



Agenda Item	Action	Page	Time
Committee Meetings			7:30-8:30
a) ADMINISTRATION		3	9:00
a) Call to Order			
b) Welcome and Introductions			
c) Approve Agenda: Janae Eddy	Action	1	
d) December 4 Meeting Minutes: Janae Eddy	Action	5	
e) January 16 Meeting Minutes: Janae Eddy	Action	45	
f) Legislative Updates: Dawn Eychaner			
b) COMMITTEE REPORT		77	9:10
a) Executive Committee: Stan Finkelstein	verbal		
b) Communication Committee: Kathryn Gardow	verbal		
c) Policy Committee: Don Montfort.....	verbal		
d) TA Committee: Steve Stuart.....	verbal		
c) CONTRACTING		79	9:40
a) Notice to Proceed Memo: Bruce Lund	Action	81	
b) Extension Request Memo: Bruce Lund	Action	82	
c) Drinking Water State Revolving Fund			
a. Hideaway Mobile Home Park Update: Kathryn Wyatt/Myra Baldini	verbal		
b. Okanogan County: Isaac Huang/Myra Baldini	Action	83	
c. Whatcom County: Chris McChord	Action	95	
d) Public Works Trust Fund			
a. Clallam County PUD: Matt Ojennus	Action	97	
e) PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES		115	10:40
a) 2015 P WTF Cycle: John LaRocque/Cecilia Gardener/Ann Campbell	Action	117	
b) Small Communities Initiative (SCI) Budget: John LaRocque	Action		Presentation
c) PWB Academy Update: Lynn Kohn.....	verbal		
f) INFORMATION AND OTHER ITEMS		121	11:40
a. PWB Website:	Action		Presentation
b. PWAA Predictive Model Update: Myra Baldini		123	

LUNCH

Note: Anticipated time of Adjournment is 12:40 p.m.

NEXT MEETING SCHEDULED: April 5, 2013, at 9:00 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.

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TAB 1

Administration



**Washington State
Public Works Board**
Post Office Box 42525
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PUBLIC WORKS BOARD MEETING NOTES

December 4, 2012

Department of Commerce (Olympia, WA)

Board Members		Guests Present:	Staff Present:
Present:	Absent:		
Stan Finkelstein, Chair	Frank Abart	Melanie DeLeon, Executive Ethics Board	Myra Baldini
JC Baldwin		Karen Larkin, Department of Commerce	Ann Campbell
Jerry Cummins		Chris McCord, Department of Health	Cindy Chavez
Tom Fitzsimmons		Julie Parker, Thurston Public Utilities District	Terry Dale
Kathryn Gardow		Cathi Read, Small Communities Initiative	Steve Dunk
Ed Hildreth		Eric Tompkins, Department of Commerce	Christina Gagnon
Scott Hutsell			Cecilia Gardener
Don Montfort			Isaac Huang
Mark "Bubba" Scott			Lynn Kohn
Darwin Smith			John LaRocque
Steve Stuart			Bruce Lund
Larry Waters			Jennifer Motteler
			Rodney Orr
			Jacki Skaught

ADMINISTRATION

- a) Call to order: Chair Finkelstein called the meeting to order at 9:00 a.m.
- b) Introductions: Board members, guests, and staff introduced themselves.
- c) Approve the agenda: Steve Stuart moved to approve the agenda. Seconded by Ed Hildreth.
ACTION: Motion approved (11-0) (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).
- d) Approval of the November 2, 2012 meeting minutes was deferred to the January 2013 meeting.

COMMITTEE REPORTS

- a) Executive Committee, Stan Finkelstein reported:
 - Stan Finkelstein and John LaRocque met with Stan Marshburn, Director of the Office of Financial Management (OFM) on November 6, 2012 to discuss the Board’s recommended 2014 Construction Loan List and the changes the Board approved based on OFM’s request to reduce the total amount to \$350 million due to budget constraints. Governor elect Inslee may have an alternate version. A case was made that there is a high need to address critical infrastructure needs; this could be the jobs bill and reducing the list will not allow for growth in jobs and the economy.
 - There is currently a budget shortfall of \$900 million, plus \$1 billion for education
- b) Communications Committee, Kathryn Gardow reported:
 - The business cards have arrived. If Board members talk to legislators or are out and about on Board business, use these cards.



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- The draft four page information/education document was available for review. (attachment 1) There will be more changes will be coming, and it will be ready for the January Board meetings with Legislators.
 - The Board's web page is underway.
- c) Policy Committee, Don Montfort reported:
- The bylaws are a work in progress.
 - Review underway; will come to full Board when ready; currently mostly housekeeping stuff. Meeting schedule concern: how specific should it be?
 - We have not been in compliance with our own bylaws regarding meeting times.
 - Question whether the committee should develop an annual schedule? Specific, or is not specific acceptable?
 - Kathryn Gardow noted she prefers flexible. Ed Hildreth agreed.
 - Stan Finkelstein has a scheduling conflict with Tuesday/Thursday so doesn't want days in bylaws.
 - Committee will continue to work on it.
 - Does the Board want the policy committee to begin analyzing current MOUs, or wait?
 - Stan Finkelstein said that renewing some type of MOU between the Board and the agency is critical. Going through this transition, important to have a document available and agreed upon as something to use to negotiate when there is some sense of what the leadership will be.
 - Committee will work on preliminary documents for the Board to review.
 - Called attention to the Z-Bill (policy bill) in section 4, page 7, and section j; regarding refinancing – second paragraph from the top. (attachment 2)
 - Kathryn Gardow asked if short term debt is definable. Is it less than 1 year?
 - Stan Finkelstein answered 5 years.
 - Kathryn Gardow asked if they want it to be that.
 - Don Montfort answered that it is pre-construction. It's broad, included for flexibility.
 - Larry Waters asked what "as defined in rule by the Board" meant.
 - Stan Finkelstein explained the rulemaking process.
 - Don Montfort said that the Board must establish WAC for those other cases.
 - Stan Finkelstein asked if this language was added from where they were last time.
 - John LaRocque confirmed, and said that this bill is in front of the policy group and good to go. Does not have final approval, but the last version is in front of OFM, so unless changes were made during meeting it's ready to go in the hopper.
 - Agree to revised language as included in section 4, j: "Or other cases as defined in rule by the Board": Don Montfort moved to agree to the revised language as included in section 4, j. Jerry Cummins seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).
 - Adopt bill as amended since previous meeting including: no ports, refinance language, and including pre-construction for non-traditional, and emergency. Tom Fitzsimmons moved to approve the bill with modifications that have been



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included. Steve Stuart seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).

- d) Technical Assistance Committee: Steve Stuart briefed the Board on the South West Academy, said that it was good learning overall and referred to Chris's memo. Discussed draft Technical Assistance proposal, and that the committee will bring to the full Board at the next meeting.

CONTRACTING

- a) Drinking Water State Revolving Fund (DWSRF)
1. Hideaway Mobile Home Park (HMHP)
 - Steve Dunk reported that in 2008 the Board issued a contract with the HMHP for a DWSRF loan, the client invoiced 90k of 100k, drew down to the last 10% of loan (the retainage). (attachment 3) Steve noted that in November 2011 staff was informed that HMHP were not able to make their loan payment. The Contracts Administration Unit (CAU) attempted to contact the client with no response for several months. In February, CAU sent a letter to the client saying that the 1% loan fee was incurring per month and that they needed to pay, but still no return contact. Recently the HMHP has contacted CAU and explained that they are filing for bankruptcy. Contractors have completed the work on the project but the HMHP has not paid the contractors. The contractor has put a lien on the park, and the City of Spokane is collecting fees from the park but have no mechanisms in place to pay the loan back. Staff recommends that the Board either refer this to the Attorney General to recapture the outstanding debt if possible, or to resolve the bankruptcy of this client. The property was foreclosed on in 2012. The improvements are part of the HMHP property, not the City of Spokane.
 - Darwin Smith asked who owns the park; Steve replied that the contractor owns the park.
 - Stan Finkelstein noted the Board paid out \$19,000 not accounted for and asked what CAU does to monitor dispersal of funds. Eric Tompkins replied that CAU monitors the clients and has documentation that \$78,000 was paid to the contractor. It appears that the client incurred the cost of the remainder, but no documentation has been provided showing that it was paid to the contractor
 - Kathryn Gardow asked if Myra Baldini had been involved with the project. Myra answered that she did a credit rating report, but not as full an analysis as is done now. Wells Fargo gave them a credit rating that warranted the loan from DWSRF; the system was under a red flag for water contamination. Staff added terms to the contract for a dedicated account but the account was not monitored to ensure it was populated with loan repayments.
 - Stan Finkelstein asked how many hookups were on the system. Staff replied that the hookups reported have ranged from 650 to 100.
 - Tom Fitzsimmons noted that it sounds like the owner went bankrupt and the Board won't know until it comes out the back end. Tom recommended the Board get an attorney to advocate their position.



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- Ed Hildreth asked where in line the Board is. Myra answered the PWB is superior but Wells Fargo had a loan before the Board, noting that system revenue is the secured loan piece, but the City of Spokane is currently receiving the user revenue.
 - Stan Finkelstein asked if anyone has computed the percentage increase in water rates per unit if the whole \$1 million is amortizing per unit; Myra answered that at the time the rent/user fees were sufficient to cover the loan.
 - Stan Finkelstein recommended the Board hands the matter over to the Attorney General for further action; Kathryn Gardow moved to refer the matter to the Attorney General; Darwin Smith seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).
 - Darwin Smith asked if the Board should be seeking senior position in loans. Don Montfort noted that this was a choice the Board made to accommodate the clients and that this is the first loan to go bad.
2. Knights of Columbus
- Bruce Lund reported that the project is 97% complete and they are asking for a 3 month extension. (attachment 4)
 - Darwin Smith moved to approve staff recommendation for an extension of the closeout date to 2/28/13; Scott Hutsell seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).
3. Webster Hill Water Association
- Isaac Huang explained the client's request for temporary relief for this year's loan repayment. Isaac described how the previous owner of the water system abandoned it in 2000 and it became deteriorated, resulting in a Department of Health (DOH) compliance order being issued. Isaac explained that the DWSRF loan was applied for in 2001 and that in 2007 they completed 19 connections. In September 2012 Thurston Public Utility District (PUD) was notified that Webster couldn't make the payment. The PUD was asked to take over the system by DOH and Pierce County and took over management in August 2012, not ownership. The PUD is assisting Webster apply for a Community Development Block Grant (CDBG) in order to address long term contamination treatment. Isaac noted that Webster has gone into foreclosure and now only has three hookups and bacteria contamination requiring chlorination. Isaac introduced Julie Parker from the PUD present to answer any questions. (attachment 5)
 - Stan Finkelstein asked what the loan is. Isaac explained it was \$66,000 with \$44,000 outstanding, explaining that Webster raised rates to \$130 per month.
 - Myra Baldini explained that Webster is operating in the red right now. She referred to the Affordability Index (AI) in Table 3 in the handout provided to the Board, showing rates compared with comparable systems with similar number of connections. \$130 per month is an AI of 2.35% and not affordable. The community is willing and able to pay this in order to repay this loan to make sure that they will be operational in the near future with the PUD. Myra explained that originally the client requested to defer only one payment but that staff was concerned the client would come back for another deferral. Staff is recommending deferral for 3 years. Staff is recommending that beginning January 1 2013, the client be required to put the money in a dedicated account, getting ready for the payment later and adopt a policy to maintain reserves.



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Myra noted that a summary of staff's recommendation is on the first page of the handout.

- Julie Parker from the Thurston County PUD explained the PUD's involvement beginning in 2012 at the request of the Department of Health. Julie explained that the PUD agreed to take over management beginning in August 2012 and are collecting payments/debts. Julie noted that staff's proposal for a 3 year deferral is very generous and will enable them to get Webster's financial system in line and stabilize their water system.
- Don Montfort asked if it is in the contract that the PUD will take over the system. Julie Parker answered that it is not in contract, but is in documentation, noting that is their policy to not take systems that are not whole or do not have a plan to become whole.
- Don Montfort asked that if they get whole, is there any inclination to not turn system over to the PUD? Julie Parker answered no, noting that the PUD has been working with the Board president and a couple of other members of the community on the system's sustainability.
- Darwin Smith asked about whether there are source issues. Julie Parker answered that the contamination is bacterial and they have adequate flow/no source issue.
- Steve Stuart noted that if the goal is to take over the system, that's a good goal for the Board. Steve asked which action from staff recommendation will get to that outcome, asking if the Board could have assurance that the PUD would ultimately take the system over. Julie Parker answered that she met with Myra Baldini and that they developed option 2 together. Julie explained that she can't provide further assurances that they won't back up and find another alternative, but she does know that given that they have been burned so badly, it's very unlikely that they will do. The PUD's track record is that they sign contract, the system gets used to it, the PUD takes care of the problems. They have had managed systems leave their control, they have systems that have been with them since 2008.
- Darwin Smith asked if the PUD has rate authority on those contracts? Julie Parker answered no, explaining that the PUD is in contact with the Board and are advising them.
- Stan Finkelstein said that the PUD could not subsidize this entity. That would be giving public funds to private.
- Ed Hildreth recused himself because he's a member of Thurston County water.
- Kathryn Gadrow suggested a one year deferral, and then the interest only for the rest of the 3 years, which would keep the system used to paying something and keep them connected with the Board.
- Tom Fitzsimmons said that he finds it intriguing that Thurston PUD is a fee based manager of the system and that they have no direct accountability on the loan, noting that he would like to see something that makes the PUD more accountable.
- Stan Finkelstein suggested that the Board could approve the recommendation on the condition that Webster makes certain agreements with the PUD. Stan asked if that has that been done before with the PUD, Julie Parker answered no.
- Don Montfort said that the implication is that Thurston PUD is profiting from the situation. Looking at the handout and comparing fee to amount spent, there's not much cushion. Trying to condition contract terms with a client based on performance from someone else seems kind of dicey. Asking Thurston PUD to take responsibility for someone else's loan, it doesn't seem like if he was on that commission, he would do it.



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- Darwin Smith said that the Board is not going to get the PUD to agree, noting that should the system decide to forgo the PUD's management, they either bring the loan back to bear as it currently is, or they have to have another plan.
- Tom Fitzsimmons clarified that he is trying to give the PUD a tool, suggesting the Board could condition the water system to sign a ten year agreement with the PUD, if the PUD is willing to do so, in order to get a better stability around the water system and enable the PUD to be more successful.
- Chris McCord with the Department of Health said that the intent is for the PUD to take over ownership but that cannot happen until the water system is viable.
- Stan Finkelstein asked what the cost of making the system viable will be. Julie Parker answered it is probably close to half a million dollars.
- Steve Stuart noted that he would like to see a structured contractual arrangement that moves towards the transfer of ownership.
- Don Montfort moved to table the discussion until after lunch. Larry Waters seconded.
ACTION: Motion approved (9-1). (Baldwin, Fitzsimmons, Gardow, Hutsell, Montfort, Scott, Smith, Stuart, and Waters). Jerry Cummins voted no, Ed Hildreth recused.

DRINKING WATER STATE REVOLVING FUND

Public Hearing on Loan Fee for Program Year 2013 Loan Program

- Cecilia Gardener spoke to the WAC identifying requirements for a public hearing for the drinking water loan fee, noting that no changes are being recommended from last year. (attachment 6)
- Stan Finkelstein asked if anyone was present to comment. No one identified themselves.
- Darwin Smith moved to close the hearing; JC Baldwin seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).
- Darwin Smith moved to approve the recommended loan fee, JC Baldwin seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).

FINANCING OPPORTUNITIES

2014 Public Works Trust Fund Construction Loan List Update

- John LaRocque reviewed the current status of the 2014 recommended construction loan list and the governor's directive to reduce the total amount for the 2014 loan list to \$350. John suggested two options to achieve the reduction; option 1 – reduces the loan limit per jurisdiction to \$10 million and option 2 - reduces the loan limit per jurisdiction to \$6.3 million, as detailed in the handout provided to the Board.
- Steve Stuart asked if a letter was sent on behalf of the Board to the Governor; John LaRocque answered no, explaining that a meeting took place with Stan Marshburn, Director of the Office of Financial Management instead.
- Kathryn Gardow said she assumes Water System Acquisition and Rehabilitation Program (WSARP) and Growth Management (GMA) line items are grants, asking whether the GMA funding would go to Commerce. John answered in the affirmative.
- Don Montfort stated that the Board's recommendation does not have to be the same as OFM's request and could be framed that the original recommendation is the recommendation with additional information provided.



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- Stan Finkelstein asked if the \$350 million in the proposal assumed acceleration of the fund. John LaRocque answered yes, noting that this does not consume all the resources the Board could have and use, using acceleration.
- Karen Larkin said that the \$100 million cash diverted to the state general fund is equal to \$400 million in acceleration.
- Don Montfort said that the Board has already decided, they decided on that loan list, and it seems like the Board's decision was to have staff advocate for that original list. John LaRocque answered that the Board works for the Governor and that staff has to take the \$350 million list back to them as requested.
- Tom Fitzsimmons noted that he is hearing a path where OFM is saying 'send us the Board's list, however, we would also like your recommendation on what we could do to get that list to \$350 million.' Tom suggested the Board could frame the \$350 list as the Board's suggestion for how to get to \$350 would be to cut off projects with a certain start date and dollar amount.
- Steve Stuart suggested that for consistency a \$6.3 million cap makes sense.
- Kathryn Gardow asked if the Board is in jeopardy of losing money. John responded that yes, in second year the Board is vulnerable, noting that staff will be bringing the Board recommendations for the upcoming 2015 cycle soon.
- Kathryn Gardow suggested adding a column in the four pager to address the governor's version and the Board's recommendation. John LaRocque answered that they may need to ask the governor for permission to do a compare and contrast. Stan Finkelstein asked what happens on Jan 17 when Inslee submits his budget which may deviate from Governor Gregoire's budget. Kathryn Gardow answered that the four pager will be dated; Stan Finkelstein suggested that they go with an additional page as an insert.
- Karen Larkin said that in the House Government Committee discussion on growth management, the public works assistance account came up five times, noting that the legislators are aware of the cuts, and all the speakers were advocating against taking it.
- John LaRocque said that CERB is going to be able to get \$20 million of its own resource base using the acceleration model so the Board does not need to ask for base funding for CERB, but maybe to add to their commitment to really recharge their resources base.
- Ann Campbell explained that the list provided represents who would be impacted by reducing the loan amount.
- **ACTION:** Don Montfort moved to submit a \$350 million loan list with a \$6.3 million per jurisdiction loan cap to the Governor's office. Larry Waters seconded.
- Don Montfort clarified that the motion is to give OFM the information on what would happen to the recommended loan list with a \$6.3 million loan cap at \$350 million total using the construction start date as a prioritization. **ACTION: Motion approved (10-1)** (Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters). Kathryn Gardow voted no.

ETHICS TRAINING: Presentation given by Melanie DeLeon, Executive Director, Executive Ethics Board

Webster Hill Water Association



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- Don Montfort noted that the Board is looking for responsible fund management and would like the utility obtaining sustainability and financial success through professional and efficient management, hopefully by a public entity. Don proposed the following conditions:
 - Borrower agrees to maintain contract management for the life of the loan or repayment of it, whichever comes first.
 - Borrower agrees to report annually to long-term contract management plan. They will have to be concerned with a permanent solution to their problems
 - Borrower agrees to set rates according to the best management practices according to the contract manager.
 - Maintain contract management, report annually on long-term contract management program, best management practices as per the PUD.

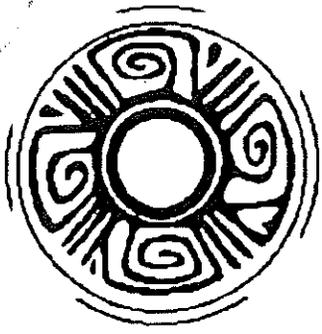
Don Montfort moved to agree generally with these conditions along with option 2 of staff recommendation. Darwin Smith seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).

PWTF Pre-Construction Program Recommended List

- Terry Dale presented the recommended pre-construction project list and provided a handout to the Board. Terry clarified that pre-construction is an open cycle with removal of the exception for 2012 applicants and is on a first-come, first-served basis. Terry noted that there are three applicants that will utilize all resources and staff would like to allow Wapato to use remaining resources of \$14,000 to complete their process. (attachment 7)

Larry Waters moved to approve staff recommendation, Darwin Smith seconded. **ACTION: Motion approved (11-0)** (Baldwin, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, and Waters).

Stan Finkelstein adjourned the meeting.



Public Works Board 2013 Legislative Agenda

2014 Construction Loan List*



A 26-Year History of Success

**\$2.6 Billion Loaned
—PWTF**

**\$4.6 Billion
Total Project Costs**

**46,067
Jobs**

In May 2012, the Public Works Board (Board) received 336 applications requesting more than \$1 billion for construction loans. In August, the Board took action to approve funding for 284 projects totaling \$697 million. In November 2012, Governor Gregoire asked the Board to reduce its recommended list to \$350 million due to state budget constraints. In order to achieve this reduction, the Board took action to adjust its resource investments accordingly.

