borrower has an AI of 2.3%. The adjusted interest rate for a $1 million loan over 25 years is 1.25%*
*25 year term is 1.5% rate*
*(less 0.25% rate decrease due to AI of 2.3%)*

***Final loan offer: $1 million for 25 years @ 1.25%***

b. Non-rate based systems loan recipients with a Debt Service Capacity Ratio[2] (DSCR) of 1.01%, *or less*, have the option of decreasing the interest rates identified in item 3 above.

| DSCR | Interest rate reduction |
|---|---|
| 1.01% - 1.5% | (0.25%) |
| 1.51% or more | (0.5%) |

*Example: Borrower intends to borrow $1 million for 15 years. Borrower has a DSCR of 1.6%.*
*The adjusted interest rate for a $1 million loan over 15 years is 0.25%*
*15 year term is 0.75% rate*
*(less 0.5% rate decrease due to DSCR of 1.6%)*
***Final loan offer: $1 million for 15 years @ 0.25%***

---

1. AI is calculated as: ["New Average Utility Rate" x 12 months] / Median Household Income

2. DSCR is specific to the financed project's system type. It is calculated as:
Net operating income / [principal repayments + interest payments]
*Principal & interest includes existing loans and anticipated loan from the Board.*

---

5. New system option *only:*
*Eligibility:*
   a. *Any system that delivers previously unavailable services to a new customer base that repays debt incurred with the revenues generated by the new system. It would not include the replacement, expansion, or rehabilitation of an existing system or a system that already has existing revenues for that service, AND*
   b. *Board approval based on utility rates as a percent of Median Household Income, AND*
   c. *Only Public Works Assistance Account (PWAA) loans, AND*
   d. *Jurisdiction must meet all the standard PWAA threshold requirements.*

*Terms:*
   1. No loan payment for the first five years of the term selected from the terms outlined in step 3 above.
   2. Interest accrues during the first five years of the loan. In the 6th year of the loan, the borrower payment would consist of the accrued interest. In the 7th year of the loan, the borrower's payment consists of both principal and interest.
   *Note: the theory is that the deferral enables the client to establish reserves necessary to make the payments. Whereas, if they had to make payments immediately, there would be no revenues coming in (the system isn't running yet) to meet the debt.*

6. New systems belonging to financially distressed borrowers may access the interest rate reduction options based on either AI (for rate-based systems) or DSCR (for non-rate-based systems).

Date: January 30, 2012

To: Public Works Board

From: Steve Dunk

Subject: **Update on Investment Grade Efficiency Audit**

The Public Works Board, per legislation written in ESHB 1497 Section 1021, required recipients of the Public Works Trust Fund loan to complete an Investment Grade Efficiency Audit (IGEA) for all projects for which energy savings is "obtainable". The primary purpose of the IGEA is to assure that infrastructure projects using electricity, motors, pumps, blowers etc. evaluate the effectiveness of the equipment being considered. Through this analysis a project such as a waste water system can determine if an upgrade of equipment could create long-term savings through energy reduction.

The Public Works Board in collaboration with the Department of Ecology and the Department of Health, both of whom are required to abide by similar legislation, met with the Department of Enterprise Services to create a methodology in which to assist those projects with the IGEA mandate.

For the 2012 PWTF loans a total of seventy-six projects worth $324,585,000 were approved. To date, fifty (50) projects are either 1. Proceeding with a preliminary energy audit or 2. Completing a third party design review of the engineered plans or 3. Provided documentation demonstrating that an energy analysis had already been completed. There are twenty-six (26) projects that demonstrated *non-obtainable energy savings* due to "pipe" and "pavement" that had no energy components within the project.

For the 2012 PWTF recipients the cost of the IGEA was not considered within their scopes, schedules or budgets. The Public Works Board is currently waiting for legislative approval for a $5,000,000 supplemental request to cover this unfunded mandate. This same request would cover any related IGEA expenses coming from the Department of Ecology and the Department of Health that need to follow similar legislative language.