Board Resources and Investment Plans		
Resources Available	Public Works Assistance Account - Cash: <i>Includes Solid Waste Tax Revenues</i>	\$442.1 million
	Public Works Assistance Account - Acceleration (ALCM):	\$159.5 million
	Total Resources:	\$601,600,000
Investment of Resources	2014 Construction Loan List:	\$350.0 million
	2015 Construction Loan List (planned):	\$0*
	Pre-Construction Loan Program:	\$22.0 million
	Emergency Loan Program:	\$5.0 million
	Energy/Water Efficiency Loan Program:	\$5.0 million
	Water System Acquisition & Rehabilitation Program	\$5.0 million
	Board Administration:	\$3.0 million
Investments Subtotal:	\$390.0 million	
Transfers of Resources	Drinking Water State Revolving Fund (DWSRF) Match:	\$10.0 million
	Clean Water State Revolving Fund (CWSRF) Match:	\$15.5 million
	Solid Waste Tax Transfer to State General Fund: <i>(100% reduction effective through 6/30/15 and 50% reduction effective through 6/30/18)</i>	\$76.5 million
	Cash Transfer to State General Fund:	\$100.0 million
	Cash Transfer to Growth Management Services	\$5.0 million
Transfers Subtotal:	\$207.0 million	
	Investments & Transfers Total:	\$597,000,000
	Budget as approved by Governor Gregoire.	
	<i>*2015 Construction Loan List investment amount contingent upon available resources.</i>	

Proposed Legislation: Modernizing the Board's Enabling Statute

Policy

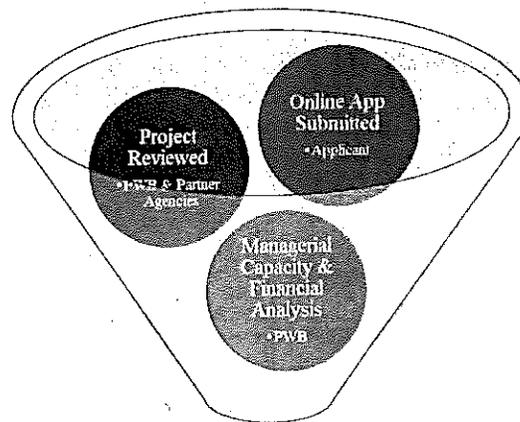
Companion bills Z-0079 and Z-0086 modernize the Board's authorizing statute, 43.155 RCW, improving the way in which the Board serves local governments. Traditionally, the Board has financed infrastructure construction for water, sanitary sewer, storm water, solid waste/recycling, roadways, and bridge systems. The Board is steadfastly committed to this core mission while expanding financing opportunities to include other locally-owned infrastructure systems including rail spurs, broadband, energy, public buildings, criminal justice facilities, and other capital facilities owned and operated by local governments. Other significant aspects of the legislation include:

- ◆ Reinstates the highly successful Water System Acquisition and Rehabilitation Program (WSARP).
- ◆ Articulates state policy priorities for infrastructure investment.
- ◆ Modernizes the Board's project selection criteria.
- ◆ Advances Growth Management Act (GMA) compliance opportunities by requiring jurisdiction compliance at the time of contract execution, rather than at the time of application.

2014 Loan List: Project Selection Process

This year the Board developed and applied an enhanced risk assessment process, dramatically streamlined its application process and adopted industry-standard loan terms; all in response to local governments needs.

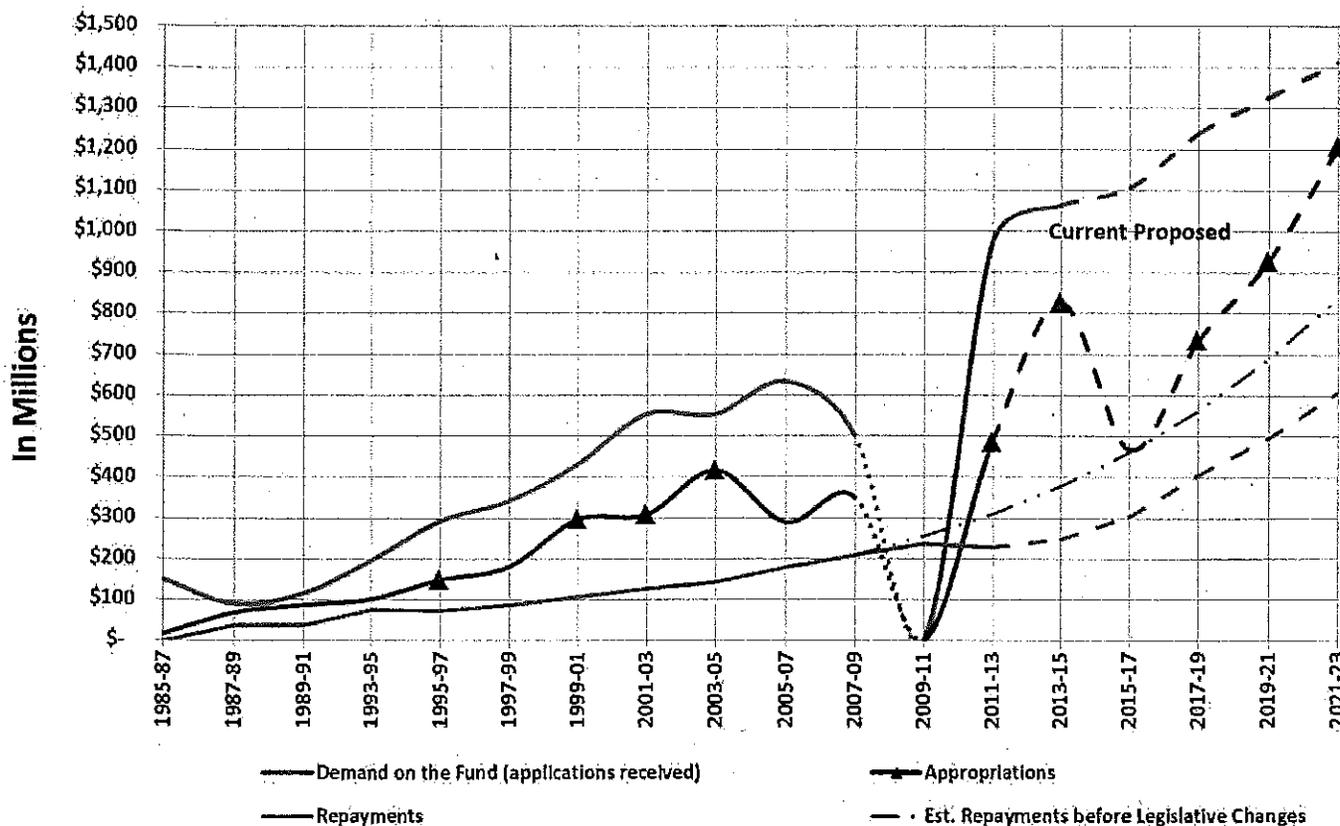
The new risk assessment gauges the importance of the project, the managerial capacity of the local government, and the financial strength of that local government or the system within the local government. As a result of these reviews, the Board required special contract conditions for some projects in order to minimize risk.



PWB Loan Offer

Unprecedented Local Demand

A record number of construction applications were received in 2012. Local governments requested more than \$1 billion in loans infrastructure projects for public drinking water, sanitary sewer, storm water, solid waste, and roadways. As demonstrated in the chart below, demand for public works funding has always outstripped available funds. In the 2009, all funds from the Public Works Assistance Account were redirected to the state general fund and thus unavailable for local projects. Beginning in 2010, applications for assistance have since increased significantly each year as a result of project backlogs created by the 2009 fund sweep. To increase funds available, the Board has accelerated lending a number of times successfully in order to maximize the use of cash in the Public Works Assistance Account.



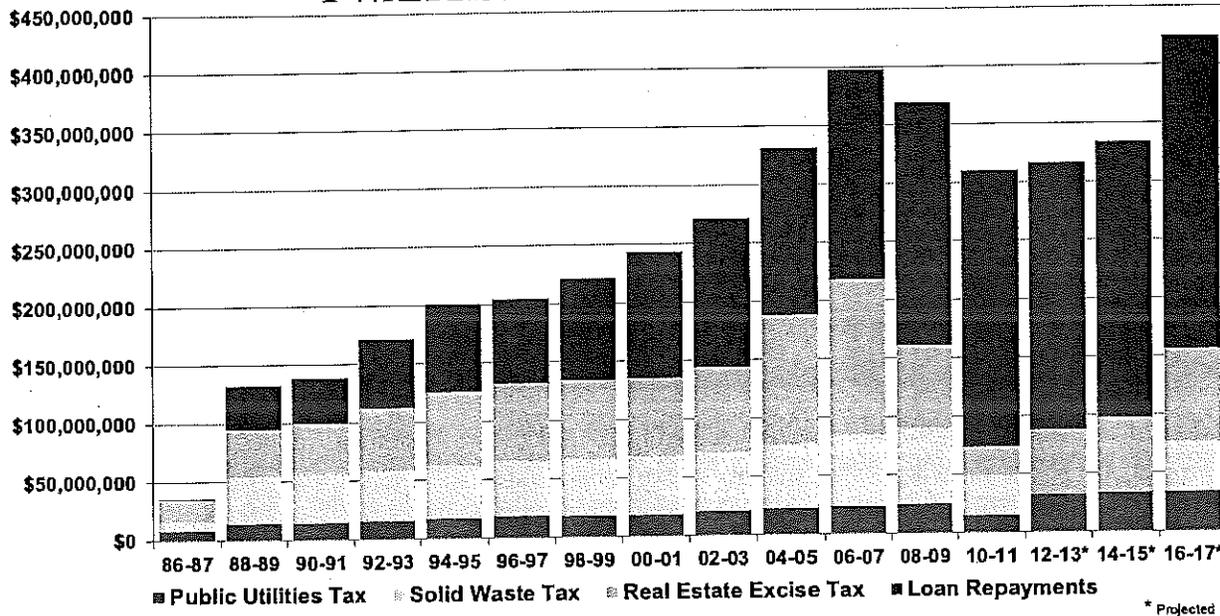
▲ Historical use of acceleration

Demand, Appropriations, and Repayments were based on historical data from 1985-2013, and then projected out to 2023

Public Works Assistance Account

The Public Works Assistance Account (PWAA), also known as the Public Works Trust Fund, was established in 1985 by RCW 43.155 to be used by the Public Works Board to finance local government infrastructure loans. Annually, the PWAA receives more than \$100 million in loan repayments and approximately \$45 million from dedicated tax revenue. Last year, the Solid Waste Tax revenue stream was entirely redirected to the State General Fund through June 30, 2015, with the intent that fifty percent of would return to the PWAA during the 2015-17 Biennium and full restoration of the tax stream effective July 1, 2018.

PWAA Revenues 1986-2017



Public Works Board

- tan Finkelstein, Chair**
- athryn Gardow, Vice Chair**
- rank Abart, County Representative
- he Honorable Janet "JC" Baldwin, General Public Representative
- he Honorable Jerry Cummins, City Representative
- om Fitzsimmons, General Public Representative
- he Honorable Ed Hildreth, City Representative
- he Honorable Scott Hutsell, County Representative
- he Honorable Don Montfort, Sewer and Water District Representative

- Mark "Bubba" Scott, Public Utility District Representative
- Darwin Smith, Sewer and Water District Representative
- Steve Stuart, County Representative
- Larry Waters, City Representative

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

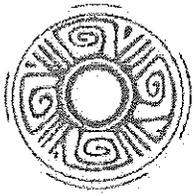
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Companion bills Z-0079.2 and Z-0086.2 modernize the Board's authorizing statute, 43.155 RCW, improving the way in which the Board serves local governments. Traditionally, the Board has financed infrastructure construction for water, sanitary sewer, storm water, solid waste/recycling, roadways, and bridge systems. The Board is steadfastly committed to this core mission while expanding financing opportunities to include other locally-owned infrastructure systems. Significant aspects of the legislation include:

- Reinstates the highly successful Water System Acquisition and Rehabilitation Program (WSARP).
- Articulates state policy priorities for infrastructure investment.
- Modernizes the Board's project selection criteria.
- Advances Growth Management Act (GMA) compliance opportunities by requiring jurisdiction compliance at the time of contract execution, rather than at the time of application.
- Authorizes the Board to finance projects in "non-traditional" systems, including rail spurs, broadband, energy, public buildings, criminal justice facilities, and other capital facilities owned and operated by local governments beginning in 2014.
 - Projects in non-traditional systems will only be financed after eligible projects in traditional systems have been approved.
- Agency request legislation from the Department of Commerce.

Contact

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BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0079.2/13 2nd draft

ATTY/TYPIST: AI:lcl

BRIEF DESCRIPTION: Concerning the public works board.

1 AN ACT Relating to the public works board; amending RCW 43.155.010,
2 43.155.020, 43.155.030, 43.155.050, and 43.155.070; adding new sections
3 to chapter 43.155 RCW; and repealing RCW 43.155.040, 43.155.060,
4 43.155.065, 43.155.068, 43.155.075, 43.155.110, and 43.155.120.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 43.155.010 and 1996 c 168 s 1 are each amended to read
7 as follows:

8 (1) ~~The legislature finds that ((there exists in the state of~~
9 ~~Washington over four billion dollars worth of critical projects for the~~
10 ~~planning, acquisition, construction, repair, replacement,~~
11 ~~rehabilitation, or improvement of streets and roads, bridges, water~~
12 ~~systems, and storm and sanitary sewage systems. The December, 1983~~
13 ~~Washington state public works report prepared by the planning and~~
14 ~~community affairs agency documented that local governments expect to be~~
15 ~~capable of financing over two billion dollars worth of the costs of~~
16 ~~these critical projects but will not be able to fund nearly half of the~~
17 ~~documented needs.~~

18 ~~The legislature further finds that Washington's local governments~~
19 ~~have unmet financial needs for solid waste disposal, including~~

1 ~~recycling, and encourages the board to make an equitable geographic~~
2 ~~distribution of the funds)) while local governments are responsible for~~
3 ~~creating, developing, managing, financing, operating, and maintaining~~
4 ~~local infrastructure systems, state priority policy objectives are~~
5 ~~served by investing financial and technical resources in these local~~
6 ~~systems. A significant backlog of projects to build, repair, and~~
7 ~~improve local public infrastructure systems exists. The state intends~~
8 ~~to strategically invest resources to address this backlog and to~~
9 ~~promote the following priority policy objectives:~~

10 (a) Preservation, enhancement, or achievement of public health and
11 safety;

12 (b) Protection of the state's environment;

13 (c) Promotion of economic development;

14 (d) Encouragement of well-managed local infrastructure systems;

15 (e) Encouragement of the acquisition and use of federal funds to
16 finance local infrastructure projects;

17 (f) Sustaining the state's infrastructure assistance capacity; and

18 (g) Responding to state and federal regulatory requirements.

19 (2) It is the policy of the state of Washington to encourage self-
20 reliance by local governments in meeting their public works needs and
21 to assist in the financing of critical public works projects by
22 ((making loans, financing guarantees,)) providing financial and
23 technical assistance ((available)) to local governments for these
24 projects.

25 **Sec. 2.** RCW 43.155.020 and 2009 c 565 s 33 are each amended to
26 read as follows:

27 Unless the context clearly requires otherwise, the definitions in
28 this section shall apply throughout this chapter.

29 (1) "Board" means the public works board created in RCW 43.155.030.

30 (2) "Capital facility plan" means a capital facility plan required
31 by the growth management act under chapter 36.70A RCW or, for local
32 governments not fully planning under the growth management act, a plan
33 required by a regulating state agency or the public works board.

34 (3) "Construction" means construction of public works projects as
35 defined within this chapter.

36 (4) "Department" means the department of commerce.

1 (~~(4)~~) "~~Financing guarantees~~" means ~~the pledge of money in the~~
2 ~~public works assistance account, or money to be received by the public~~
3 ~~works assistance account, to the repayment of all or a portion of the~~
4 ~~principal of or interest on obligations issued by local governments to~~
5 ~~finance public works projects.)~~)

6 (5) "Director" means the director of the department.

7 (6) "Emergency" means a construction project in a traditional
8 system made necessary by a natural disaster or an immediate and
9 emergent threat to the public health and safety due to unforeseen or
10 unavoidable circumstances as evidenced by a local government
11 declaration.

12 (7) "Financial assistance" means loans unless otherwise specified
13 in this chapter or by the legislature.

14 (8) "Local government(~~(s)~~)" means (~~(cities)~~) a city, town(~~(s)~~),
15 (~~(counties)~~) county, special purpose district(~~(s)~~), and any other
16 municipal corporation(~~(s)~~) or quasi-municipal corporation(~~(s)~~) in the
17 state, excluding school districts and port districts, authorized by law
18 to fund public works.

19 (~~(6)~~) (9) "Nontraditional system" means telecommunications,
20 energy, flood levees, public buildings and facilities, rail, criminal
21 justice facilities, and parks and recreation facilities.

22 (10) "Planning project" means the process through which a
23 jurisdiction creates and adopts a capital facilities plan, a
24 comprehensive system plan, or equivalent.

25 (11) "Policy objectives" means state priorities that guide the
26 investment of public works assistance account funds as enumerated in
27 this chapter.

28 (12) "Preconstruction" means activities including, but not limited
29 to, project planning, design, engineering, bid document preparation,
30 environmental studies, right-of-way acquisition, and other preliminary
31 phases of construction projects as determined by the public works
32 board.

33 (13) "Public works project" means a project (~~(of a local government~~
34 ~~for)~~) listed in a capital facilities plan or equivalent that results in
35 the planning, acquisition, construction, repair, reconstruction,
36 replacement, rehabilitation, or improvement of (~~(streets and roads,~~
37 ~~bridges, water systems, or storm and sanitary sewage systems and solid~~
38 waste facilities, including recycling facilities. A planning project

1 may include the compilation of biological, hydrological, or other data
2 on a county, drainage basin, or region necessary to develop a base of
3 information for a capital facility plan)) a traditional system,
4 excluding rolling stock.

5 ~~((7) "Solid waste or recycling project" means remedial actions~~
6 ~~necessary to bring abandoned or closed landfills into compliance with~~
7 ~~regulatory requirements and the repair, restoration, and replacement of~~
8 ~~existing solid waste transfer, recycling facilities, and landfill~~
9 ~~projects limited to the opening of landfill cells that are in existing~~
10 ~~and permitted landfills.~~

11 ~~(8))~~ (14) "Technical assistance" means training and other services
12 provided to local governments to:

13 (a) ~~((Help such local governments plan, apply, and qualify for~~
14 ~~loans and financing guarantees from the board, and (b) help local~~
15 ~~governments improve their ability to plan for, finance, acquire,~~
16 ~~construct, repair, replace, rehabilitate, and maintain public~~
17 ~~facilities)) Improve their ability to plan for, finance, acquire,
18 construct, reconstruct, and maintain infrastructure systems; and/or~~

19 (b) Improve their technical, financial, and/or managerial capacity
20 to operate their infrastructure systems in a manner consistent with
21 federal and state requirements and ensure long-term sustainability of
22 the systems.

23 (15) "Traditional system" means a drinking water system, sanitary
24 sewer system, storm water system, solid waste or recycling system,
25 bridge, or roadway.

26 **Sec. 3.** RCW 43.155.030 and 1999 c 153 s 58 are each amended to
27 read as follows:

28 (1) The public works board is hereby created.

29 (2) The board shall be composed of thirteen members appointed by
30 the governor for terms of four years(~~, except that five members~~
31 ~~initially shall be appointed for terms of two years)). The board shall~~
32 include: (a) Three members, including two (~~(of whom shall be))~~ elected
33 officials and one (~~(shall be a public works manager))~~ official working
34 in public works or a related field, appointed from a list of (~~(at least~~
35 ~~six))~~ persons nominated by the association of Washington cities or its
36 successor; (b) three members, including two (~~(of whom shall be))~~
37 elected officials and one (~~(shall be a public works manager))~~ official

1 working in public works or a related field, appointed from a list of
2 ~~((at least six))~~ persons nominated by the Washington state association
3 of counties or its successor; (c) ~~((three members appointed from a list~~
4 ~~of at least six persons nominated jointly by the Washington public~~
5 ~~utility districts association and a state association of water sewer~~
6 ~~districts, or their successors))~~ one member appointed from a list of
7 persons nominated by the Washington public utility districts
8 association or its successor; (d) two members appointed from a list of
9 persons nominated by the Washington association of sewer and water
10 districts or its successor; and ~~((d))~~ (e) four members appointed from
11 the general public. In appointing the four general public members, the
12 governor shall endeavor to balance the geographical composition of the
13 board and to include members with special expertise in relevant fields
14 ~~((such as public finance, architecture and civil engineering, and~~
15 ~~public works construction))~~. The governor shall appoint one of the
16 general public members of the board as chair. The term of the chair
17 shall coincide with the term of the governor.