**$5,000,000 Energy Program Loan Criteria**

Staff is currently coordinating with PWTF stakeholders to determine jurisdictional and project eligibility and loan criteria i.e. 2% interest, 10 year term, etc. Jurisdictions that requested funding for an energy efficiency project would not need to have a PWTF loan. This would be its own separate program with its own contract specifically to encourage energy efficient projects throughout the state. This energy loan program would be funded for the next two or three biennium out of the PWTF to get in up and running and then would sustain itself with loan/interest repayments.

# TAB 5

# Financial

**Washington State**
**Public Works Board**

**February 6, 2012**
**Board meeting**

DATE: January 30, 2012

TO: Public Works Board

FROM: Myra Baldini, Fund Manager and Underwriter

SUBJECT: DWSRF Traditional Funds and ALCM Update

**BACKGROUND:**
At the December 6, 2011Public Works Board meeting, the Board requested staff to report on the Drinking Water Assistance Accounts (DWAA, 07R and 04R) and the use of Accelerated Loan Commitment Model (ALCM).

**2012 LOAN CYCLE COMPARISON:**

| Description | DWSRF Traditional (Basic) | DWSRF ALCM (Additional) | Total |
|---|---|---|---|
| Initial $ Level (Repayments and De-obligations) | $50,000,000 | | |
| + EPA Grant (net of 31% Set Asides) (Est.) | $16,500,000 | | |
| + State Match (20% of EPA Cap Grant) | $ 4,000,000 | | |
| + ALCM Increase | | $60,000,000 | |
| = 2012 DWSRF Loan Cycle Total Resources Available for Loan and Subsidy | $70,500,000 | $60,000,000 | **$130,500,000** |
| Resources Available for Subsidy (30% of the EPA Cap Grant) (Est.) | $ 7,500,000 | | **$ 7,500,000** |
| 1% Loan Fee Generated (EPA Cap net of Subsidy and Set Asides) (Conservative Est.) | $ 450,000 | $ 600,000 | **$ 1,050,000** |
| Average Annual Loan Amount Disbursed to Borrowers | $15,000,000 | $15,000,000 | **$ 30,000,000** |
| Average Daily Fund Balance (next 4 years) | $65,000,000 | $35,000,000 | |
| Annual Average Repayment (Principal and Interest) (from 1st yr of project completion) | $ 3,600,000 | $ 3,500,000 | **$ 7,100,000** |
| Average Simple Interest Rate | 1% | 1.5% | |
| Interest Earned (Term of the Loan) (Est.) for DWAA | $10,000,000 | $20,000,000 | **$ 30,000,000** |

**Washington State**
**Public Works Board**

**February 6, 2012**
**Board meeting**

DATE: January 30, 2012

TO: Public Works Board

FROM: Myra Baldini, Fund Manager and Underwriter

SUBJECT: PWAA Funds and ALCM Update

**BACKGROUND:**
At the December 6, 2011Public Works Board meeting, the Board requested staff to report on the Public Works Assistance Accounts (Fund 058) and the use of Accelerated Loan Commitment Model (ALCM).

Please find attached graphs.

All data series or scenarios on the graphs include the following assumptions:

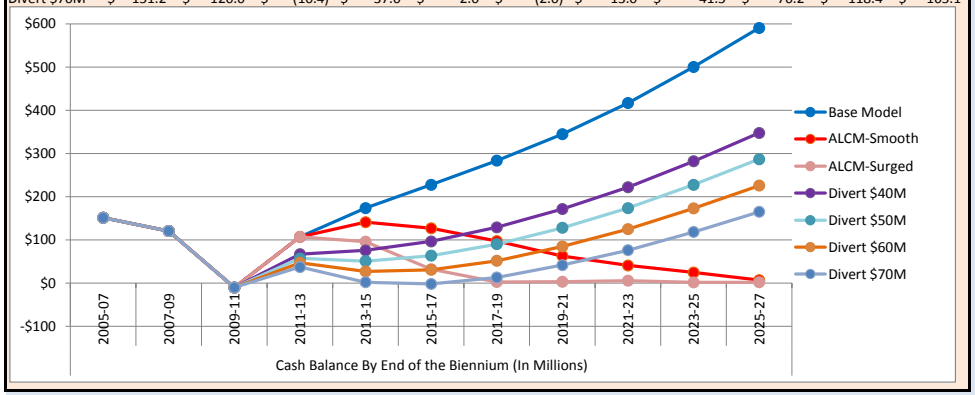
- Repayment Revenues (61% of Total Resources)
- Tax revenues from three sources: Real Estate Tax, Solid Waste and Public Utility Taxes (39% of Total Resources)
- $10 million DWSRF State Match
- PWB Operating Expenses
- $25 million funding for CERB for 2013-15 biennium
- $5 million Investment Grade Efficiency Audit funding for 2013-15 biennium
- $15.5 Million CWSRF State Match
- $160 million 2013 Construction Loan List

# DATA COMPARISON

**Based on Updated Predictive Model 01-03-2012**

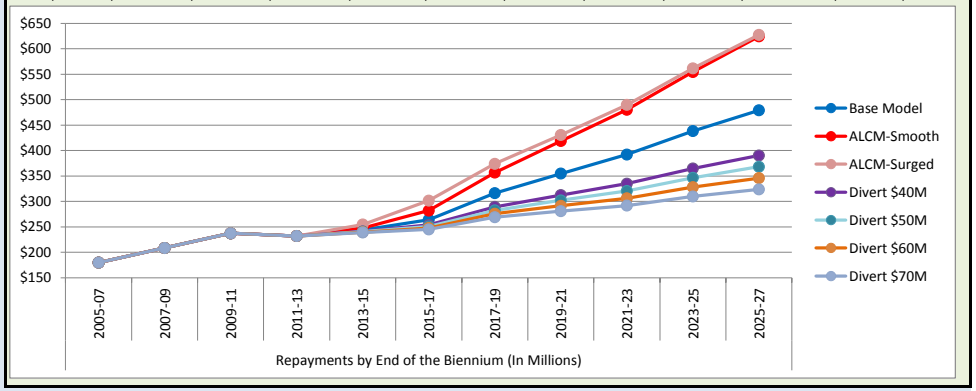
## Cash Balance By End of the Biennium (In Millions)

| | 2005-07 | 2007-09 | 2009-11 | 2011-13 | 2013-15 | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Base Model | $ 151.2 | $ 120.6 | $ (10.4) | $ 107.0 | $ 173.6 | $ 227.5 | $ 283.6 | $ 344.8 | $ 417.0 | $ 500.4 | $ 590.7 |
| ALCM-Smooth | $ 151.2 | $ 120.6 | $ (10.4) | $ 107.0 | $ 140.9 | $ 126.9 | $ 97.3 | $ 62.8 | $ 40.7 | $ 24.5 | $ 6.8 |
| ALCM-Surged | $ 151.2 | $ 120.6 | $ (10.4) | $ 107.0 | $ 96.0 | $ 32.0 | $ 2.6 | $ 3.1 | $ 5.6 | $ 1.6 | $ 2.0 |
| Divert $40M | $ 151.2 | $ 120.6 | $ (10.4) | $ 67.0 | $ 75.6 | $ 96.4 | $ 129.0 | $ 171.5 | $ 222.0 | $ 282.1 | $ 347.5 |
| Divert $50M | $ 151.2 | $ 120.6 | $ (10.4) | $ 57.0 | $ 51.0 | $ 63.6 | $ 90.3 | $ 128.1 | $ 173.5 | $ 227.5 | $ 286.7 |
| Divert $60M | $ 151.2 | $ 120.6 | $ (10.4) | $ 47.0 | $ 27.0 | $ 30.9 | $ 51.7 | $ 84.8 | $ 124.9 | $ 173.0 | $ 225.9 |
| Divert $70M | $ 151.2 | $ 120.6 | $ (10.4) | $ 37.0 | $ 2.0 | $ (2.0) | $ 13.0 | $ 41.5 | $ 76.2 | $ 118.4 | $ 165.1 |