18 (3) ~~((Staff support to the board shall be provided by the~~
19 ~~department.~~

20 ~~(4))~~ Members of the board shall receive no compensation but shall
21 be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

22 ~~((5))~~ (4) If a vacancy on the board occurs by death, resignation,
23 or otherwise, the governor shall fill the vacant position for the
24 unexpired term. Each vacancy in a position appointed from lists
25 provided by the associations under subsection (2) of this section shall
26 be filled from a list of ~~((at least three))~~ persons nominated by the
27 relevant association or associations. Any members of the board ~~((7~~
28 ~~appointive or otherwise,))~~ may be removed by the governor for cause in
29 accordance with RCW 43.06.070 and 43.06.080.

30 NEW SECTION. Sec. 4. A new section is added to chapter 43.155 RCW
31 to read as follows:

32 (1) In order to assist local governments, the board:

33 (a) Must manage the public works assistance account in such a way
34 as to ensure its sustainability;

35 (b) Must execute contracts or otherwise financially obligate funds
36 from the public works assistance account for projects approved for
37 funding by the board;

1 (c) May approve projects in traditional systems for financial
2 assistance under the following programs:

3 (i) Construction;

4 (ii) Preconstruction;

5 (iii) Capital facilities planning;

6 (iv) Emergency;

7 (v) Energy or water efficiency;

8 (vi) Water system acquisition and rehabilitation as created by RCW
9 70.119A.190; and

10 (vii) Any other program authorized by the legislature;

11 (d) Beginning August 1, 2014, may approve projects in
12 nontraditional systems for financial assistance under the following
13 programs only after all eligible public works projects in traditional
14 systems have been approved for funding:

15 (i) Construction;

16 (ii) Emergency;

17 (iii) Energy or water efficiency; and

18 (iv) Preconstruction;

19 (e) Must, before November 1st of each year, develop and submit to
20 the appropriate fiscal committees of the senate and house of
21 representatives a list of qualified public works projects in
22 traditional systems which have been evaluated by the board and are
23 recommended for funding by the legislature;

24 (f) May, beginning November 1, 2014, and subsequently before
25 November 1st of each year, develop and submit to the appropriate fiscal
26 committees of the senate and house of representatives a list of
27 qualified public works projects in nontraditional systems which have
28 been evaluated by the board and are recommended for funding by the
29 legislature;

30 (g) May not sign contracts or otherwise financially obligate funds
31 from the public works assistance account before the legislature has
32 appropriated funds for a specific list of public works projects. The
33 legislature may remove projects from the lists recommended by the
34 board;

35 (h) May provide grants for water system acquisition and
36 rehabilitation projects;

37 (i) May require such terms and conditions and may charge such rates
38 of interest on its loans as it deems necessary or convenient to carry

1 out the purposes of this chapter. Money received from local
2 governments in repayment of loans made under this section must be paid
3 into the public works assistance account for uses consistent with this
4 chapter;

5 (j) May not refinance existing debt or financial obligations of
6 local governments, except for short-term debt associated with
7 construction projects approved by the board or other cases as defined
8 in rule by the board;

9 (k) Must provide technical assistance as defined in RCW 43.155.020.

10 (2) Subsection (1)(e) and (f) of this section do not apply to
11 financial assistance provided through the preconstruction, capital
12 facilities planning, emergency, energy or water efficiency programs,
13 water system acquisition and rehabilitation, or any other programs
14 authorized by the legislature.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.155 RCW
16 to read as follows:

17 (1) The board may, beginning in June 2015 and every four years
18 thereafter, provide the governor and appropriate committees of the
19 legislature with a comprehensive assessment of local infrastructure
20 needs and potential resources within the state to meet those needs.

21 (2) The board must:

22 (a) Establish and maintain direct collaborative relations with
23 governmental, private, and other financing organizations, advocate
24 groups, and other stakeholders associated with infrastructure
25 financing;

26 (b) Provide direct information and advice to the governor and
27 appropriate committees of the legislature on matters related to local
28 government infrastructure financing; and

29 (c) At the direction of the governor, provide information and
30 advocacy at the national level on matters related to local government
31 infrastructure financing.

32 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.155 RCW
33 to read as follows:

34 The board must:

35 (1) Consistent with the guidelines issued by the office of

1 financial management and in consultation with the department, prepare
2 biennial operating and capital budgets and, as needed, update these
3 budgets during the biennium;

4 (2) Accept or reject any gifts, grants, or loans of funds,
5 property, or financial or other aid in any form from any other source
6 on any terms and conditions that are not in conflict with this chapter;

7 (3) Adopt rules under chapter 34.05 RCW as necessary to carry out
8 the purposes of this chapter; and

9 (4) Do and perform all acts and things necessary or convenient to
10 carry out the powers expressly granted or implied under this chapter.

11 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.155 RCW
12 to read as follows:

13 (1) The department must:

14 (a) In collaboration with the board, and in accordance with the
15 board's operating budget, provide staff to the board necessary to
16 efficiently and effectively carry out the duties of this chapter; and

17 (b) Submit the board's operating and capital budgets in accordance
18 with guidelines set by the office of financial management.

19 (2) The director must:

20 (a) Be accountable to the board for operating and capital
21 expenditures from the account; and

22 (b) Represent the interests and concerns of the board as a member
23 of the governor's executive cabinet.

24 **Sec. 8.** RCW 43.155.050 and 2012 2nd sp.s. c 2 s 6004 are each
25 amended to read as follows:

26 (1) The public works assistance account is hereby established in
27 the state treasury. Money may be placed in the public works assistance
28 account from the proceeds of bonds when authorized by the legislature
29 or from any other lawful source. Money in the public works assistance
30 account shall be used ~~((to make loans and to give financial guarantees
31 to local governments for public works projects. Moneys in the account
32 may also be appropriated to provide for state match requirements under
33 federal law for projects and activities conducted and financed by the
34 board under the drinking water assistance account))~~ for purposes as
35 authorized by this chapter.

1 (2) A minimum of eighty-five percent of the biennial capital budget
2 appropriation to the public works board from this account shall be
3 obligated for construction loans. Not more than fifteen percent of the
4 biennial capital budget appropriation to the public works board from
5 this account may be (~~expended or~~) obligated for (~~preconstruction~~
6 ~~loans, emergency loans, or loans for capital facility planning under~~
7 ~~this chapter; of this amount, not more than ten percent of the biennial~~
8 ~~capital budget appropriation may be expended for emergency loans and~~
9 ~~not more than one percent of the biennial capital budget appropriation~~
10 ~~may be expended for capital facility planning loans)) programs other
11 than construction loans. Within this fifteen percent, state match for
12 federal programs or funds for other state programs may be obligated.
13 (~~During the 2011-2013 fiscal biennium, the legislature may transfer~~
14 ~~from the public works assistance account to the general fund, the water~~
15 ~~pollution control revolving account, and the drinking water assistance~~
16 ~~account such amounts as reflect the excess fund balance of the account.~~
17 ~~During the 2011-2013 fiscal biennium, the legislature may appropriate~~
18 ~~moneys from the account for economic development, innovation, and~~
19 ~~export grants, including brownfields; main street improvement grants;~~
20 ~~and the loan program consolidation board.))~~~~

21 **Sec. 9.** RCW 43.155.070 and 2012 c 196 s 9 are each amended to read
22 as follows:

23 (1) To qualify for (~~loans or pledges~~) financial assistance under
24 this chapter the board must determine that a local government meets all
25 of the following conditions:

26 (a) The city or county must be imposing a tax under chapter 82.46
27 RCW at a rate of at least one-quarter of one percent;

28 (b) The local government must have developed a capital facility
29 plan; and

30 (c) The local government must be using all local revenue sources
31 which are reasonably available for funding public works, taking into
32 consideration local employment and economic factors.

33 (2) Except where necessary to address a public health need or
34 substantial environmental degradation, a county, city, or town planning
35 under RCW 36.70A.040 (~~must have~~) may not receive financial assistance
36 under this chapter unless it has adopted a comprehensive plan,
37 including a capital facilities plan element, and development

1 regulations as required by RCW 36.70A.040. This subsection does not
2 require any county, city, or town planning under RCW 36.70A.040 to
3 adopt a comprehensive plan or development regulations before requesting
4 or receiving (~~(a loan or loan guarantee)~~) financial assistance under
5 this chapter if such request is made before the expiration of the time
6 periods specified in RCW 36.70A.040. A county, city, or town planning
7 under RCW 36.70A.040 which has not adopted a comprehensive plan and
8 development regulations within the time periods specified in RCW
9 36.70A.040 is not prohibited from receiving (~~(a loan or loan~~
10 ~~guarantee)~~) financial assistance under this chapter if the
11 comprehensive plan and development regulations are adopted as required
12 by RCW 36.70A.040 before (~~(submitting a request for a loan or loan~~
13 ~~guarantee)~~) executing a contractual agreement for financial assistance
14 with the board.

15 (3) In considering awarding (~~(loans)~~) financial assistance for
16 public facilities to special districts requesting funding for a
17 proposed facility located in a county, city, or town planning under RCW
18 36.70A.040, the board must consider whether the county, city, or town
19 planning under RCW 36.70A.040 in whose planning jurisdiction the
20 proposed facility is located has adopted a comprehensive plan and
21 development regulations as required by RCW 36.70A.040.

22 (4) (~~The board must develop a priority process for public works~~
23 ~~projects as provided in this section. The intent of the priority~~
24 ~~process is to maximize the value of public works projects accomplished~~
25 ~~with assistance under this chapter. The board must attempt to assure~~
26 ~~a geographical balance in assigning priorities to projects. The board~~
27 ~~must consider at least the following factors in assigning a priority to~~
28 ~~a project:~~

29 ~~(a) Whether the local government receiving assistance has~~
30 ~~experienced severe fiscal distress resulting from natural disaster or~~
31 ~~emergency public works needs;~~

32 ~~(b) Except as otherwise conditioned by RCW 43.155.110, whether the~~
33 ~~entity receiving assistance is a Puget Sound partner, as defined in RCW~~
34 ~~90.71.010;~~

35 ~~(c) Whether the project is referenced in the action agenda~~
36 ~~developed by the Puget Sound partnership under RCW 90.71.310;~~

37 ~~(d) Whether the project is critical in nature and would affect the~~
38 ~~health and safety of a great number of citizens;~~

1 ~~(e) Whether the applicant's permitting process has been certified~~
2 ~~as streamlined by the office of regulatory assistance;~~

3 ~~(f) Whether the applicant has developed and adhered to guidelines~~
4 ~~regarding its permitting process for those applying for development~~
5 ~~permits consistent with section 1(2), chapter 231, Laws of 2007;~~

6 ~~(g) The cost of the project compared to the size of the local~~
7 ~~government and amount of loan money available;~~

8 ~~(h) The number of communities served by or funding the project;~~

9 ~~(i) Whether the project is located in an area of high unemployment,~~
10 ~~compared to the average state unemployment;~~

11 ~~(j) Whether the project is the acquisition, expansion, improvement,~~
12 ~~or renovation by a local government of a public water system that is in~~
13 ~~violation of health and safety standards, including the cost of~~
14 ~~extending existing service to such a system;~~

15 ~~(k) Except as otherwise conditioned by RCW 43.155.120, and~~
16 ~~effective one calendar year following the development of model~~
17 ~~evergreen community management plans and ordinances under RCW~~
18 ~~35.105.050, whether the entity receiving assistance has been~~
19 ~~recognized, and what gradation of recognition was received, in the~~
20 ~~evergreen community recognition program created in RCW 35.105.030;~~

21 ~~(l) The relative benefit of the project to the community,~~
22 ~~considering the present level of economic activity in the community and~~
23 ~~the existing local capacity to increase local economic activity in~~
24 ~~communities that have low economic growth; and~~

25 ~~(m) Other criteria that the board considers advisable.~~

26 ~~(5) Existing debt or financial obligations of local governments may~~
27 ~~not be refinanced under this chapter. Each local government applicant~~
28 ~~must provide documentation of attempts to secure additional local or~~
29 ~~other sources of funding for each public works project for which~~
30 ~~financial assistance is sought under this chapter.~~

31 ~~(6) Before November 1st of each even-numbered year, the board must~~
32 ~~develop and submit to the appropriate fiscal committees of the senate~~
33 ~~and house of representatives a description of the loans made under RCW~~
34 ~~43.155.065, 43.155.068, and subsection (9) of this section during the~~
35 ~~preceding fiscal year and a prioritized list of projects which are~~
36 ~~recommended for funding by the legislature, including one copy to the~~
37 ~~staff of each of the committees. The list must include, but not be~~
38 ~~limited to, a description of each project and recommended financing,~~

1 ~~the terms and conditions of the loan or financial guarantee, the local~~
2 ~~government jurisdiction and unemployment rate, demonstration of the~~
3 ~~jurisdiction's critical need for the project and documentation of local~~
4 ~~funds being used to finance the public works project. The list must~~
5 ~~also include measures of fiscal capacity for each jurisdiction~~
6 ~~recommended for financial assistance, compared to authorized limits and~~
7 ~~state averages, including local government sales taxes; real estate~~
8 ~~excise taxes; property taxes; and charges for or taxes on sewerage,~~
9 ~~water, garbage, and other utilities.~~

10 ~~(7) The board may not sign contracts or otherwise financially~~
11 ~~obligate funds from the public works assistance account before the~~
12 ~~legislature has appropriated funds for a specific list of public works~~
13 ~~projects. The legislature may remove projects from the list~~
14 ~~recommended by the board. The legislature may not change the order of~~
15 ~~the priorities recommended for funding by the board.~~

16 ~~(8) Subsection (7) of this section does not apply to loans made~~
17 ~~under RCW 43.155.065, 43.155.068, and subsection (9) of this section.~~

18 ~~(9) Loans made for the purpose of capital facilities plans are~~
19 ~~exempted from subsection (7) of this section.~~

20 ~~(10) To qualify for loans or pledges for solid waste or recycling~~
21 ~~facilities under this chapter, a city or county must demonstrate that~~
22 ~~the solid waste or recycling facility is consistent with and necessary~~
23 ~~to implement the comprehensive solid waste management plan adopted by~~
24 ~~the city or county under chapter 70.95 RCW.~~

25 ~~(11) After January 1, 2010, any project designed to address the~~
26 ~~effects of storm water or wastewater on Puget Sound may be funded under~~
27 ~~this section only if the project is not in conflict with the action~~
28 ~~agenda developed by the Puget Sound partnership under RCW 90.71.310.))~~
29 When awarding financial assistance, the board must consider:

30 (a) Whether the entity receiving assistance is a Puget Sound
31 partner, as defined in RCW 90.71.010. Entities that are not eligible
32 to be a Puget Sound partner due to geographic location, composition,
33 exclusion from the scope of the action agenda developed by the Puget
34 Sound partnership under RCW 90.71.310, or for any other reason, may not
35 be given less preferential treatment than Puget Sound partners; and

36 (b) Whether the project is referenced in the action agenda
37 developed by the Puget Sound partnership under RCW 90.71.310.

1 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.155
2 RCW to read as follows:

3 The intent of the project selection process is to promote state
4 policy objectives as identified in this chapter and to maximize the
5 value of projects financed under this chapter. Some or all of the
6 following criteria in any order may be used by the board to prioritize
7 projects for recommendation for funding by the legislature:

8 (1) Achieving balanced distribution of funds by geography, system
9 type, and jurisdiction type;

10 (2) Whether the project would affect the health and safety of a
11 large percentage of the affected community's population;

12 (3) Whether the project consolidates or regionalizes systems;

13 (4) Whether the project is located in an area of high unemployment,
14 compared to the average state unemployment;

15 (5) Whether the system is being well-managed in the present and for
16 long-term sustainability;

17 (6) Whether the project promotes the sustainable use of resources
18 and environmental quality;

19 (7) Whether the project is ready to proceed; and

20 (8) Other criteria that the board considers necessary to achieve
21 the purposes of this chapter.

22 NEW SECTION. **Sec. 11.** The following acts or parts of acts are
23 each repealed:

24 (1) RCW 43.155.040 (General powers of the board) and 1985 c 446 s
25 10;

26 (2) RCW 43.155.060 (Public works financing powers--Competitive bids
27 on projects) and 1988 c 93 s 2 & 1985 c 446 s 11;

28 (3) RCW 43.155.065 (Emergency public works projects) and 2001 c 131
29 s 3, 1990 c 133 s 7, & 1988 c 93 s 1;

30 (4) RCW 43.155.068 (Loans for preconstruction activities) and 2001
31 c 131 s 4 & 1995 c 363 s 2;

32 (5) RCW 43.155.075 (Loans for public works projects--Statement of
33 environmental benefits--Development of outcome-focused performance
34 measures) and 2001 c 227 s 10;

35 (6) RCW 43.155.110 (Puget Sound partners) and 2007 c 341 s 25; and

1 (7) RCW 43.155.120 (Administering funds--Preference to an evergreen
2 community) and 2008 c 299 s 30.

--- END ---



Date: November 20, 2012
To: Public Works Board
From: Steve Dunk
Subject: **DWSRF Loan Hideaway Mobile Home Park**

Background

A non-municipal DWSRF contract was executed 9/30/2008 between the PWB and owner of the Hideaway Mobile Home Park (MHP) Tony Nakata. The purpose of the contract was to connect the MHP to Spokane County Water due to ongoing health issues with the water system. The amount of the contract was \$101,000. The SERP and Section 106 processes were completed and construction commenced approximately 5/2009. The client invoiced \$90,900 drawing down to the final 10% of the available funds. Approximately 11/2011 Commerce was notified that the client was not able to make the initial payment on his DWSRF loan. Numerous attempts to contact the client were made regarding the status of the contract and he was largely unresponsive.

On 8/22/2012, Commerce became aware that Tony Nakata had filed for bankruptcy status. The Hideaway Mobile Home Park (HMHP) is listed as an asset in the bankruptcy proceedings as the property on Cheatham Road in Spokane. The client has approximately \$2.3 million in debt and has approximately \$1.3 million in assets. Tom Justus, Regional Engineer for Dept. of Health, confirmed that there was a public health benefit to the HMHP when it was connected to the City of Spokane water system.

Results

Continental Contractors (C.C) completed the water system for the Hideaway Mobile Home Park. C.C. invoiced HMHP a total of \$111,238.30 of which they received \$71,780.69. C.C. hired an attorney who established a lien on the HMHP property for the remaining \$39,457.61 plus attorney fees.

Foreclosure of the property was pursued and completed by a second attorney in September of 2012. Velocity Commercial Capital was appointed as the "receiver" and is currently managing the HMHP property.

The City of Spokane is collecting water fees from the HMHP. Steve Burns with the City of Spokane has confirmed that the City has no mechanisms in place, and does not intend to create a method, in which to payback the debt owed by HMHP.

Staff Recommendation

Forward the Hideaway Mobile Home Park DWSRF loan to the Assistant Attorney General to follow-up on the acquired contacts to either recapture the outstanding debt to the State or determine the proper procedure to resolve the existing DWSRF contract.



DATE: November 19, 2012
TO: Public Works Board
FROM: Bruce Lund, CAU Managing Director
SUBJECT: Project Completion Extension Requests

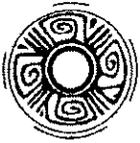
STAFF RECOMMENDATION

Staff recommends extending the contract project completion dates as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
DWSRF.	Knights of Columbus Inter-Council Association	DP09-952-023	Water System Source of Supply & Distribution System	\$499,950	\$141,036.88	6/18/12	11/30/12	2/28/13
Reason for Extension Request: Additional time is needed for well alarm system delivery and installation. Project is 97% complete.								

BACKGROUND

The client has requested an extension to their project completion date. Staff evaluated the request through a staff peer review process. DOH has been consulted and agrees with extending the DWSRF project.



DATE: November 29, 2012

TO: Public Works Board

FROM: Isaac Huang, Client Services Representative
Myra Baldini, Fund Manager and Underwriter

SUBJECT: Webster Water Company – Loan Repayment Options
DWSRF Loan #: 01-65101-039

REQUEST

The Webster Water Company (Webster) is requesting the Public Works Board (PWB) to grant temporary loan repayment relief for its Drinking Water State Revolving Fund (DWSRF) loan # 01-65101-039.

RECOMMENDATION

Based on the findings and analysis described below, Public Works Board (the Board) staff recommends Option 2 – to defer Webster DWSRF loan 01-65101-039's principal and interest rate for three (3) years. The deferral will enable Webster build up its reserves for operations, maintenance, and emergency and allow repaying the majority of its legal obligations. Option 2 includes extending the repayment term from 20 years to 23 years, at the current interest rate of one and a half percent (1.5%) per annum. Option 2 also proposes to waive the cumulative late fees of \$131.00 (October-December) on this loan.

Board staff believe that in order for Webster to achieve a long-term solution to repay the loan and rebuild its financial reserves, staff recommends to add the following conditions into the loan contract amendment:

1. Adopt a policy to create, fund, and maintain reserves at least as required by the revised Water System Plan or Small Water System Management Plan.
 - Operating Reserves - Min 25% of Annual Total Operating and Management Expenses
 - Emergency Reserves - As required by Small Water System Management
 - Capital Reserves - As required by Small Water System Management Plan
2. Create a sub-account dedicated for loan repayment. Beginning January 1, 2013, Webster must deposit \$250 a month in the account until the loan is paid in full. All interest earned on funds deposited in this account shall accrue to the benefit of Webster and be applied toward reducing the amount of the loan. The funds in this account shall be used solely to make debt service payments. Webster will furnish a copy of the quarterly report to the Board regarding the collection and distribution of funds dedicated account for loan repayment.