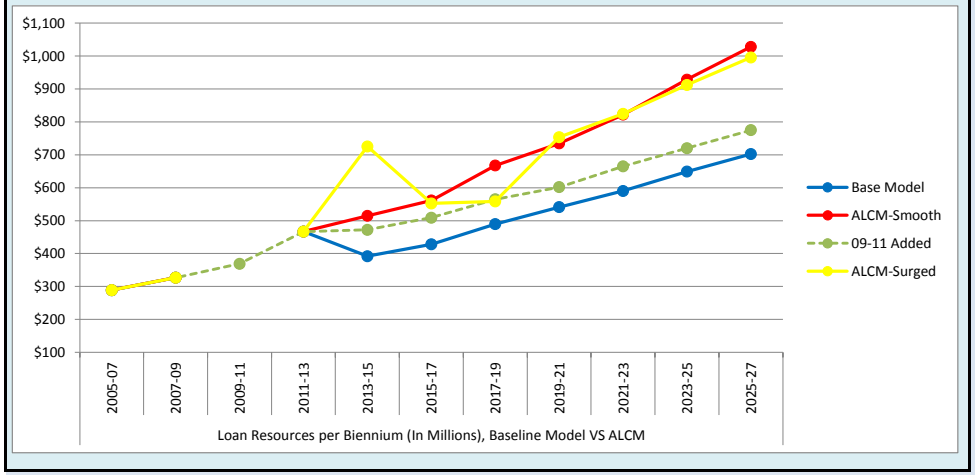

## Repayments by End of the Biennium (In Millions)

| | 2005-07 | 2007-09 | 2009-11 | 2011-13 | 2013-15 | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Base Model | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 243.8 | $ 264.2 | $ 316.3 | $ 354.8 | $ 392.1 | $ 438.3 | $ 479.1 |
| ALCM-Smooth | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 247.8 | $ 282.0 | $ 356.7 | $ 418.8 | $ 480.1 | $ 554.3 | $ 624.4 |
| ALCM-Surged | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 254.7 | $ 301.6 | $ 373.9 | $ 430.6 | $ 489.8 | $ 561.5 | $ 627.3 |
| Divert $40M | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 241.1 | $ 253.6 | $ 289.3 | $ 312.5 | $ 334.9 | $ 364.8 | $ 390.3 |
| Divert $50M | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 240.4 | $ 250.8 | $ 282.5 | $ 302.0 | $ 320.6 | $ 346.5 | $ 368.1 |
| Divert $60M | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 239.7 | $ 247.9 | $ 275.8 | $ 291.4 | $ 306.2 | $ 328.1 | $ 345.9 |
| Divert $70M | $ 179.8 | $ 208.4 | $ 237.3 | $ 232.1 | $ 239.0 | $ 245.0 | $ 269.0 | $ 280.9 | $ 291.9 | $ 309.7 | $ 323.7 |