Recommendations and options have been discussed with the DOH staff. DOH staff supports Board staff recommendations.

OPTIONS AND IMPACTS

Option (1): No Change. Under this option, there will be no changes to the repayment schedule. Webster will be assessed with principal and interest payments, plus late fees.

Option (2): 3-Year Deferral and 23-Year Term

Under this option, there will be no principal and interest payments for three (3) years beginning 2012 through 2014. This option gives Webster loan repayments relief for 3 years. This option extends the construction loan term from 20 to 23 years. Repayment starts October 1, 2015.

BACKGROUND

Located in the town of Graham, the Webster Water Company (Webster) was formed in 2000 to assume ownership of the Norman Estates Water System. The water system was essentially abandoned by the previous owner and left in a highly debilitated condition. The homeowners served by the system had no water for a good part of a month in August 2000. Department of Health (DOH) issued a Compliance Order No. 00-025 on August 3, 2000 designated the system as "in significant non-compliance with operation standards that puts the public health at risk". In addition, DOH issued a boil water notice on August 11, 2000.

Webster assumed the ownership of the water system on August 24, 2000. To make improvements to their water system, Webster applied for a DWSRF loan in 2001 and signed a loan agreement with the PWB in December of 2002. The project was completed in March 2007. Currently, Webster provides domestic water to 19 households comprising 40 individuals. The system has the potential to serve 30 connections.

The Board staff have been in contact with Association and Thurston County PUD staff to look at different scenarios of repayment options.

ISSUES AND FINDINGS

On September this year, Thurston County PUD informed staff that Webster cannot make their DWSRF loan repayment due October 1, 2012 for 2012. The repayment amount that was due is \$4,355.68 (\$3,738.78 principal and \$616.9 interest).

This is not the first time Webster faced DWSRF loan repayment capacity issues:

- Webster only made partial payment of \$500 on March 2006 for their \$2,835.18 first DWSRF loan payment due on October 1, 2005.
- On March, 2006, Webster requested a loan restructure and avail the "disadvantaged community status" for 0% interest rate for 30 years term. An income survey result determined that a change in status is not warranted.
- On October 3, 2006 Board Meeting, the Board approved to amend Webster's DWSRF contract to restructure the payment schedule. The amendment was executed on December 7, 2006. As conditions of the said amendment, Webster agreed to:
 - Raise their monthly water rate to \$80/month effective October 1, 2006
 - Pay \$4,000.00 of their DWSRF loan payment due October 1, 2006
 - Pay their October 1, 2007 loan due in full, plus half of what they owed in 2005 and 2006.
 - Pay their October 1, 2008 loan due in full, plus the remaining of what they owed in 2005 and 2006.
- During the project completion process, Webster indicated that they cannot afford to pay for a Certified Public Account to conduct a review to ascertain whether Webster has spent funds for the intended purpose as defined in the Project Scope of Work required in the loan agreement. The Certified Public Account review was waived in lieu of the Board staff internal review. Board staff internal review was completed with no expense to Webster.

Since 2009, the Webster was on track managing their finance and making loan repayments as scheduled. However, a chain of recent events have caused difficulties to the Webster and impacted its ability to meet its financial obligations.

A member of the Webster who owns seven (7) parcels of property were not paying the monthly water rate. That owner also went in to foreclosures on four (4) parcels so she currently 3 parcels of the

properties, which equates to three (3) connections. No payments were made during this time. Currently, that owner has 3 parcels of property left in her ownerships. The Webster through Thurston County PUD has notified the owner concerning the delinquency of water payments and the possible of water being turned off.

There was a serious bacterial contamination to the water system that prompted both the Department of Health and Pierce County Health Department demanding the Webster to chlorinate their water system. The cost of a long term chlorination system is estimated at \$40,000. Webster through Thurston County PUD installed a temporary chlorination system at \$1,250. PUD is operating and maintaining this system for the Webster. This system is only good for 3 years. The PUD is assisting the Webster seeking CDBG grant to finance the long term chlorination system.

There was a law suit brought on by the owner of the 7 parcel properties. This has to do with Webster's by-law, procedures and voting rights. The Webster lost the case and was ordered to pay \$10,450 judgment with a 12% interest. They are paying \$450 per month on this judgment. The Webster also needs to pay \$22,000 to their attorney fee. They are paying \$450 per month with no interest.

Because of the contamination problem and managerial and operational issues, the Pierce County Health Department and State Department of Health asked Thurston County PUD to assist the Webster in managing their water system. Effective August 1, 2012 Thurston County PUD has taken over the management of Webster Hill Water system. Once the water system is brought up to the standard, Thurston County PUD will be able to take over the entire water system.

The Board staff proceeded with an analysis as a loan default circumstance, and to undertake a review of the Webster's ability to repay the loan throughout the term of the loan.

WBSTER FISCAL ANALYSIS

Board staff's analysis on the Webster's financial situation focused on the review of the rate structure, demography, expenses, affordability, and operating and reserve funds.

In an attempt to meet its financial obligations and unanticipated expenses, on September 2012 Webster adopted an increase to their monthly flat water rate for residential connections.

Table 1: Webster Water connections and Rate Schedule

Effective Date:	1/2007-12/2007	1/2008-12/2008	1/2009-12/2009	1/2010-12/2010	1/2011-12/2011	1/1-9/1/2012	9/2012-12/2012	1/2013-12/2013
Residential Connections	19	19	19	19	19	19	19	19
Residential Rates	\$80	\$85	\$85	\$85	\$85	\$85	\$130	\$130
Anticipated Revenue	\$18,240	\$19,380	\$19,380	\$19,380	\$19,380	\$12,920	\$9,880	\$29,640

Webster's 2012 newly adopted water rate was compared to jurisdictions with similar customer base. **Table 2** below shows the comparison.

Table 2: Rates Comparison

Jurisdiction	Citizen Water	Keps Acres Water Assoc	Webster Water	North Slope Estates Water	Garden Acres
Connections	18	14	19	29	15
Single Family Flat Rate	\$50	\$50	\$130	\$20	\$70
County	Pierce	Franklin	Pierce	Franklin	Thurston

To determine the Affordability Index (AI) of the single family residence flat monthly rate of \$130.00, the rate was compared to Pierce County's (adjusted) Annual Median Household Income (AHMI) projections (see **Table 3**). AI is defined as percent of monthly household income dedicated to utility services.

The AI measures the burden of costs passed from the drinking water system to the users against the median household income (MHI) for the area. A typical affordability range utilized by many states to assess the burden of water costs on residents is from 1.5% to 2.5% of MHI. Based on this general standard, the Webster rate is considered a hardship.

Staff used the MHI data from the American Community Survey (ACS) for Graham Census Designated Place (CDP), WA to calculate Webster's AI. Staff was not able to determine Webster's MHI. An income survey is currently being done to qualify for a CDBG grant. To qualify for CDBG, the project benefit area must be below 80% of the MHI.

Table 3: Webster's Affordability Index

Effective Date:	1/2007-12/2007	1/2008-12/2008	1/2009-12/2009	1/2010-12/2010	1/2011-12/2011	1/1-9/1/2012	9/2012-12/2012	1/2013-12/2013
Rate (X12) (A)	\$80	\$85	\$85	\$85	\$85	\$85	\$130	\$130
Graham CDP AMHI (B)*	Data Not Acquired			\$66,259				
Affordability Index (AX12÷C)				1.54%	1.54%	1.54%	2.35%	2.35%

*Source: American Community Survey (<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml>).

Webster operating ratios for 2008–2012 are illustrated on **Table 4**. Webster has been operating mostly in the negative. Operating income cannot suffice expenses for many years. On top of that, beginning late 2012, Webster is obligated to pay \$35,000 for legal costs and penalties, payable \$900 a month until paid in full, as a result of a legal case. If Webster has to pay the DWSRF loan due October 1, 2012, Webster's net income will be in the red by end of calendar year 2012 by \$2,600.

Table 4: Operating Ratios for 2008 – 2012

Account Name	2008 Act.	2009 Act.	2010 Act.	2011 Act.	2012 Est.
Operating Revenue (A)*	\$15,501	\$16,453	\$18,137	\$16,852	\$22,800
Operating Expenses (B)**	\$15,532	\$16,112	\$18,533	\$21,253	\$22,000
Net Operating Revenue (A – B)	(\$32)	\$341	(\$396)	(\$4,402)	\$800
Operating Ratio (A ÷ B)	0.99%	1.02%	0.98%	0.79%	1.04%

*Water revenues, interest income and other fees. Excludes Outstanding Accounts receivable/delinquent of \$1,480, 2008; \$3,435, 2009; \$6,165, 2010.

**Operating expenses includes general and administrative expenses and DWSRF loan, EXCEPT in 2012.

The current loan amortization schedules due October 1, 2012, before any changes, are shown below. Detailed amortization schedule is provided in **Table 5: Amortization Schedules**.

Table 5: Loan Obligations – Status Quo

	01-65101-039
Loan Amount	\$66,342.29
Outstanding Balance	\$41,126.00
Oct. 1, 2012 Loan Repayment	
Interest	\$616.90
Principal	\$3,738.78
Total	\$4,355.68

Option 1: Option 1 - Status Quo. No Change.

Board staff's analysis was focused on the Webster's cash and reserves. Under the current loan amortization schedule, if the water rate will remain constant at \$130/month, Webster will be operating in the red for 3 years. Without enough reserves, this option is not feasible for Webster.

Table 6: Option 1 - Status Quo Fund Analysis

Income and Expenses - STATUS QUO/OPTION 1								
	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Beginning Cash & Reserves	\$912	(\$2,643)	(\$1,915)	(\$1,545)	\$3,855	\$10,598	\$20,618	\$30,227
Operating Revenues	\$22,800	\$29,640	\$29,640	\$29,640	\$29,640	\$29,640	\$29,640	\$29,640
TOTAL REVENUE & RESERVES	\$23,712	\$26,997	\$27,725	\$28,095	\$33,495	\$40,238	\$50,258	\$59,867
Expenses:								
Operating Exps (3% Inc p.a.)	\$16,296	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955
Thurston PUD Mgt (3% Inc p.a.)	\$2,104	\$6,312	\$6,501	\$6,696	\$6,897	\$7,104	\$7,317	\$7,537
DWSRF Debt Service (P & I)	\$4,356	\$4,300	\$4,244	\$4,187	\$4,131	\$4,075	\$4,019	\$3,963
Judgment/Legal Fees	\$3,600	\$10,800	\$10,800	\$5,400	\$3,672			
TOTAL EXPENSES	\$26,356	\$28,912	\$29,270	\$24,241	\$22,896	\$19,621	\$20,031	\$20,455
Ending Cash & Reserves	(\$2,643)	(\$1,915)	(\$1,545)	\$3,855	\$10,598	\$20,618	\$30,227	\$39,411

Table 6: Option 1 Amortization Schedule

Year	Due	Principal	Interest	Payment
1	10/1/2003	0.00	0.00	0.00
2	10/1/2004	0.00	0.00	0.00
3	10/1/2005	2,783.00	52.18	2,835.18
4	10/1/2006	3,738.78	923.83	4,662.61
5	10/1/2007	3,738.78	897.31	4,636.09
6	10/1/2008	3,738.79	841.22	4,580.01
7	10/1/2009	3,738.78	785.15	4,523.93
8	10/1/2010	3,738.78	729.06	4,467.84
9	10/1/2011	3,738.78	672.98	4,411.76
	Paid to date	25,215.69	4,901.73	30,117.42
No Change				
10	10/1/2012	3,738.78	616.90	4,355.68
11	10/1/2013	3,738.78	560.82	4,299.60
12	10/1/2014	3,738.79	504.73	4,243.52
13	10/1/2015	3,738.78	448.66	4,187.44
14	10/1/2016	3,738.78	392.57	4,131.35
15	10/1/2017	3,738.78	336.49	4,075.27
16	10/1/2018	3,738.78	280.41	4,019.19
17	10/1/2019	3,738.78	224.33	3,963.11
18	10/1/2020	3,738.79	168.24	3,907.03
19	10/1/2021	3,738.78	112.16	3,850.94
20	10/1/2022	3,738.78	56.09	3,794.87
Outstanding Balance		41,126.60	3,701.40	44,828.00
Total		\$66,342.29	\$8,603.13	\$74,945.42

OPTION 2: 2-Year Term and 3-Year Deferral

Longer term and loan deferral will help Webster build up its reserves and capacity for loan repayment.

Cash and reserves will begin to recuperate in an increasing trend beginning 2013. If the rate is kept at \$130 per month per connection, Webster may be able to accelerate their DWSRF loan repayment to pay

off the outstanding loan or use their reserves to partially pay for long term chlorination system. Impacts of this proposal to the fund and amortization schedule are provided below.

Table 7: Option 2 Fund Analysis

Cash, Reserves, Income and Expenses - OPTION 2								
	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Beginning Cash & Reserves	\$912	\$1,712	\$6,740	\$11,354	\$15,351	\$21,927	\$31,778	\$41,219
Operating Revenues (Constant)	\$22,800	\$29,640	\$29,640	\$29,640	\$29,640	\$29,640	\$29,640	\$29,640
Sub-Total Rev & Reserves	\$23,712	\$31,352	\$36,380	\$40,994	\$44,991	\$51,567	\$61,418	\$70,859
Expenses:								
Operating Expenses (3% Inf)	\$16,296	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955
Thurston PUD Mgt (Constant)	\$2,104	\$6,312	\$6,501	\$6,696	\$6,897	\$7,104	\$7,317	\$7,537
DWSRF Debt Service (P & I)	Deferred	Deferred	Deferred	\$5,589	\$4,300	\$4,244	\$4,187	\$4,131
Judgment/Legal Fees	\$3,600	\$10,800	\$10,800	\$5,400	\$3,672			
TOTAL EXPENSES	\$22,000	\$24,612	\$25,026	\$25,643	\$23,064	\$19,789	\$20,199	\$20,624
Ending Cash & Reserves	\$1,712	\$6,740	\$11,354	\$15,351	\$21,927	\$31,778	\$41,219	\$50,235
Operating Res. (Min 25% of Annual Total Operating and Management Expenses)								
Emergency Res. (As required by Small Water System Management Plan and must be Adopted by Webster Board)								
Capital Res. (As required by Small Water System Management Plan and must be Adopted by Webster Board)								
DWSRF Dedicated Account (Contract Condition/ Requirement)		\$250	\$250	\$250	\$250	\$250	\$250	\$250

Table 8: Option 2 Amortization Schedule

<i>Year</i>	<i>Due</i>	<i>Principal</i>	<i>Interest</i>	<i>Payment</i>
1	10/1/2003	0.00	0.00	0.00
2	10/1/2004	0.00	0.00	0.00
3	10/1/2005	2,783.00	52.18	2,835.18
4	10/1/2006	3,738.78	923.83	4,662.61
5	10/1/2007	3,738.78	897.31	4,636.09
6	10/1/2008	3,738.79	841.22	4,580.01
7	10/1/2009	3,738.78	785.15	4,523.93
8	10/1/2010	3,738.78	729.06	4,467.84
9	10/1/2011	3,738.78	672.98	4,411.76
	Paid to date	25,215.69	4,901.73	30,117.42
OPTION 2 - 23-Year Term and 3-Year Deferral				
10	10/1/2012	<i>Deferred</i>	<i>Deferred</i>	<i>Deferred</i>
11	10/1/2013	<i>deferred</i>	<i>Deferred</i>	<i>Deferred</i>
12	10/1/2014	<i>deferred</i>	<i>Deferred</i>	<i>Deferred</i>
13	10/1/2015	3,738.78	1,850.70	5,589.48
14	10/1/2016	3,738.78	560.82	4,299.60
15	10/1/2017	3,738.79	504.73	4,243.52
16	10/1/2018	3,738.78	448.66	4,187.44
17	10/1/2019	3,738.78	392.57	4,131.35
18	10/1/2020	3,738.78	336.49	4,075.27
19	10/1/2021	3,738.78	280.41	4,019.19
20	10/1/2022	3,738.78	224.33	3,963.11
21	10/2/2023	3,738.79	168.24	3,907.03
22	10/3/2024	3,738.78	112.16	3,850.94
23	10/1/2025	3,738.78	56.09	3,794.87
	Outstanding Balance	41,126.60	4,935.20	46,061.80
	Total	\$48,604.16	\$6,337.24	\$54,941.40



DATE: December 4, 2012
TO: Public Works Board
FROM: Janea Eddy, Board Liaison
SUBJECT: Public Hearing Concerning WAC 246-296-060
Establishing loan fee, loan fee account, and loan fee uses for the Drinking
Water State Revolving Fund Program

BACKGROUND

The Public Works Board is required by WAC 246-296-060 to review and establish a loan fee for all DWSRF loans on an annual basis. This public hearing is to comply with this rule.

WAC 246-296-060

Establishing loan fee, loan fee account, and loan fee uses

The board shall establish the terms of a loan fee and assess the fee to each project loan. The loan fee amount is to be established on an annual basis to ensure adequate funding is available to maintain administration of the DWSRF in perpetuity. The loan fee is eligible to be covered by the loan. The amount of the loan fee shall be published in the annual application package. Loan fees shall be deposited into and retained in a dedicated loan fee account and shall only be used for program administration activities unless the board and DOH jointly determine that the loan fee account balance exceeds program administration needs, then a portion of or all of the funds may be transferred to the project loan account to be used for project loans. Information on the loan fee account, including the current fee and account balance, shall be included in the intended use plan. The board and DOH are responsible for jointly determining the amount of the loan fee account funds to be used for current and future program administration.

A public hearing will be held on:

Tuesday, December 4, 2012
10:15 a.m. – 10:30 a.m. at the
Department of Commerce
1011 Plum Street SE
Olympia, WA 98504 (360)725-3151

The Board is proposing to maintain the loan fee at the current rate of one (1%) percent:

A one (1%) percent loan fee will be charged for all DWSRF loans. The loan fee will be incorporated into the loan and is retained by the state when the first loan draw is made. The loan fee is non-refundable.

Public comment on the proposed loan fee for the DWSRF program will be taken at the time and location listed above, or if you have written comments, or questions regarding this topic, contact:

Public Works Board
PO Box 42525
Olympia, WA 98504-2525
(360)725-3150

November 30, 2012

To: Public Works Board
From: Terry Dale
Client Services Representative
Subject: 2013 PWTF Pre-Construction Projects -- Funding Recommendations:

The Public Works Board (Board) received \$3 million from the 2012 Legislature for the PWTF Pre-Construction Program. At the November 2, 2012 meeting, 10 loans were approved, worth \$2,085,179, leaving a balance of \$914, 821.

Staff recently conducted a second application period and received 10 applications for \$2,296,000. The same policies were used in both application periods with one exception. The prohibition that applicants with a 2014 construction loan could apply now apply was removed. Also, the application was offered on a first come, first serve basis. The application period was open for approximately 24 hours with the funding available requested within the first hour.

Staff is currently conducting the threshold, financial and managerial reviews. Once the reviews are complete, we expect to be able to offer loans, potentially 3 – 5. If clients from the initial loan period require less funding than requested, these funds could be included in the second period. The potential for, or amount of, carry-forward funding has not been confirmed at this time.

Staff recommendation:

The Public Works Board authorizes staff to offer Pre-Construction Loans to eligible applicants in the second period that:

- have passed threshold, financial and managerial reviews;
- can accept any necessary conditions;
- meet the application timing requirement of first come, first served.

If funding from the initial period becomes available, the board authorizes staff to offer these funds to eligible applicants on the second period list.

Applications submitted in the second application period.

Jurisdiction/ time submitted	Project Title/System	County	Loan Request	Total Project Cost	Possible Loan Offers
City of Spokane 11/14 9:17 AM	Plains System Second Reservoir	Spokane	\$300,000	\$530,000	\$300,000
City of Camas 11/14 9:26 AM	NW Friberg Street and Goodwin Road Improvements	Clark	\$300,000	\$900,000	\$300,000
Skagit PUD No.1 11/14 9:28 AM	East Division Tank and Pump Station	Skagit	\$300,000	\$750,000	\$300,000 Balance \$14,821
City of Wapato 11/14 9:45 AM	Wastewater Treatment Facility Improvements	Yakima	\$300,000	\$700,000	
Town of Kahlotus 11/14 9:51 AM	Wastewater Facility Plan	Franklin	\$10,000	\$10,000	
City of Kennewick 11/14 10:26 AM	Southridge Zone 6 Booster Pump Station	Benton	\$140,000	\$140,000	
City of Othello 11/14 10:29 AM	Well No. 9 Improvements	Adams	\$200,000	\$280,000	
Cross Valley Water District 11/14 3:19 PM	Echo Lake Area Improvements System Design	Snohomish	\$300,000	\$450,000	
King County - Wastewater Treatment Division 11/14 3:32 PM	South Treatment Plant Raw Sewage Pump, Motor and Drive Replacement	King	\$300,000	\$401,000	
PUD#1 of Skamania County 11/15 8:55 AM	Fish Passage and Screening Upgrades Bear Creek Water Diversion	Skamania	\$136,000	\$136,000	
10 Projects, 10 Jurisdictions	Water-6, Sewer-3, Road-1	10 Counties, 6 east, 4 west	\$2,296,000	\$4,297,000	

Applications submitted in the first application period. These projects are in the contract negotiation process.

Jurisdiction	Project Title/System	County	Loan Request	Total Project Cost
Beacon Hill Sewer and Water District	Grandview Pump Station/water	Cowlitz	\$250,000	\$250,000
Town of Creston	Reservoir Replacement Project/water	Lincoln	\$130,000	\$130,000
Crystal Springs Water District	Water Main Replacement/water	Kitsap	\$15,000	\$16,000
Douglas County Sewer District No. 1	North Baker Avenue Gravity Sewer Extension/sewer	Douglas	\$54,000	\$54,000
Douglas County Sewer District No. 1	NW Empire Avenue Gravity Sewer Extension/sewer	Douglas	\$136,179	\$136,179
Town of Everson	Wastewater Treatment Plant Upgrades/sewer	Whatcom	\$300,000	\$300,000
King County	West Point Treatment Plant Dewatering Centrifuge Replacement/sewer	King	\$300,000	\$548,000
City of Mountlake Terrace	Gateway Boulevard Project/road	Snohomish	\$300,000	\$300,000
City of Pacific	Stewart Rd/Thornton Ave Improvements/road	Pierce	\$300,000	\$1,986,600
City of Quincy Reclamation and Reuse Utility, Phase 3	Reclamation and Reuse Utility, Phase 3/sewer	Grant	\$300,000	\$850,000
10 Projects, 9 Jnrisdictions	Water-3, Sewer-5, Road-2	9 Counties, 3 east, 6 west	\$2,085,179	\$4,570,779



PUBLIC WORKS BOARD MEETING NOTES
January 16, 2013

Department of Commerce (Olympia, WA)

Board Members		Guests Present:	Staff Present:
Present:	Absent:		
Stan Finkelstein, Chair	Don Montfort	Bob Bandarra, Public Works Superintendent of Operations, City of Bellingham	Myra Baldini
Kathryn Gardow, Vice Chair		Larry Barrows	Ann Campbell
Frank Abart		Pat Brommer, Department of Ecology	Cyndi Chavez
JC Baldwin		Dave Dunn, Department of Ecology	Terry Dale
Jerry Cummins		Arlene Escobar, Department of Commerce	Steve Dunk
Tom Fitzsimmons			Dawn Eychaner
Ed Hildreth		Shelia Lee Johnson, Department of Commerce	Christina Gagnon
Scott Hutsell		Karen Klocke, Department of Health	Cecilia Gardener
Mark "Bubba" Scott		John Kounts, Washington Public Utilities District Association	Isaac Huang
Darwin Smith		Karen Larkin, Department of Commerce	Lynn Kohn
Steve Stuart		Steve Misuriak, City of Gig Harbor	Bruce Lund
Larry Waters		Cathi Read, Small Communities Initiative	Jennifer Motteler
			Matt Ojennus
			Rodney Orr
			Jacki Skaught
			Kenny Spain

ADMINISTRATION

- a) Call to order: Tom Fitzsimmons as acting Chair convened the meeting at 8:50 a.m.
- b) Welcome and introductions
 - Board members introduced themselves. It was noted that several members were temporarily absent due to legislative meetings and would be joining the meeting later in the morning; however a quorum of 7 voting members was established.
 - Staff introduced themselves; Bruce Lund introduced Kenny Spain, a new Client Services Representative.

- Guests introduced themselves.
- c) Approve Agenda
- Frank Abart moved to approve the agenda; Steve Stuart seconded the motion. **ACTION: Motion approved (7-0) (Abart, Cummins, Fitzsimmons, Scott, Smith, Stuart, Waters).**
- d) November 2, 2012 Meeting Minutes
- Frank Abart moved to approve the November 2, 2012 meeting minutes; Steve Stuart seconded the motion. **ACTION: Motion approved. (7-0) (Abart, Cummins, Fitzsimmons, Scott, Smith, Stuart, Waters).**
- e) December 4, 2012 Meeting Minutes
- Frank Abart abstained due to having not been present for the December 4, 2012 meeting.
 - Steve Stuart moved to approve the December 4, 2012 minutes subject to the inclusion of handouts for material referenced in the notes; Jerry Cummins seconded the motion. Frank Abart abstained. **ACTION: Motion approved (6-0) (Cummins, Fitzsimmons, Scott, Smith, Stuart, Waters).** Larry Waters clarified that members absent for a meeting can and should still vote on minutes.
- f) 2013 Board Meeting Dates
- Cecilia Gardener referenced the list of proposed Board meeting dates for 2013 included on page 15 of the Board meeting packet, noting that the proposed schedule keeps Friday as the regular meeting day. *(See attachment 1)*
 - Frank Abart noted that it's difficult to predict schedules eight months away but that it is convenient to put the dates on calendars in advance. Frank Abart moved to approve the proposed 2013 Board meeting schedule as presented; Darwin Smith seconded the motion. **ACTION: Motion approved. (7-0) (Abart, Cummins, Fitzsimmons, Scott, Smith, Stuart, Waters).**

COMMITTEE REPORTS

- a) Executive Committee:
- Jerry Cummins reported that the committee has been working on the timeline for the selection of a new Executive Director. Jerry noted that the committee would like to begin the process by February 1, 2013 and are hoping that there will be some overlap with the new Executive Director and outgoing Executive Director John LaRocque, who is planning to leave August 1, 2013.
 - Jerry reported that the committee has been discussing how to get money reinstated to the Public Works Trust Fund (PWTF) for projects that the Board had previously approved for 2014 Construction Loans, noting the effect that the funds could have on the jurisdictions that have applied for them, and the job creation power of the PWTF.

- b) Steve Stuart added that beyond the \$700 million Construction Loan List the total request is \$950 million, which includes administration of the program and funding for other programs. Steve Stuart noted that the administrative budget was reduced by \$1.2 million by Governor Gregoire in her proposed budget, expressing that more discussion is needed around all of the pieces of the budget puzzle, including funding for Growth Management and the Community Economic Revitalization Board (CERB).
- c) Communications Committee:
- Cecilia Gardener referred to page 19 of the meeting packet, presenting the notes from the last communications committee meeting. Cecilia noted that the committee opted to not meet today, but instead spent the time preparing for their legislative meetings. *(See attachment 2)*
 - Cecilia Gardener reported that the committee is working on a new website for the Board, explaining that the structure has been approved, and content is now being developed. Cecilia Gardener reported that the anticipated publish date for the new site is March 1, 2013.
 - Tom Fitzsimmons asked if there was an update on the stand alone website versus having it being part of the Commerce website. Cecilia Gardener answered that the website is currently going to be housed within the Commerce structure but with its own address.
 - Rodney Orr clarified that the Board website is going to be hosted on the Commerce server with its own address and will use the same structure and templates as Commerce, easing the construction dramatically. Rodney Orr noted this will result in the website taking 3 months to construct, where it took Commerce 9 months. Rodney Orr reported that the development structure and the home page are being built. Rodney Orr noted that he will present the new web site to the full Board at the March 1, 2013, meeting.
 - Mark "Bubba" Scott asked why the current website is not being updated. Rodney Orr answered that it was decided a year ago to keep it more current, and that the responsibility of keeping pages current were assigned to staff, then the data needed to be provided to him so he could update the pages. Larry Waters asked when the site would be updated with information. Rodney answered March 1, 2013. Mark "Bubba" Scott added that the minutes/agendas need updating on the current website. Cecilia Gardener answered that this information will be updated by Monday.
 - Tom Fitzsimmons directed that staff get the current website updated and report to the Board about it by the next meeting.
- d) Policy Committee:
- Tom Fitzsimmons explained that the policy committee did not meet today and at the last committee meeting they spent most of their attention on the policy bill, which was already reported to the full board Tom Fitzsimmons noted that the committee will bring their committee charter as a proposed consideration to the full board in the future, as well as the bylaws.

e) Technical Assistance (TA) Committee:

- Steve Stuart referred the handout, presenting the notes from the last communications committee meeting. (*See attachment 3*) Steve Stuart reported that they had a discussion about the academies and where future events will be held. Steve reported that the committee discussed that Client Service Representatives have recently increased from 5 staff to 7 staff, noting that the Board has adopted a TA strategy of enhancing technical assistance work in communities.

i. **Technical Assistance Plan:**

- Bruce Lund passed around a copy of the Client Services Representatives (CSR) map (*see attachment 4*), noting that CSRs are looking at taking a 4 prong approach: establishing system assessment tools, expanding the Board's existing regional approach, increasing from 5 CSRs to 7, significantly increasing the focus on training and education, and creating special expertise and knowledge focus areas to help communities take advantage of things now in play in the 21st century. **Kathryn Gardow, Ed Hildreth, and Scott Hutsell joined the meeting.**
- Steve Stuart noted that the TA plan is establishing performance metrics to show success, track rate structures and stability, financial integrity, readiness to proceed, etc. and to demonstrate the results of the program. Darwin Smith moved to approve the Technical Assistance plan as outlined in the Board packet (*see attachment 5*) and recommended by the TA Committee, Jerry Cummins seconded the motion. **ACTION:** Motion approved. **(10-0) (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Scott, Smith, Stuart, Waters).**

ii. **Small Communities Initiative (SCI)**

- Dave Dunn with the Department of Ecology asked about the Board's operating budget proposal, noting that the Small Communities Initiative (SCI) is to the Departments of Health and Ecology a valuable part of statewide technical assistance. Dave Dunn asked if the budget proposal for Fiscal Year 14 includes funding for SCI staff. Cecilia Gardner answered no, but that funding for SCI has been proposed in another vehicle. Kathryn Gardow asked whether this was an oversight, Cecilia answered that it was not, explaining that cuts to the operating budget prevented the Board from allocating resources to the program. Tom Fitzsimmons asked whether the restored operating budget would cover SCI, Cecilia explained that when the budget was presented to the Board for approval, SCI was not an included component. Tom Fitzsimmons asked if the other agency contributors included funding for SCI in their budgets. Dave Dunn explained that historically the other agencies have funded one position, and the board funded the other.
- Darwin Smith noted that SCI dovetails very nicely in getting the Board's job done and projects out the door. Darwin Smith expressed his feeling that the Board should financially support either CERB or SCI.
- Tom Fitzsimmons asked if there was a desire on the part of the Board to look at this more closely at the next Board meeting. The Board agreed. Cecilia Gardener noted that staff will bring it back to the February 1, 2013, meeting. Bruce Lund suggested

that Cathi Read with SCI present the Board with information on SCI services that would be lost without funding, Cathi Read agreed and Cecilia Gardener noted that Board staff will work with Cathi Read to prepare something.

- Tom Fitzsimmons asked if this should go to the TA committee first. Steve Stuart agreed that the committee should discuss it first and bring it forward to the full Board at the next meeting.

Kathryn Gardow assumed duties of the Chair from Tom Fitzsimmons.

CONTRACTING

a) Drinking Water State Revolving Fund

Bruce Lund presented the three extension requests on page 29 of the Board packet (*See attachment 6*). Bruce also referenced the Contract Administration Unit (CAU) status report on page 31 of the Board packet (*See attachment 7*). Bruce introduced Arlene Escobar and Sheila Lee Johnson to the Board; they are with the CAU at the Department of Commerce.

a. City of Sunnyside

Bruce Lund presented the City of Sunnyside's extension request of one- year. Darwin Smith moved to approve staff's recommendation for an extension, Scott Hutsell seconded. **ACTION:** Motion approved. **(10-0) (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Scott, Smith, Stuart, Waters).**

b. City of Toppenish

Bruce Lund presented the City of Toppenish's request for an extension of 16 months. Frank Abart moved to approve the extension, Ed Hildreth seconded. **ACTION:** Motion approved. **(10-0) (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Scott, Smith, Stuart, Waters).**

c. Hideaway Mobile Home Park Update

Steve Dunk updated the Board, noting that staff met with Katherine Wyatt, Assistant Attorney General, and passed along the contract information to her, explaining why and how the client went into bankruptcy. Steve Dunk reported that Kathryn Wyatt is looking into it and expects to get back to staff early next week. Kathryn Gardow requested that Katherine Wyatt present her findings to the Board at the next meeting in order to make their final decision whether to pursue the loan balance.

b) Public Works Trust Fund

a. Grays Harbor County Water District #1

Bruce Lund presented Grays Harbor County Water District #1's extension request of one- year. Frank Abart moved to approve staff's recommendation for an extension, Darwin Smith seconded the motion. **ACTION:** Motion approved. **(10-0) (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Scott, Smith, Stuart, Waters).**

BREAK

JC Baldwin arrived, Darwin Smith, Steve Stuart, and Mark “Bubba” Scott left the meeting to attend legislative appointments.

PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES

a) 2015 Public Works Trust Fund Loan Terms

Cecilia Gardener reviewed the memo on page 35 of the Board packet (*See attachment 8*); noting staff recommends no changes to the loan terms except for the loan limit, which is recommended to be a reduced loan amount to a maximum of \$2 million due to funding constraints. Cecilia Gardener explained that staff anticipates approximately \$200 million will be available for the 2015 application cycle.

- Kathryn Gardow noted the importance of the Board developing a method to prioritize a list and asked whether staff is considering this. Cecilia Gardener answered that the material presented is for loan terms, not project selection criteria and that staff will bring a proposal to the Board in February for project prioritization options for the 2015 cycle.
- Scott Hutsell asked when non-traditional projects might be brought into the mix. Cecilia Gardener answered that these would not be considered until calendar year 2014 if the policy bill is enacted. Frank Abart asked how certain the \$200 million expected to be available is. Myra Baldini replied that it is estimated using the predictive model and that staff has a high level of comfort that at least this amount will be available, barring any unforeseen changes. Jerry Cummins asked if there would be preferential consideration to projects that were originally approved for the 2014 Construction Loan List but were removed or reduced. Cecilia Gardener answered that they are not excluded from applying for the 2015 list but that no preferential treatment is recommended. Kathryn Gardow said that \$2 million seems very low to her. Cecilia Gardener noted that \$4.6 million has been the average loan request for the past few years.
- Tom Fitzsimmons moved that the Board approves the terms as outlined in the memo with the exception that the per-jurisdiction loan limit be set at \$5 million, Jerry Cummins seconded the motion. **ACTION: Motion approved. (10-0) (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Scott, Smith, Stuart, Waters).**
- Tom Fitzsimmons noted that he would like to have the Board consider further how to handle projects that were removed from the 2014 list.

Stan Finkelstein arrived at the meeting.

b) PWB Academy Update

- Lynn Kohn advised the Board that the next academy is scheduled for February 20, 2013, in Mt. Vernon at the Cottontree Inn and Convention Center. Lynn explained

that the plan is to make the academy very similar to the Southwest Academy recently held in Vancouver, with a few changes. Lynn noted that the agenda includes a discussion about the Federal fiscal cliff and how that impacts infrastructure funding, an update on the 2013 legislative session, which Stan Finkelstein has agreed to do, a presentation on the flow of money at the local level and a demonstration tech team with a real life project review. Lynn noted that after the February academy staff will work to schedule an academy in the Southeast and then in the Yakima Valley.

INFORMATION AND OTHER ITEMS

- Terry Dale updated the Board on the Pre-Construction Loan Program, noting that the applications are under review and staff anticipates being able to award the entire \$3 million available.
- Myra Baldini passed around a spreadsheet that was created at the request of Senate staff, noting that over the history of the Public Works Assistance Account more than \$1 billion has been diverted for other uses. *(See attachment 9 & 10)*
- Stan Finkelstein raised three administrative issues brought to his attention by Board members:
 - The timeliness of the Board packet is a problem. Stan Finkelstein directed staff to send out the Board packet at least one week in advance of the meeting. Jerry Cummins and Bubba Scott expressed their preference for hard copies to be mailed, the rest of the Board members present prefer to receive their packets electronically with blank pages removed to ease printing.
 - The timeliness of the minutes is an issue. Stan Finkelstein directed staff to email the Board members electronic minutes within one week of the Board meeting.
 - The web page does not have accurate information. Stan Finkelstein directed staff to update the current web page by the following week.
- Stan Finkelstein reported that his meetings with legislators were very positive. Kathryn Gardow and Ed Hildreth noted that their meetings also went very well.
- Kathryn Gardow asked about the social media policy and whether the new web site is still on track to launch in March. Rodney Orr answered yes. Rodney Orr replied that he made several tweets throughout December and several Facebook entries. Rodney Orr noted that staff is not making weekly entries, as outlined in the policy, but they are being made as often as the Board has newsworthy information.

Jerry Cummins moved to adjourn the meeting. Larry Waters seconded the motion. **ACTION:** Motion approved. **(10-0) (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Hutsell, Scott, Smith, Stuart, Waters).**

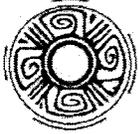
Meeting adjourned at: 10:58 a.m.



DATE: January 11, 2013
TO: Public Works Board
FROM: Cecilia Gardener, Policy and Program Development Manager
SUBJECT: Proposed meeting dates for 2013

The Public Works Board will be holding regularly scheduled meetings on the following dates at 9:00 a.m.

- January 16, 2013
 - Legislative meetings
- February 1, 2013
- March 1, 2013
 - Approve Contract Boilerplate
 - Launch 2015 PWTF Construction Cycle
- April 5, 2013
- May 3, 2013
 - End of Legislative Session
- June 7, 2013
 - Policy Retreat
- July 12, 2013
 - DWSRF Tier One List Approval
- August 2, 2013
 - 2015 PWTF Loan List Approval
- September 6, 2013
 - DWSRF Tier Two List Approval
- October 4, 2013
- November 1, 2013
- December 6, 2013
 - Public Hearing for DWSRF Loan Fee
 - Approve Loan Terms for 2015 PWTF Construction Cycle



Date: January 10, 2013
To: Public Works Board
From: Cindy Chavez, Board Staff
Subject: PWB Communications Committee Notes for December 4, 2012

7:30-8:45

Attendees:

Board Members

Kathryn Gardow
Ed Hildreth
Scott Hutsell

Staff

Rodney Orr
Cindy Chavez
Cecilia Gardner

The November 2, 2012 meeting notes and the Agenda for December 2, 2012 meeting were approved.

Communication Document: The 4 page Communications document was reviewed and changes were suggested. Staff will make the necessary changes and send the document out for review via email.

Web Site: Rodney Orr presented the latest version of the specs for the website and indicated his intentions to have the basic form viewable at the end of the month. Then staff will work on getting the information to populate the different tabs. Rodney will be meeting with the Rebecca Stillings, Commerce lead on the SharePoint project in Commerce as to exactly what the Commerce IS Department is willing to support. The project is still on target to be completed by March, 2013. The Portal for the next loan list was discussed and Rodney commented that SharePoint was not ready for the interface so this will need to happen thru PWEB.

Social Media: Social Media Policy was discussed and the biggest concern for the agency is the records retention. PWB is ready for this aspect as Rodney has created a database where all the Facebook posts and Tweets and RSS feeds are stored. The Agency is very close to finalizing their Social Media Policy so the Board agreed to wait until next meeting before discussing the specifics further.

PWB Academy: The Academy was well received by the attendees. It was suggested that Council Members should be targeted and possibly getting on the AWA Conference for some sessions.