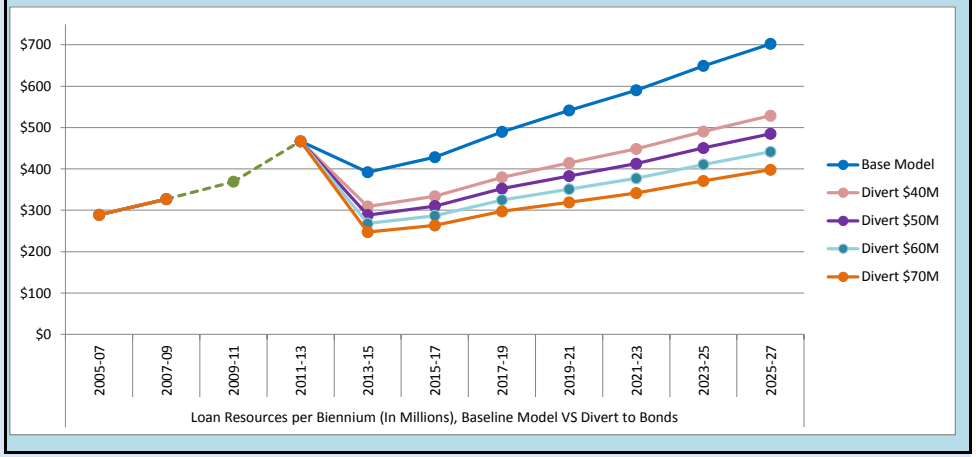

## Loan Resources per Biennium (In Millions), Baseline Model VS ALCM

| | 2005-07 | 2007-09 | 2009-11 | 2011-13 | 2013-15 | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Base Model | $ 288.9 | $ 327.0 | | $ 466.8 | $ 392.0 | $ 428.3 | $ 489.6 | $ 541.3 | $ 590.1 | $ 649.1 | $ 702.3 |
| ALCM-Smooth | $ 288.9 | $ 327.0 | | $ 466.8 | $ 514.8 | $ 561.6 | $ 667.6 | $ 734.5 | $ 821.9 | $ 928.3 | $ 1,027.8 |
| 09-11 Added | $ 288.9 | $ 327.0 | $ 369.0 | $ 466.8 | $ 472.1 | $ 508.9 | $ 565.0 | $ 602.0 | $ 665.0 | $ 720.0 | $ 775.0 |
| ALCM-Surged | $ 288.9 | $ 327.0 | | $ 466.8 | $ 725.20 | $ 552.20 | $ 558.50 | $ 753.40 | $ 824.30 | $ 912.00 | $ 995.50 |




## Loan Resources per Biennium (In Millions), Baseline Model VS Divert to Bonds

| | 2005-07 | 2007-09 | 2009-11 | 2011-13 | 2013-15 | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Base Model | $ 288.9 | $ 327.0 | | $ 466.8 | $ 392.0 | $ 428.3 | $ 489.6 | $ 541.3 | $ 590.1 | $ 649.1 | $ 702.3 |
| Divert $40M | $ 288.9 | $ 327.0 | | $ 466.8 | $ 309.3 | $ 333.9 | $ 379.7 | $ 414.4 | $ 448.1 | $ 490.2 | $ 528.5 |
| Divert $50M | $ 288.9 | $ 327.0 | | $ 466.8 | $ 288.6 | $ 310.3 | $ 352.3 | $ 382.6 | $ 412.6 | $ 450.4 | $ 484.9 |
| Divert $60M | $ 288.9 | $ 327.0 | | $ 466.8 | $ 267.9 | $ 286.8 | $ 324.8 | $ 350.9 | $ 377.1 | $ 410.7 | $ 441.3 |
| Divert $70M | $ 288.9 | $ 327.0 | | $ 466.8 | $ 247.2 | $ 263.2 | $ 297.3 | $ 319.1 | $ 341.6 | $ 370.9 | $ 397.8 |



# TAB 6

# Information and Other Items

Date: February 6, 2012

To: Public Works Board

From: Isaac Huang

Subject: City of Gig Harbor PWTF Project Follow-up

At the December, 2011 Board meeting, Mr. Steve Misiurak of Gig Harbor gave a presentation on the WWTP project funded by PWTF.

The Board requested additional information regarding the difference between in cost of using bond dollars vs. PWTF funding. Mr. Misiurak provided the information below.

The comparison of costs:

| | |
|---|---|
| The interest rate costs for a PWTF loan: | $ 500,000 |
| The interest rate costs for bonding: | $12,000,000 |
| Savings: | $11,500,000 |

If the City had gone to bond for the project, it would have been a 96% increase in costs to complete the project. The residents of Gig Harbor would have had to absorb this increase through higher rates. Mr. Misiurak wanted to thank the Board for the opportunity to provide the presentation at the last Board meeting.