KEY	
→	Item needs follow-up action
<u>Name</u>	Person responsible for the assignment

→ 4-Pager Communication document

Staff needs to update the 4-pager per changes requested by the committee and decisions coming from the December Board meeting and email document to committee members - Cecilia/Dawn

Agenda Items for next meeting

- Website review
- Social Media Policy

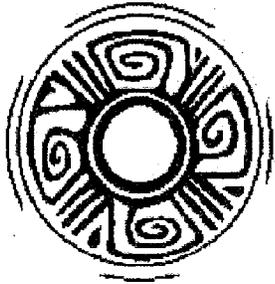
**D R A F T Public Works Board
 Technical Assistance Committee Meeting Notes
 December 4, 2012**

In Attendance:

- Stan Finkelstein – Board Chair
- Steve Stuart – TA Committee Chair, Board Member
- Bubba Scott – Board Member
- Darwin Smith – Board Member
- Larry Waters – Board Member
- John LaRocque – Executive Director, Public Works Board (PWB)
- Cathi Read – Small Communities Initiative, Commerce
- Myra Baldini – PWB Staff
- Steve Dunk – PWB Staff
- Lynn Kohn – PWB Staff
- Bruce Lund – PWB Staff
- Jacki Skaught – PWB Staff
- Terry Dale – PWB Staff
- Chris Gagnon – PWB Staff

Notes

Item:	Next Steps:
November 2nd meeting notes: <ul style="list-style-type: none"> • Approved 	
Debrief on Southwest Academy: <ul style="list-style-type: none"> • The event was successful, good opportunity to partner with other agencies, associations, and the new agency transition • The committee suggested staff consideration for doing more than four academies per year • The next academy is being planned for late February in NW area (Whatcom, Snohomish, Skagit, Island, San Juan counties) • Palouse, Yakima, NE academies to follow 	Staff brief committee on evaluation results for SW Academy Staff recommendation on number of academies to offer Staff update on NW Academy: Date, location, agenda, speakers
Draft TA Proposal: <ul style="list-style-type: none"> • Bruce presented the proposal, which utilizes existing staff and funding. • It will be good for PWB to present the proposal at stakeholders conferences and workshops to determine areas that PWB can assist with. • When connecting with agencies and stakeholders, identify gaps, partnerships with existing work, and avoid stepping on toes. • Add a column for training that CSRs will need to carry out the work. 	Add a column for staff training Bring proposal to full board in January
Committee Charter: <ul style="list-style-type: none"> • Tabled 	
Next Meeting: <ul style="list-style-type: none"> • 7:30 a.m., prior to January 16 board meeting 	



**Washington State
Public Works Board**



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Effective January 2013

**Washington State
Public Works Board**
1011 Plum Street SE
P.O. Box 42525
Olympia, WA 98504-2525



Date: January 14, 2013
To: Public Works Board
From: Steve Stuart, Chair, PWB Technical Assistance Committee
Bruce Lund, Client Services Manager
Subject: PWB Technical Assistance Strategy

Background:

The Technical Assistance Committee is pleased to present its proposal for strengthening technical assistance services. The proposed strategy enhances the Boards' commitment to help a community to increase the financial and managerial sustainability of its infrastructure systems, and to create a visible presence within communities that demonstrates the Board's commitment to local infrastructure priorities. The Board enjoys a reputation of providing extraordinary service to its clients. This strategy builds upon that reputation to do more for our local governments in addition to financing critical local projects. The Board will do this in four ways:

1. Establish a methodology for systems to assess their strengths and weaknesses, and identify ways to minimize those weaknesses and build upon their strengths;
2. Expand and strengthen the Board's existing regional service approach;
3. Significantly enhance the Training and Education focus; and
4. Create focus areas of special expertise and knowledge that will assist systems take advantage of existing and emerging 21st century tools and techniques.

Each approach is discussed in more detail below:

Create assessment tools for public works systems to use to determine ways to improve their management and financial capabilities.

PWB staff, working in collaboration with other organizations, will develop assessment tools that public works system can use to detect management and financial issues and develop a plan to remedy those issues.

Expected Performance Outcomes: Increased system financial and management capacity; *Performance*

Benchmarks: Number of recommendations implemented by systems

Expand and strengthen the Board's existing regional service approach.

In meeting the Board's goal of continuing to provide timely and highly useful client services, staff will be assigned between five and seven counties to serve as the Board's primary point of contact for its financial and technical services. The number of staff assigned with regional responsibilities increases from five to seven, while the number of counties served per person generally decreases, which will allow more individual attention from staff and allow staff to focus on additional technical assistance activities. Staff will either provide or facilitate the provision of services based on the actual infrastructure needs and priorities of clients within that region. These include, but are not limited to:

- Issue Resolution/Mediation
- Program Marketing of PWB and partner funding and technical assistance services
- Respond to emergency requests for assistance
- Acquiring data that fulfill Board and Legislative needs

- Inform legislators about infrastructure successes and opportunities that exist within the region
- Assess Infrastructure and related needs
- Ensure that communities have a high level of satisfaction with Board programs and services
- Connect the Board to issues and opportunities that exist within the region
- Convene and participate in tech teams
- Assist with meeting PWB Academy logistics needs
- Assist a community to carry out needed public participation activities
- Project Scoping and Development

Depending on existing resources, staff may provide these services, or facilitate the provision of these services, either by referring to other available resources or help clients to acquire needed resources

Expected Performance Outcomes: Better projects; More projects ready to proceed; *Performance Benchmarks:* Number of communities assisted; Number of projects assisted that receive funding from any source ; amount of progress made by a community while working towards implementing a project

Significantly enhance the Training and Education Focus.

Until recently, the Board’s training and education focus has consisted primarily on locating and securing project specific financing and contract management. By establishing the statewide series of Regional Academies, the Board has already increased its commitment to providing a broader, more holistic training and education curriculum. . However, by using new technology tools, such as webinars, and by partnering with others who provide relevant training programs, the opportunity for an even more robust T&E program exists.

The Board’s training program, whose specific curriculum has yet to be identified and developed, will be an important component to increasing a community’s capacity to provide sustainable infrastructure systems to their residents. However, in addition to the academies, the Board will make available to Washington communities regularly scheduled workshops targeting financial and system management and implementing high priority infrastructure projects. It would not be the intention of the Board to provide training that is already being provided by other organizations, but to support that training by making it available to others who may not have access to it.

Expected Performance Outcomes: Increased system financial and management capacity; *Performance Benchmarks:* Number of trainings provided; Number of participants trained; Percentage of positive evaluations returned by participants

Create focus areas of special expertise and knowledge that will assist communities and their infrastructure systems to take advantage of existing and emerging 21st century tools and techniques.

The Technical Assistance Committee and staff have identified seven special focus areas that will be an important piece of the Board’s TA services:

1. Local funding tools and techniques that are readily available but are underused. An example of this is the LOCAL program offered by the State Treasurer’s office.
2. E-Tools that have been underused or are now emerging that communities can use to increase their system and project management activities. Examples of this include EZ View (formerly known as IPRMT) and the Board’s PWeB Contract Management system.
3. Assess, evaluate, and promote new technologies, processes and materials that are considered innovative and emerging. An example of this is a mini modular wastewater treatment system.

4. Capital Facilities Planning that provide the basis for determining high priority infrastructure projects
Capital Facilities Planning that provide the basis for determining high priority infrastructure projects.
Examples of this include the Capital Facilities Planning template that Growth Management Services offers online and RCAC's Asset Management Program.
5. Carbon footprint reduction and green infrastructure services that could decrease system costs and result in environmental benefits. The use of energy and water efficiency audits is an example.
6. Training and Education that was described above
7. Assessment Tools to increase system sustainability that was described above.

The implementation plans for all of these are still in process and under review by the Technical Assistance Committee. However, all will use a training and education element, the Board's website, and partnerships with other organizations to create a learning environment around each of these focus areas.

Expected Performance Outcomes: Increased system financial and management capacity; *Performance Benchmarks:* Number of training activities offered around each of these areas; Increase in use of technology tools by PWB clients; number of projects applying for PWB funding with carbon reduction and/or green infrastructure components.

Additional Duties

In addition to these key activities, staff will continue to support existing program demands, participate in new program development and implementation activities, actively represent the Board in interagency organizations such as the IACC, conduct bill analyses on legislative proposals, and serve as liaisons with other agencies.

Recommendation

The Technical Assistance Committee and Staff recommend that the Board adopt this technical assistance strategy, and authorize staff, with oversight from the Board's Technical Assistance Committee, to undertake implementation of the strategy.

Service Provided	Kenny	Isaac	Jacki	Lynn	Matt	Steve	Terry	Available Tools
% of Time as CSR	100%	100%	65%	100%	100%	100%	100%	One on One
Financial/Resource Management Tools								Conferences
Project Specific	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Documents
Systemwide								Tech Teams
Managerial Excellence Tools								Skype/Phone
Project Specific	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Blogs
Systemwide	Lead					Lead		Social Media
Program Specific Assistance	CERB	PWTF Construcion	CERB/Float	PWTF Planning- Emergency	0505-106/Direct Approp.	EWE/IGEA/GHG/D WSRF	PWTF PreCon	Website - Other
WEBSITE Page	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Bill Analysis	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
New Program Desig /Redesign/mkting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Regional Liaison Services								
Number of Counties ??	5	7	5	2	7	6	7	
Issue Resolution/Mediation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Program Marketing	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Emergency Response	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Data Acquisition	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Legislative Contact	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Assessment of Needs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Customer Satisfaction Check	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Board Connection	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Tech Team	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Academy Logistics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Public Participation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Inter- and intra-agency participation	IACC-as available	IACC Conference	IACC-as available	Resource Team	Environmental Clearinghouse	IACC-as available	IACC	
Training & Development	Yes	Yes	Yes	Coordinator	Yes	Yes	Yes	
Special Services	Financial/Mgmt. Assessment Tools- Lead	Local Funding Lead - etool assist	Innovative - Asst	CFP&Education and Trg Lead	E-Tools - Lead alternative \$	Carbon Footprint - Lead	Innovative - Lead	
Agency/Dept Liaison	Ecology/RD	TIB/CRAB/FMSIB	Stakeholders	GMA	DAHP/ORR	Health	TIB/CRAB/FMSIB	



DATE: December 19, 2012
 TO: Public Works Board
 FROM: Bruce Lund, CAU Managing Director
 SUBJECT: Project Completion Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract project completion dates as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
DWSRF	City of Sunnyside	04-65104-035	Sunnyside Water Source Development Project	\$4,040,000	\$1,503,286.33	09/02/08	01/01/13	01/01/14
Reason for Extension Request: An earlier change in scope required a re-evaluation of the environmental review. The review took longer than anticipated due to significant changes in City and Engineering staffing. Additional time is needed to complete the final phase of construction. Project is 85% complete.								
DWSRF	City of Toppenish	DM07-952-031	Well No. 9	\$2,891,327	\$1,947,646.09	8/18/11	02/18/13	05/31/14
Reason for Extension Request: Testing determined the well drilled did not meet project contract specifications. The well has been re-drilled. Additional time is needed to construct the pump house. Project is 50% complete.								
PWTF	Grays Harbor County Water District No 1	PW-07-962-012	Water System Rehabilitation Project	\$6,717,575	\$2,015,272.50	05/29/11	5/31/13	05/31/14
Reason for Extension Request: Unforeseen County road improvements have triggered the need to stabilize the main distribution artery between the reservoir and the pump house. Additional time is needed to complete design and construction. Project is 90% complete.								

BACKGROUND

The clients have requested extension to their project completion dates. Staff evaluated the requests through a staff peer review process. DOH has been consulted and agrees with extending the DWSRF projects.



DATE: January 7, 2013
 TO: Public Works Board
 FROM: Bruce Lund, CAU Managing Director
 SUBJECT: CAU Contract Status Report

Beginning October 2012, we began providing a quarterly report to the Public Works Board that offers a snapshot of common activities carried out by CAU. We hope this gives the Board a better understanding of the work that occurs after contract execution.

Number of Contracts Received from PWB from 10/1/2012 – 12/31/2012

PWTF	16
DWSRF	16
Other PWB Programs	<u>5</u>
Total	37

Number of Contracts in Open Status as of 12/31/2012

PWTF	158
DWSRF	130
Other PWB Programs	<u>16</u>
Total	304

Number of Projects Completed 10/1/2012 - 12/31/2012

PWTF	6
DWSRF	7
Other PWB Programs	<u>3</u>
Total	16

Dollars distributed to Clients 10/1/2012 - 12/31/2012

PWTF	\$23,234,181
DWSRF	\$ 5,310,493
Other PWB Programs	<u>\$ 133,221</u>
Total	\$28,677,895



Date: January 16, 2013
 To: Public Works Board
 From: Cecilia Gardener, Policy and Program Development Manager
 Subject: Proposed Loan Terms for FY 2015

BACKGROUND: Loan terms are reviewed annually for relevance and effectiveness. Loan terms are approved by the Public Works Board (Board) prior to the commencement of the Construction review cycle.

STATUS UPDATE: Board staff propose keeping the same rates and terms as last cycle as identified in the table below.

LOAN TERMS (PROPOSED)														
Loan Limit:	\$2 million per jurisdiction Applicants that applied and received funding in the FY 2014 cycle will be eligible to apply.													
Local match requirement:	None													
Interest terms & rates:	The following table represents the terms available. Interest rates are set by the term.													
		<table border="1"> <thead> <tr> <th>Term</th> <th>Interest rate</th> </tr> </thead> <tbody> <tr> <td>10 years</td> <td>0.5%</td> </tr> <tr> <td>15 years</td> <td>0.75%</td> </tr> <tr> <td>20 years</td> <td>1%</td> </tr> <tr> <td>25 years</td> <td>1.5%</td> </tr> <tr> <td>30 years</td> <td>2%</td> </tr> </tbody> </table>	Term	Interest rate	10 years	0.5%	15 years	0.75%	20 years	1%	25 years	1.5%	30 years	2%
	Term	Interest rate												
	10 years	0.5%												
	15 years	0.75%												
	20 years	1%												
25 years	1.5%													
30 years	2%													
Loan recipients may "buy-down" the above interest rates under the following conditions: (Note: Per Board policy, no loan may have an interest rate of less than 0.25%)														
Adjustment available to the above interest rates:	1. Loan recipients with an Affordability Index (AI) of 2.01% to 2.5% may reduce their interest rate by 0.25%	<i>Example:</i> A town with an AI of 2.3% wants a 25-year loan. They qualify to have the interest rate reduced to 1.25%. (25 years at 1.5% Less 0.25% = <u>25 year term at 1.25%</u>)												
	2. Loan recipients with an AI of 2.6% or more may reduce their interest rate by 0.50%	<i>Example:</i> A town with an AI of 2.3% wants a 25-year loan. They qualify to have the interest rate reduced to 1.25%. (25 years at 1.5% less 0.25% = <u>25 year term at 1.25%</u>)												

LOAN PARAMETERS	AI of 2% or less		AI from 2.01% to 2.5%	AI of 2.51% or more
Local Match Minimum	None		None	None
Interest terms & rates:	Term in years (length of Loan)	Interest Rate		
	10 years	0.5%		
	15 years	0.75%		
	20 years	1%		
	25 years	1.5%		
	30 years	2%		

INCENTIVE DEVICES (PROPOSED)

NOTE: Clients have a 60-month (5 years) window to complete the scope of work outlined in their contract documents.

	Completion timeframe	Incentive
Project completed early:	48 months	Repayment period (after contract execution) is increased by 2 years*
	OR	
	36 months	3. Interest rate is decreased by 0.25%** Repayment period is increased by 5 years* - OR - Interest rate is decreased by 0.5%**
	<p>*The repayment period cannot exceed the life of the asset being constructed. **The Board adopted a minimum interest rate of 0.25% during the loan rate and term discussions in Spring 2011.</p> <p>Achievements upon project completion:</p> <ol style="list-style-type: none"> 1. Leadership in Energy and Environmental Design (LEED) certification <ul style="list-style-type: none"> • Buildings/structures <u>qualify</u> for LEED certification • Buildings/structures <u>receive</u> LEED <i>Silver</i> certification • Buildings/structures <u>receive</u> LEED <i>Gold</i> certification • Buildings/structures <u>receive</u> LEED <i>Platinum</i> certification 2. Quality of effluent/biosolids upon project completion/system in use is Class A 3. Increase in connection capacity (infilling and existing area rather than expanding) 4. Local government assumes control/ownership of a private system 5. Documented reduction in either water use or water loss 6. Implementation of IGEA recommendations 7. Project results in a regionalized system <p>4.</p>	

HISTORICAL PWAA FUNDS DIVERTED/TRANSFERRED

Biennium	Recipient of Funds and Description	Actual Amount	
		Transferred/Diverted	SubTotal
1998-2007	DOH - DWSRF 20% State Match	(\$42,091,660)	
1985-06/2005	STATE - Interest Earnings transferred from PWAA to State Operating (Fund 001) (Approx)	(\$20,000,000)	
Sub-Total			(\$62,091,660)
1991-93		\$0	
Sub-Total			\$0
1993-95	CERB - Regional Program (ESHB 1529)	(\$2,000,000)	
	CERB - Timber Program (ESHB 1530)	(\$2,000,000)	
	DOE - Flood Control (SSB 5968)	(\$4,000,000)	
	STATE - Operating Transfer (Fund 001)	(\$35,000,000)	
Sub-Total			(\$43,000,000)
1995-97	CERB - Traditional/RNR (SB 3596)	(\$4,000,000)	
	COMMERCE - Growth Management Act - Environmental Review	(\$3,000,000)	
	DOE - Flood Control (ESHB 1410)	(\$10,030,000)	
Sub-Total			(\$17,030,000)
1997-99	CERB - Regional Program (SSB 6063)	(\$4,000,000)	
Sub-Total			(\$4,000,000)
1999-01	DOE - Centennial Program (EHB 2487)	(\$10,450,000)	
	LEAP	(\$500,000)	
Sub-Total			(\$10,950,000)
2001-03	CERB - 12% of PWAA Timber and Rural Nat'l Resources Programs (HB 2425)	(\$2,266,893)	
	CERB - 22% of PWAA Timber and Rural Nat'l Resources Programs (HB 2425)	(\$4,155,970)	
Sub-Total			(\$6,422,863)
2003-05	CERB - 22% of PWAA Timber and Rural Nat'l Resources Programs (HB 2425)	(\$8,311,940)	
Sub-Total			(\$8,311,940)
2005-07	City/County Assistance Fund	(\$27,967,105)	
	CERB - Job/Economic Development Grants (Section 138) (ESHB 2765)	(\$47,200,000)	
	CERB - Job Development Fund - Operating	(\$430,000)	
	CERB - 22% of PWAA Timber and Rural Nat'l Resources Programs (HB 2425)	(\$8,311,940)	
	CERB - PWAA Account Interest Earnings. Begins July 1, 2005. (SB 5363)	(\$8,014,981)	
	OFM - Infrastructure Study Funding (ESSB 8386)	(\$200,000)	
	STATE - Operating - Redirected a portion of the percentage of the Real Estate Excise Tax dedicated to the PWAA. This is a permanent redirect. (ESHB 6050)	(\$25,000,000)	
Sub-Total			(\$117,124,026)
2007-09	CERB - Job Development Fund - Capital	(\$50,000,000)	
	CERB - Belfair Job Development Grant	(\$4,800,000)	
	CERB - PWAA Account Interest Earnings. Begins July 1, 2005. (SB 5363) (Approx)	(\$5,000,000)	
	DOH - DWSRF 20% State Match	(\$7,021,400)	
	COMMERCE - Housing Trust Fund	(\$2,800,000)	
	OFM - Infrastructure Investment System (GCLM) (ESHB 2765)	(\$490,000)	
	OFM - Infrastructure Study Funding	(\$176,340)	
	STATE - 2005-07 Redirected a portion of the percentage of the Real Estate Excise Tax dedicated to the PWAA. This is a permanent redirect. (ESHB 6050) (Approx)	(\$25,000,000)	
Sub-Total			(\$95,287,740)
2009-2011	City/County Assistance Fund	(\$10,000,000)	
	CERB - PWAA Account Interest Earnings. Begins July 1, 2005. (SB 5363)	(\$2,513,889)	
	DOH - DWSRF 20% State Match	(\$10,422,800)	
	DOH - Capital Budget Section 2035 (Greywater)	(\$100,000)	
	DOE - Water Pollution Control State Match	(\$1,400,000)	
	PWB - Interest Rate Buy Down Grant	(\$9,504,501)	
	STATE - Operating Transfer (Fund 001), Section 805	(\$339,508,000)	
	STATE - Operating Transfer (Fund 001) \$1:\$1 Bond SWAP	(\$95,640,000)	
	STATE - Operating Transfer (Fund 001) \$1:\$1 Bond SWAP	\$95,640,000	
	STATE - 2011 Solid Waste, PUT and REET Revenues redirected to Fund 001 (ESHB 1497) (approx)	(\$73,784,774)	
	STATE - 2005-07 Redirected a portion of the percentage of the Real Estate Excise Tax dedicated to the PWAA. This is a permanent redirect. (ESHB 6050) (Approx)	(\$25,000,000)	
Sub-Total			(\$472,233,964)
2011-2013	CERB - Jobs Bill	(\$16,000,000)	
	CERB - PWAA Account Interest Earnings. Begins July 1, 2005. (SB 5363) (Approx)	(\$575,000)	
	DOE - Water Pollution Control State Match	(\$15,500,000)	
	DOH - DWSRF 20% State Match	(\$14,808,800)	
	PWB - Mainstreet Grants	(\$800,000)	
	STATE - Operating Budget Transfer (Fund 001)	(\$80,000,000)	
	STATE - 100% Solid Waste Redirected to Fund 001	(\$64,162,479)	
	STATE - 2005-07 Redirected a portion of the percentage of the Real Estate Excise Tax dedicated to the PWAA. This is a permanent redirect. (ESHB 6050) (Approx)	(\$25,000,000)	
Sub-Total			(\$216,846,279)
TOTAL		(\$1,053,298,472)	(\$1,053,298,472)

Recipient of Funds and Description	Actual Amount Transferred/Diverted
CERB Timber and Rural Nat'l Resources Programs (HB 2425)	(\$25,046,743)
CERB Traditional	(\$26,103,870)
CERB Economic and Belfair Development Fund	(\$102,430,000)
CERB Jobs Bill	(\$16,000,000)
City/County Assistance Fund	(\$37,967,105)
DOE - Flood Control (SSB 5968)	(\$14,030,000)
DOE - Centennial Program (EHB 2487)	(\$10,450,000)
DOE Water Pollution Control State Match	(\$16,900,000)
DOH - DWSRF 20% State Match	(\$74,444,660)
COMMERCE - Growth Management	(\$3,000,000)
COMMERCE - Housing Trust Fund	(\$2,800,000)
LEAP	(\$500,000)
OFM	(\$866,340)
PWB Grants	(\$10,304,501)
State Operating Budget	(\$712,455,253)
TOTAL	(\$1,053,298,472)

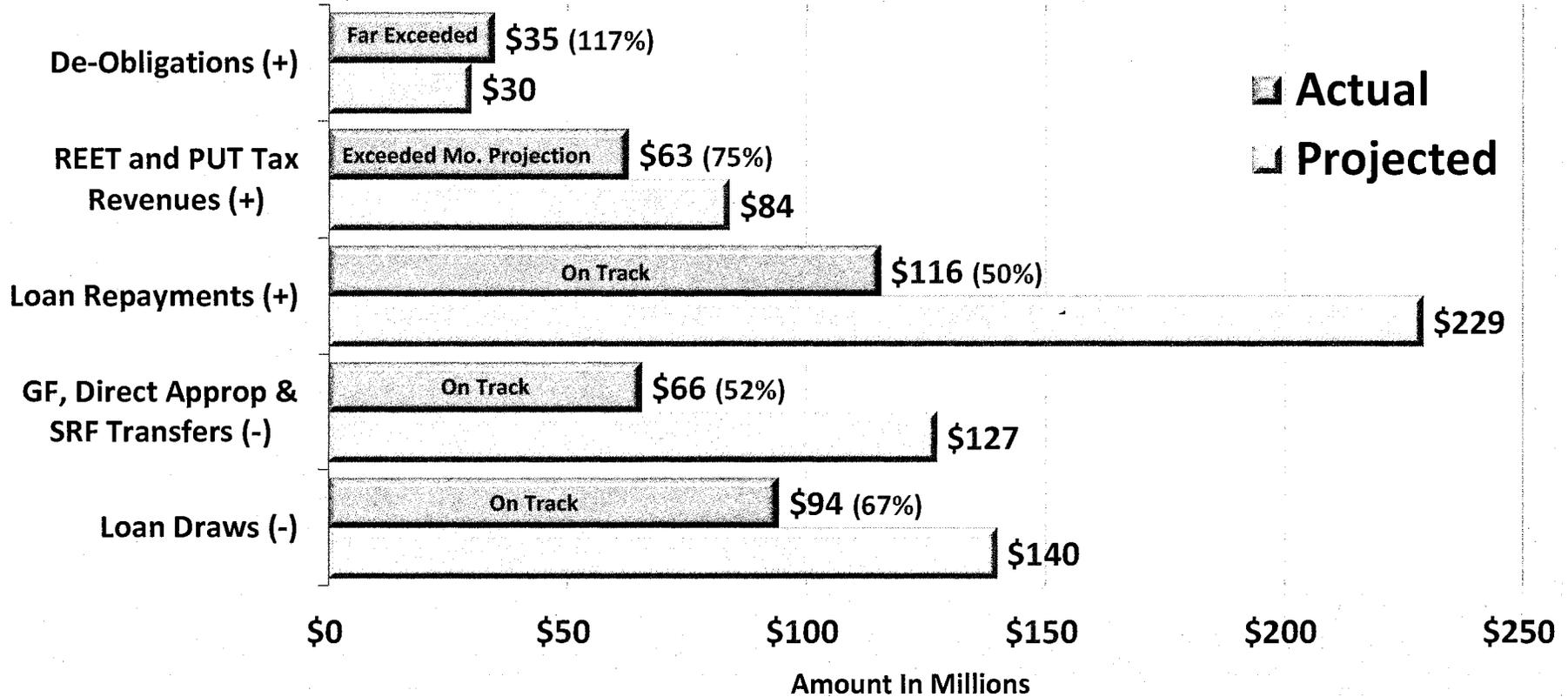
Public Works Assistance Account Predictive Model Data for 2011-13 Biennium

(Fiscal Years Beginning July 1, 2011 through June 30, 2013)

Model Updated on January 7, 2013

BIENNIAL KEY FACTOR	TYPICAL PROJECTION	OUR NUMBER	ACTUAL 12/31/2012	% (Actual VS Typical)
De-Obligations (+)	\$30,000,000	\$28,000,000	\$34,965,130	117%
Tax Revenues (+)	\$83,970,701	\$79,186,335	\$62,947,255	75%
Loan Repayments (+)	\$229,122,222	\$229,122,222	\$115,630,298	50%
GF, Direct Approp & SRF Transfers (-)	\$127,300,000	\$127,300,000	\$65,710,090	52%
Loan Draws (-)	\$140,000,000	\$151,201,994	\$94,374,100	67%

Tracking Predictive Model Key Factors: Projected VS. Actual with Six Months Left on the 2011-13 Biennium



ESTIMATED CASH BALANCE AT THE END OF THE BIENNIUM: \$30,400,000



DATE: February 19, 2013
TO: Public Works Board
FROM: Dawn Eychaner, Policy & Program Development Specialist
SUBJECT: 2013 Legislative Session

UPDATE ON HB 1484 – PWB POLICY BILL:

Introduced at the request of the Public Works Board and the Department of Commerce, HB 1484 modernizes the Board's authorizing statute, 43.155 RCW. The bill was heard in the House Capital Budget Committee on February 15, 2013. Stan Finkelstein, Kathryn Gardow, and Dawn Eychaner testified in support of the bill, as did a number of associations. At the hearing, the Chair of the committee requested that the Board modify the new Section 10 of the bill, which details new project selection criteria.

To comply with Representative Dunshee's request, the Board's Executive Committee met on February 18 and revised Section 10. This revision has been provided to the House Capital Budget Committee Staff and is included in this Board packet.

No other action has been taken on the bill as of the writing of this memo.

OTHER LEGISLATION OF INTEREST:

In addition to HB 1484, staff is tracking a number of other bills of interest to the Public Works Board. A list of those bills and their status as of the date of this memo is included in the Board packet.

2014 LOAN LIST:

Other than Governor Gregoire's Proposed Capital Budget, no legislation has been introduced related to the 2014 Loan List.

NEW SECTION. **Sec. 10.** A new section is added to chapter 43.155 RCW to read as follows:

The intent of the project selection process is to promote state policy objectives as identified in this chapter. Some or all of the following criteria shall be used by the board to prioritize projects for recommendation for funding by the legislature:

(1) Achieving balanced distribution of construction loan funds by geography, system type, and jurisdiction type;

(2) The proportion of the affected community's population benefitted by the project;

(3) Whether the project consolidates or regionalizes systems;

(4) The ratio of the affected community's unemployment rate, to the average state unemployment rate;

(5) Whether the system is being well-managed for long-term system sustainability;

(6) Whether the project promotes the responsible use of environmental resources;

(7) The extent to which the project is ready to proceed to construction;

(8) The debt capacity of the borrower;

(9) Whether the project addresses a mandate from a state regulating agency; and

(10) Other criteria the board considers desirable to achieve the objectives of this chapter.

Bill #	Bill Title	Sponsor(s)	Status	Notes
1167	Repealing growth management planning requirements in Chapter 36.70A RCW	Taylor, Overstreet, Shea, Short and Rodne	Introduced 1/17, referred to Local Govt. Committee	
1088	Concerning state general obligation bonds and related accounts	Dunshee, Warnick	Introduced 1/16, referred to Capital Budget, heard 1/28 at 1:30	At request of Governor Gregoire. SB 5036 Companion.
1089	Adopting the 2013-2015 Capital Budget	Dunshee, Warnick	Introduced 1/16, referred to capital budget. Heard 1/28 at 1:30	At request of Governor Gregoire. SB 5035 Companion.
5029	Creating the Washington Investment Trust	Hasegawa, Chase, Shin, Conway, Rolfes, Darneille, Hargrove, Keiser, Kohl-Welles, Kline, Frockt	Introduced 1/15, referred to Financial Institutions and Insurance. Heard in committee 2/14.	
5287	Eliminating accounts and funds	Hill and Hargrove	1/24, first reading, referred to Ways and Means, heard 2/4. Substitute bill passed to Rules for second reading 2/8.	Requested by OFM. Does not impact PWAA, but needs watching.
5313	Modifying the criteria for public works assistance	Carrell	1/25 first reading, referred to Gov Ops. Heard 2/4	Adds consideration of low-cost alternatives to traditional construction techniques, such as pipe bursting technology as criteria. Requires PWB to report to leg. on plans to implement the act by 12/31/13.
1484	Concerning the public works board	Stanford, Warnick	Introduced 1/29, referred to Capital Budget. Heard 2/15.	PWB's policy bill, agency request legislation
1685	Utilizing a portion of public utility tax collected for water distribution to fund the health programs of Dept. of Ecology and Health	Wilcox, Blake, and Chandler	2/5 Introduced, referred to Appropriations.	Mandates 10% of the utility tax collected from water distribution business be allocated to the "Water Rights Processing account" at Dept. of Ecology and 10% be deposited to the safe drinking water account at Dept. of Health to "provide matching funds for EPA agency grants to DOH for drinking water regulatory development and implementation" and TA. Does not affect the allocation to PWAA.
1057	Relating to fiscal matters	Hunter	Prefiled, heard in Appropriations 1/15.	At request of Governor Gregoire. Allows transfers from the PWAA during 2013-15 for GMA planning grants and general fund use. SB 5034 companion.
1401	Addressing the timing of penalties under the growth management act	Fitzgibbon, Dahlquist, Takko, Fey, Wilcox, Kochmar, Magendanz, O'Ban, Morrell, Jinkins	Introduced 1/25, heard in Local Government 2/7, Scheduled for executive session 2/19.	If a comprehensive plan, development regulation, or associated amendment, has been appealed to the Board and has not yet taken effect, the local jurisdiction may not be deemed ineligible, or otherwise penalized, in the award of a state agency grant or loan during the pendency of the appeal before the board or during any subsequent judicial appeals. During these appeals, state agencies must accept an otherwise eligible application for a state grant or loan. Planning jurisdictions are not required to adopt a comprehensive plan or development regulations before requesting a loan or loan guarantee from the Public Works Assistance Account (PWAA). Additionally, a planning jurisdiction that has not adopted a comprehensive plan and development regulations within specified time periods is not prohibited from receiving a loan or loan guarantee from the PWAA if the comprehensive plan and development regulations are adopted before the Public Works Board disburses the funds or guarantees the loan.

TAB 2

Committee Report

TAB 3

Contracting



DATE: February 19, 2013
 TO: Public Works Board
 FROM: Bruce Lund, CAU Managing Director
 SUBJECT: Notice to Proceed Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract Notice to Proceed date as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Current NTP Date	Proposed NTP Date
DWSRF	Camano Hills Water Company	DP10-952-024	Water Treatment for Removal of Arsenic	\$206,881.33	\$193,998.51	8/17/12	4/30/13
Reason for Extension Request: Project needed additional time to determine best treatment system and pilot testing. The project is now ready to go to bid and scheduled to award contract by April 2013.							
DWSRF	Juniper Beach Water District	DM10-952-032	Land's Hill Water Rehabilitation and Consolidation	\$591,585.00	\$422,996.16	8/14/12	7/10/13
Reason for Extension Request: Project annexation and ULID creation took longer than anticipated. Bidding process scheduled for May 2013.							
DWSRF	Napavine	DM10-952-006	Small Water System Consolidation	\$2,832,000.00	\$2,723,932.42	12/9/12	9/3/13
Reason for Extension Request: Formation of the LID took longer than anticipated. DOH has approved the environmental review and the project is able to move forward.							
DWSRF	Springdale	DM10-952-027	Water Quality Improvement	\$4,520,396.00	\$4,299,273.13	12/13/12	8/31/13
Reason for Extension Request: Project costs came in higher than anticipated and therefore project had to be re-scoped. Client working through amendment process.							

BACKGROUND

The clients have requested an extension to their Notice to Proceed date. The requests have been reviewed with the clients and evaluated through a staff peer review. DOH has been consulted and agrees with extending the DWSRF projects.



DATE: February 19, 2013
 TO: Public Works Board
 FROM: Bruce Lund, CAU Managing Director
 SUBJECT: Project Completion Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract project completion dates as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
PWTF	Clark County	PC08-951-008	I-5/Salmon Creek Interchange & Other Improvements	\$10,000,000	\$500,000	4/1/12	4/1/13	7/1/15
<p>Reason for Extension Request: PWB construction phases are complete, but the Scope of Work includes multi-funded activities that are still in progress and not scheduled to complete for two years. Project is 75% complete.</p>								

BACKGROUND

The clients have requested extension to their project completion dates. Staff evaluated the requests through a staff peer review process.



DATE: February 20, 2013

TO: Public Works Board

FROM: Isaac Huang, Client Services Representative
Myra Baldini, Fund Manager and Underwriter

SUBJECT: Public Works Trust Fund: Construction Loan Program
Okanogan County – Loan Repayment Two (2)-Year Deferral Request
PWTF Loan # PW-04-691-PRE-127
PWTF Loan # PW-06-692 - 032

RECOMMENDATION

Based on the request and analysis that follow, staff listed three (3) options for the Public Works Board (Board) to consider:

OPTIONS AND IMPACTS

Option (1) – No Changes. See Attachment OPTION 1: NO CHANGE. STATUS QUO: 30-YEAR LOAN EFFECTIVE JULY 1, 2012 for details.

Option (2) – Allows a 2-year Deferral for PW-06-692-032 and PW-04-691-PRE-127

Under this option, both loans will pay no principal and interest payments for two (2) years beginning 2013 through 2014. This option gives the County loan repayments relief for 2 years. See Attachment OPTION 2: 2-YEAR DEFERRAL FOR PW-06-692-032 AND PW-04-691-PRE-127, EFFECTIVE JULY 1, 2013 for details.

Option (3) – Allows a 2-year Deferral for PW-06-692-032, but No Deferral to pre-construction loan PWTF Loan # PW-04-691-PRE-127

Under this option, loan PW-06-692-032 will pay no principal and interest payments for two (2) years beginning 2013 through 2014. This option gives the County loan repayments relief for 2 years. See Attachment OPTION 3: 2-YEAR DEFERRAL FOR PW-06-692-032 EFFECTIVE JULY 1, 2013; NO DEFERRAL TO PRE-CON LOAN PWTF LOAN # PW-04-691-PRE-127 for details.

OKANOGAN COUNTY CURRENT REQUEST

Okanogan Board of County Commissioners is asking the Public Works Board to revisit the two year deferral repayment request for their PWTF loans. The Commissioners believe that a deferral in addition to longer term and predictable payments is a beneficial to the County's current financial status. See Okanogan County Letter dated January 2, 2013 for details of the County's request.

WHAT THIS CURRENT REQUEST MEANS

The County will incur a minimal interest cost by deferring or delaying their principal and interest payments for the loans for two years. There is no change on the term. The Public Works Assistance account repayment projection is reduced by 20th of one percent.

PAST BOARD ACTION

Okanogan County loan number PW-06-962-032 was approved for a loan term extension from 20 to 30 years at the PWB June, 2012 meeting. No change to pre-construction loan PWTF Loan # PW-04-691-PRE-127, which the current term is 20 years.

The Board moved to approve the above with the condition that the County submits a plan to review that helps solidify future improvements to the land. The Memo from Okanogan County indicating the plan is attached, see Okanogan County Letter dated June 25, 2012.

ISSUE

The Okanogan County would like to discuss financial opportunities that will become available as part of the PWTF loan repayment revenue. A number of County debt obligations currently being paid through the Distressed Counties Sale Tax Collections are nearing the point of being paid off. This opens up the opportunity for the County to meet the PWTF loan obligations regardless of the speed in which economy recovers.

This sewer system has a very unique situation, where the County owns the extended trunk line but the City of Oroville (City) operates and manages the entire sewer system, including all the rates and fees collected. The County does not have any control over or share of the rate revenue collected from the system. The only revenue source available to the County in the sewer system, is the connection fees collected from new developments in the area where the sewer line extends. The total PWTF repayment debt is split 30% from the City and 70% from County.

The County has dedicated all the connection charges generated from the developments along the sewer extension project to make loan payments. The County was expecting a certain number of new connections once the project is completed. However, the economic setbacks starting in 2008 have resulted in far fewer construction projects and hookups than the County projected at the time of receiving the loan. The County has been diverting other non-utility County resources to pay the PWTF debt service but those revenues will not be available in sufficient amount to continue to meet the loan obligations. However, the County is encouraged by the recent economic sign and a number of pending developments in the next 5 years. They expect this request will buy them needed time.

The County is seeking relief for its two PWTF loan repayments in the interim.

PROJECT BACKGROUND

The Eastside Osoyoos Lake sewer utility project will serve the east side of Osoyoos Lake located on the northeast edge of City of Oroville in Okanogan County. This system will provide sanitary sewer service needed in the Eastside Osoyoos Lake area not only for the existing residences but allow for immediate and future development.

Lake Osoyoos straddles the international boundary between the US and Canada. Lake area has no existing central WWTF to service the collection area. This area relies entirely upon septic tank systems. During the 80's and 90's, the County Health Department found that soils through the area were generally unsuitable for septic tanks and drainfields. In addition, many of the drainfields are very close to the lake posing a threat of bacterial and nutrient pollution which directly affects the water quality of the lake.

The County is working under a MOU with the City of Oroville to use existing reserve capacity from the City's waste treatment facilities, when project completes, will serve between 750 and 1,800 ERU at full build-out. So far, 140 connections have been realized.

LOAN HISTORY

In 2004, the County applied and received a \$ 656,474 Pre-construction loan at 0.5% interest rate with an extended loan term to 20 years. In June 2006, the County received a \$6,358,266 PWTF Construction loan at 2% interest rate for 20 years to construct the Osoyoos Lake sewer system.

The project was completed on August 2011, and the interest rate was reduced to 1%, when the County increased their local match to 10%.

The County has made all loan repayments on time. The Board staff have been in contact with and met County Planning and Development Directors and the staffs to look at different scenarios of repayment options.

ANALYSIS

The lack of additional connections has constrained the County's ability to generate enough revenue from sewer system and force the use of its non-utility and reserve funds to make loan payments. As a

result, the County reserves funds have been reduced substantially. During the review on the County's financial status for the 2012 restructure request, FY 2012 does not show risk of loan default. However, Board staff was concerned of the County's fiscal capacity in future years

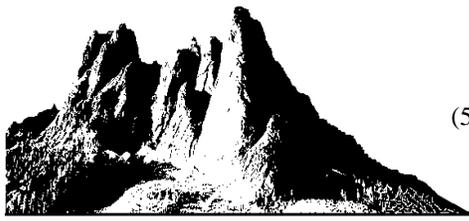
The majority of both the pre-construction loan PW-04-691-PRE-127 and construction loan PW-06-962-032 obligations are the responsibility of the County. Below are the repayment shares distributions:

Table1: Loan Obligation Shares

	PW-04-691-PRE-127	PW-06-962-032	Total
Okanogan County	91.54%	70.08%	80.81%
City of Oroville	8.46%	29.92%	19.19%
Total	100%	100%	100%

Table2: Loan Obligations – Status Quo

	PW-04-691-PRE-127	PW-06-962-032	Total
Loan Amount	\$ 656,474	\$6,358,266	\$7,014,740
Outstanding Balance	\$420,596	\$4,825,408	\$5,246,004
2013 Payments by Loan			
Interest	\$ 2,103	\$ 48,254	\$ 50,357
Principal	\$35,050	\$201,059	\$236,109
Total	\$37,153	\$249,313	\$286,466
2013 Payments by Share			
Okanogan	\$34,010	\$174,718	\$208,728
Oroville	\$3,143	\$ 74,594	\$77,737
	\$37,153	\$249,313	\$286,466



OKANOGAN COUNTY
OFFICE OF PLANNING AND DEVELOPMENT

123 - 5th Ave. N. Suite 130 - Okanogan, WA 98840

(509) 422-7160 • FAX: (509) 422-7349 • TTY/Voice Use 800-833-6388

email: planning@co.okanogan.wa.us

Date: June 25, 2012

To: Isaac Huang
Public Works Trust Fund

From: Perry D. Huston, Director

Topic: Public Works Trust Fund Loan
Eastlake Sewer

This memorandum responds to the question posed by the PWTF Board regarding the revenue sources Okanogan County intends to dedicate to debt service for the re-amortized loan for the Eastlake Sewer. Attached to this memorandum is a table showing the ability of these revenue sources to make the payment based on historical levels for these revenues and a conservative estimate of connection fees.

It is the intent of the Commissioners to dedicate all connection fees received to debt service. If the amount of collection fees received are insufficient to make the payment the Commissioners intend to use revenues from the .09 sales tax conversion (infrastructure fund) to make the payment. Because the collection of real estate excise tax has diminished considerably with the downturn of the real estate market there is little discretionary revenue in this account however the Commissioners will use revenue from this source in the event connection fees and the infrastructure fund cannot make the payment.

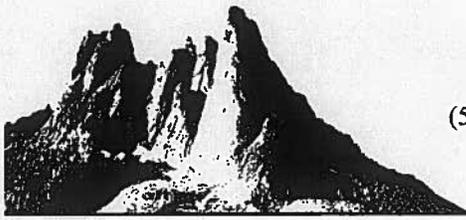
The Commissioners appreciate the decision of the PWTF Board to re-amortize the loan and understand their reluctance to go beyond a 30 year term. The Commissioners also appreciate their consideration of our request for deferred payments. The Commissioners would request the PWTF Board revisit their decision denying this part of the County's request. We understanding the decision of the PWTF Board to re-amortize the loan effective for this year's payment already impacts the budget projections made by the Board. The Commissioners would like to ask the PWTF Board to consider accepting the re-amortized payment due in 2012 and deferring the payments for 2013 and 2014. This would allow the revenue from the identified sources to build and allow two more years for the economy to stabilize.

We appreciate all your and Ms. Baldini's efforts and the consideration given us by the PWTF Board. We recognize these are not easy decisions and are certainly decisions

with repercussion.

Respectfully Submitted,

Perry D. Huston, Director



OKANOGAN COUNTY
OFFICE OF PLANNING AND DEVELOPMENT
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January 2, 2013

Isaac Huang
Public Works Trust Fund
PO Box 42525
Olympia, WA 98504-2525

Re: Public Works Loan #PW-04-691-PRE-127 (L#1)
Public Works Loan # PW-06-962-032 (L#1)

Dear Mr. Huang,

This letter responds to your earlier phone call and follows up the Public Works Trust Fund Board decision of June 2012 that restructures the payment schedule for the above referenced loans.

The Okanogan Board of County Commissioners has asked that the PWTF Board revisit our request for two years of deferred payments for the loans. This request was part of the documents prepared for the June 2012 discussion. As outlined in our request the objective was to create a scenario where Okanogan County was positioned to meet the obligations for debt service on the loans regardless of the speed in which the economy recovers. The PWTF Board decision to restructure the loan payments was an important part of that desired outcome and I want to again express the appreciation of the Okanogan Board of County Commissioners to the PWTF Board for their understanding and willingness to work with us on this matter.

The request for two years deferral was driven by two considerations.

- 1) It would allow the County to bank money to subsidize future payments.
- 2) Other obligations coming from the distressed counties fund are nearing the point of being paid off.

Based on our analysis a two year deferral would essentially guarantee our ability to make the loan payments from the distressed counties sale tax collections. This in turn would put the matter of the Eastlake Sewer Loans behind both Okanogan County and the PWTF Board.

I want to thank you again for your personal effort on this matter. I also want to thank the PWTF Board for their time in considering our request.

Sincerely,

A handwritten signature in blue ink that reads "Perry D. Huston". The signature is written in a cursive style with a large initial "P".

Perry D. Huston, Director

Cc: Okanogan Board of County Commissioners
Lalena Johns, Clerk of the Board, Okanogan County
Nan Kallunki, Administrative Services Director, Okanogan County
File

PLACEHOLDER FOR WHATCOM COUNTY



DATE: February 21, 2013
TO: Public Works Board Members
FROM: Matt Ojennus, Public Works Board staff
SUBJECT: Clallam County PUD Carlsborg Sewer and Reclaimed Water Project PC12-951-067

BACKGROUND: In 2010 Clallam County PUD applied to the Public Works Board for \$10 million to construct a sewer collection and treatment system including a water reclamation component. This would be a new system and provide the needed urban service of sewer to the unincorporated urban growth area of Carlsborg in Clallam County. All construction activity would occur within or adjacent to Carlsborg. The Board approved this application and the project was funded by the 2011 Legislature.

This project has, since its inception, been a collaboration between the PUD and Clallam County. The County is providing the funds to repay the loan from its Opportunity Fund (.09 rural retained state sales tax) and other sources as needed. The County will provide the needed policies regarding system connections. The PUD would own and operate the system and form a local utility district per the landowners' request. The LUD would also provide revenue to repay the loan.

Since the application, the project has gone through a series of changes. These are:

- Treatment and reclamation at Sequim
- Treatment and reclamation at Carlsborg
- Treatment at Sequim and reclamation at Carlsborg
- Treatment and reclamation at Sequim

One February 14 staff received a plan and timeline from the PUD indicating the treatment and reclamation would occur in Sequim. On February 21 staff received a plan and timeline from the County indicating that the treatment and reclamation would occur in Carlsborg unless it was determined that it was more cost effective to complete these activities in Sequim. Either scenario shows a construction completion date of November 2015. The completion date in the application was December 2013.

The Department of Ecology has approved the facilities plan for the collection, treatment, and reclamation system at the Carlsborg location. This plan would need to be amended to address the change of treatment and reclamation activities to Sequim.

In addition, the PUD has requested that the contract be assigned to Clallam County. In this process the LUD would not be formed.

ANALYSIS: Through the proposed changes the project has changed from a complete sewer system to a collection system. This would have changed the project scoring from 55 to 49. The scoring cutoff was 51. The County would own and operate the system. In 2010 they were not eligible to apply due to GMA issues.

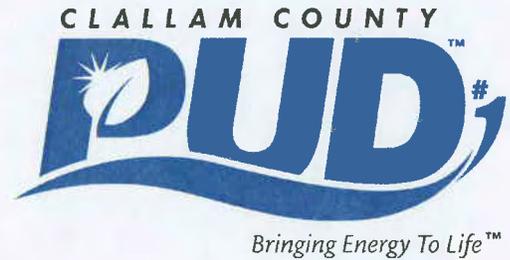
The contract for the 2012 contracts requires that they be executed within 60 days. This project is currently 24 months past due.

February 21, 2013

Page 2

Over a three-year period four systems has been considered. The County has changed its position multiple times, varying from supporting to resisting to supporting various system arrangements. Materials provided to staff show that no final decision has been made on how to proceed with completing the system; documentation that has been provided to staff to make their recommendation on has changed in a five day period.

RECOMMENDATION: Staff recommends that the Public Works Board withdraw the offer to the Clallam County PUD. Staff also recommends that the Public Works Board invite Clallam County to apply for the revised project.



February 14, 2013

Matt Ojennus
Public Works Board
Washington Department of Commerce
PO Box 42525
Olympia, WA 98504-2525

RE: Public Works Trust Fund Loan PC12-951-067

Dear Mr. Ojennus:

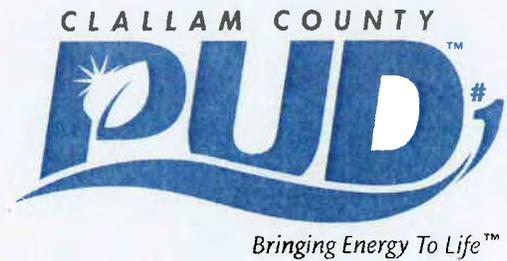
Public Utility District No. 1 of Clallam County respectfully requests that the Public Works Board move forward with executing the contract for the subject loan for the Carlsborg Wastewater Treatment and Water Reuse Project.

Sincerely,

A handwritten signature in blue ink that reads "Michael I. Kitzinger". The signature is stylized and includes a large flourish at the end. To the right of the signature, the word "For" is written in a smaller, less stylized hand.

Doug Nass

General Manager



February 14, 2013

Matt Ojennus
Public Works Board
Washington Department of Commerce
PO Box 42525
Olympia, WA 98504-2525

RE: Public Works Trust Fund Loan PC12-951-067—Past and Current Conditions

Dear Mr. Ojennus:

Per your request, the following is a description of the project conditions and assumptions prevailing at present and in the past when Public Utility District No. 1 of Clallam County (District) applied for the subject loan.

Conditions in May 2010

The District applied for the loan in May 2010. Clallam County (County) previously requested that the District partner with them to conduct a feasibility study for a satellite sewer system for Carlsborg. The 2007 study identified several funding agencies for the project, including the Public Works Board (PWB). In January 2009, the District submitted a request to the PWB for Carlsborg to be designation as a Targeted Technical Assistance Community. The PWB granted the request, and offered assistance in pursuing funding through several sources. One of the conditions for PWTF loan eligibility was compliance with the Growth Management Act. In 2010, the County was not in compliance with GMA in Carlsborg; therefore, the Technical Team recommended that the District apply for the loan instead of the County.

In May 2010, the County and District were preparing a draft facilities plan. The draft was submitted to the Washington State Departments of Ecology and Health in August 2010. The financing section of the plan included funding from several sources including a PWTF loan, a USDA Rural Development loan, and a loan and grant from the County. It was assumed that the District would form a local utility district as the method for securing the loans.

The project description and scope of work in the loan application was consistent with the draft facilities plan. The project included a gravity sewer collection system, a wastewater treatment system and a reclaimed water reuse system. All of these systems were to be satellite system located within the Carlsborg Urban Growth Area (UGA). The District was proposed to be the owner and operator of the satellite system.

An alternative regional system was evaluated for the both the feasibility study and the facilities plan. This project included a gravity sewer collection system in the UGA, but wastewater would be pumped through a transmission line to collection system of the City of

Commissioners: Will Purser, District No. 1 • Hugh Hafner, District No. 2 • Ted Simpson, District No. 3 General Manager: Doug Nuss

PUD No. 1 of Clallam County • 2431 East Highway 101 • P. O. Box 1090 • Port Angeles, WA 98362-0207 • www.clallampud.net

Office 360-452-9771 • Fax 360-452-9338

Sequim for treatment by the existing water reclamation facility. The cost of this alternative was estimated in the feasibility study using information from a draft 2004 study of a regional system. During preparation of the draft facilities plan, the District requested updated information from the City of Sequim on regional system costs. The 2010 draft facility plan referenced the 2007 feasibility study alternative cost analyses and comparison because no updated information was provided.

The alternatives comparison showed that the life-cycle cost of the Carlsborg treatment alternative was less than the Sequim alternative if reclaimed water was returned to Carlsborg for reuse. Without reuse in Carlsborg, the Sequim treatment alternative would cost less than the Carlsborg alternative. The District was interested in reusing reclaimed water in Carlsborg to provide water supplies to serve future growth in the UGA in a financially and environmentally responsible manner. The County and the District identified the Carlsborg treatment alternative as the preferred alternative in both the 2007 feasibility study and the 2010 facilities plan. The preferred alternative was the project described in the May 2010 PWTF loan application.

Conditions in February 2013

The preferred alternative is now the Sequim treatment alternative. The County is proposed to be the owner and operator of the collection sewer system and the transmission line to the existing City of Sequim collection system. Reclaimed water is no longer proposed to be returned to Carlsborg, but will be reused by the City of Sequim. Currently, the City of Sequim is constructing a pilot reclaimed water recharge facility at a City park. The City has plans for expanding their reclaimed water distribution system to enable recharge to groundwater in other areas and other types of reuse. The County will be responsible for amending the facilities plan, and design and construction of the collection and transmission system.

The District intends to execute the loan contract and assign the loan to the County. The role of the District will be to administer loan transactions. The District no longer intends to form a local utility district as the method for securing the loan. The County is committed to providing all of the funds necessary to repay the loan. The attached County resolution commits a portion of their Opportunity Fund for this purpose.

Sincerely,



Tom Martin, P.E.

Assistant Superintendent

Water and Wastewater Systems

enclosure



RESOLUTION 78, 2011

AUTHORIZING REPAYMENT OF THE PUBLIC WORKS TRUST FUND LOAN FOR THE CARLSBORG WASTEWATER TREATMENT AND WATER REUSE SYSTEM FROM THE OPPORTUNITY FUND PROGRAM

THE BOARD OF CLALLAM COUNTY COMMISSIONERS finds as follows:

1. Clallam County, in collaboration with Public Utility District 1 of Clallam County (PUD), has been working over the last decade to provide a wastewater treatment and water reuse system for the Carlsborg Urban Growth Area (UGA). The recent activity is in response to an order of invalidity from the Western Washington Growth Management Hearings Board. In order to protect and enhance economic development and more than 1000 existing jobs in the only UGA in eastern Clallam County not connected to an incorporated city, the system is being developed. The construction of a wastewater treatment system protects public health and safety, and environmental health from the increasing nitrate levels in the shallow aquifer in the Carlsborg UGA.
2. The Clallam County Board of Health supports construction of a community sewer system for the Carlsborg UGA. In their letter of July 2011, the Clallam County Board of Health wrote "that sewerage the area will prevent further degradation of the drinking water aquifers in the Carlsborg area and enable the safe use of the aquifers for a drinking water source far into the future."
3. The Washington State Public Works Board, through the Department of Commerce, administers the Public Works Trust Fund (PWTF), a revolving loan fund offering low-interest loans to local governments to finance critical public works projects.
4. The PUD was awarded a Public Works Assistance Account Loan of \$10 million in May 2011 for the Carlsborg Wastewater Treatment and Water Reuse project.
5. The \$10 million PWTF loan has a repayment rate of 1/2 percent interest with a 5-year deferral period and 30-years to pay.
6. RCW 82.14.370 returns a portion of the state sales and use tax for financing public facilities in rural counties. Clallam County Code 5.40 established the Opportunity Fund Program for distribution of these funds when needed for critical infrastructure projects. The Carlsborg Wastewater Treatment and Water Reuse project has been part of the Capital Facilities plan for Clallam County since 2009.

NOW, THEREFORE, BE IT RESOLVED by the Board of Clallam County Commissioners, in consideration of the above findings of fact:

1. Loan payments of approximately of \$450,000 per year are authorized from the Opportunity Fund Program on behalf of the Carlsborg Wastewater Treatment and Water Reuse System, once all the necessary loan documents, permits, and memoranda of agreement, with the PUD are completed.

PASSED AND ADOPTED this twentieth day of December 2011

BOARD OF CLALLAM COUNTY COMMISSIONERS

Howard V. Doherty, Jr., Chair

Stephen P. Tharinger

Michael C. Chapman

ATTEST:

Trish Holden, CMC, Clerk of the Board

CARLSBORG SEWER SYSTEM ACTION PLAN

Clallam County Public Works

February 14, 2013

With conditional approval of the Carlsborg Sewer Facility Plan by the Department of Ecology, and with the consensus reached at the Board of County Commissioners work session on November 5, 2012, Clallam County developed this action plan going forward with this project. The following proposed action plan and timeline assumes:

- Sewage Treatment will be provided at the Sequim Water Reclamation Facility (WRF) for which a facility plan amendment will be required.
- Sewage collection in Carlsborg will be a gravity sewer system as generally identified in the approved Carlsborg Sewer Facility Plan.
- Clallam County will be the system owner and operator.
- Financing will be provided by Clallam County Opportunity Fund and other County funding sources and a \$10 million Public Works Trust Fund loan to the PUD. Clallam County will service the debt on this loan using present and future Opportunity Fund and other Clallam County fund receipts.

Eliminating the construction of a sewage treatment plant in Carlsborg and the decision to go forward with a gravity sewer, should streamline this project in several ways. First, most, if not all, of the conditions Ecology placed on the facility plan approval pertain to the treatment plant in Carlsborg that is proposed in the current facility plan. These conditions presumably are moot if treatment is in Sequim. Secondly, the gravity sewer collection system is the recommendation of the approved facility plan, so design can now be initiated almost immediately, regardless of whether treatment in Sequim is ultimately approved, since the same collection system is needed in either case. Finally, the additional planning and negotiations needed to implement treatment in Sequim can proceed concurrent with design (and even construction, if need be) of the collection system.

Given these considerations, the following general outline of major tasks and timeline is proposed:

1. **Inter-local Agreement between the PUD and Clallam County.** This agreement is needed to confirm that the responsibility of the County is to amend the facility plan, to design and construct the project, and to provide all funds to repay the PWTF loan; to confirm the role of the PUD as administrator of the PWTF loan. The agreement will solidify financial responsibilities, assign the PWTF from the PUD to the County, and establish the County as the system owner and operator.
2. **Inter-local Agreement between the City of Sequim and Clallam County.** This agreement should identify the terms, conditions, and costs for reserving and using a portion of the existing capacity of the Sequim WRF for treating Carlsborg wastewater. Some of the major issues to be addressed include payment for reserved capacity, O&M responsibilities and payments, cost adjustment procedures, access to additional capacity when/if needed, assurances of long term availability, industrial pre-treatment requirements, coordination of operations, availability of reclaimed water for Carlsborg when/if desired, shared cost of future treatment capacity expansion when necessary, and issues relating to liability and dispute resolution. It may be necessary to complete this task in two phases, first identifying the basic terms and conditions of treatment in Sequim, then adding in the specific fees and rates once the costs are more fully identified in the design phase.
3. **Collection System Design.** Most of the Carlsborg collection system will be placed in existing County road rights of way and will require significant coordination and supervision from the County Road Department. Resolving utility conflicts, selection of backfill material, and road repair requirements will constitute a major portion of the project. It is therefore recommended that Clallam County Public Works take the lead in developing an RFP and managing a professional services contract for design of the Carlsborg collection system. Services should also include Construction inspection and administration.
4. **Facility Plan Amendment.** Treatment in Sequim will necessitate an amendment of the current facility plan, which in turn will require selection of a conveyance route to Sequim, revision of SEPA documents, additional geotechnical, archaeological and cultural survey critical areas considerations, and evaluation of permitting. It is recommended that this be a second task identified in the contract for collection system design, and that the work

proceed concurrently with collection system design. The County Public Works staff will initiate work on selection of a conveyance route and facility plan amendment prior to hiring a consultant.

5. **Design of Conveyance System.** Once (or if) facility plan amendment for treatment in Sequim is approved by the Department of Ecology, and an acceptable agreement is reached with Sequim regarding treatment of Carlsborg's wastewater, design work for the conveyance system can begin. This could either be an additional task in the collection system design contract, or a separate RFP could be issued. Of course in the unlikely event treatment in Sequim should prove not possible for some reason, then an RFP for design of a treatment plant in Carlsborg consistent with the currently approved facility plan would be issued.
6. **Sewer Use and Connection Ordinance.** County ordinance needed to define basic requirements for connection to and use of the sewer system. This ordinance should cover connection policies, connection fees, illegal connections, pretreatment requirements, storm water separation, standards for expansion by developers, latecomer provisions, side sewer requirements, and hardship provisions.
7. **User Fees Ordinance or Requirements.** County ordinance or rules establishing monthly user fees, billing cycle, provisions for fee review and amendment, payment and collection requirements, late payment penalties, etc.
8. **Construction Contract(s).** Once design is completed and bid documents are prepared and approved, we will be ready to advertise for bids. Depending on timing of design completion, this could be done in one or two contracts. It is assumed that the County would be the contracting agency for the construction work.

PRELIMINARY PROJECT BUDGET

1. Construction:		
• Force main	\$ 1,444,000	(per G&O 2/10/12)
• Collection	<u>\$ 5,249,000</u>	(per June 2012 F.P.)
• Subtotal	\$ 6,693,000	
2. Mobilization – 12%	\$ 803,000	
3. Sales Tax – 8.4%	\$ 630,000	
4. Contingency – 20%	\$ 1,625,000	
5. Design, permits, Admin – 27%	\$ 2,633,000	(per June 2012 F.P.)
6. Initial Capacity Purchase	<u>\$ 1,487,000</u>	(per G&O 11/30/11)
Total	\$ 13,871,000	

POTENTIALLY AVAILABLE PROJECT FINANCING

1. Loan from PWTF	\$10,000,000	
2. Carlsborg Sewer Project Fund	<u>\$ 4,805,559</u>	(Balance December 31, 2012)
Total	\$14,854,137	

Carlsborg Sewer System Action Plan Timeline - Updated 2/14/13

Shared resp.
County Lead
Consultant
Contractor

ECY
City/Co.

Task #	2013												2014												2015											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A				
1	PUD/CO ILA																																			
2	Sequim/Co ILA												Develop final city cost proposal																							
3	RFP												Ad/Award												Design Collection System - inc. Sequim transmission											
4	Select Conveyance Route												Amend Facility Plan												ECY Review											
5																									Design conveyance system, Incl. Sequim											
6	Connection Policy/Sewer Use Ordinance																								user fee ordinance											
7																									Bid/ Award											
8																									Const. collection System											
																									Bid/Award											
																									Const Conveyance System - finish Nov. 2015											

Carlsborg Sewer System Work Plan

Clallam County

February 19, 2013

CARLSBORG SEWER SYSTEM WORK PLAN

Clallam County Public Works

December 3, 2012 (Draft) Rev. 2/19/13

With conditional approval of the Carlsborg Sewer Facility Plan by the Department of Ecology, and with the consensus reached at the Board of County Commissioners work session on November 5, 2012, we are now in a good position to develop a plan going forward with this project. The following proposed work plan and timeline assumes:

- Current Facility Plan as conditionally approved by the Department of Ecology will be implemented unless amendment approved by the Department of Ecology.
- As an alternative to the approved facility plan, sewage treatment at the Sequim Water Reclamation Facility (WRF) will be evaluated during the design phase of the Carlsborg collection system.
- Sewage collection in Carlsborg will be a gravity sewer system as generally identified in the approved Carlsborg Sewer Facility Plan. This collection system is assumed to be unchanged if treatment in Sequim is pursued.
- Clallam County will be the system owner and operator.
- Financing will be provided by Clallam County Carlsborg Sewer Fund (balance on January 1, 2013 approximately \$4.8 million) and a \$10 million Public Works Trust Fund loan to the PUD. Clallam County will service the debt on this loan using present and future Opportunity Fund receipts.

Clallam County is committed to implementing the sewer facilities plan as approved by the Department of Ecology in November 2012. Preliminary cost estimates, however indicate that conveyance and treatment of Carlsborg's wastewater at the existing Sequim Water Reclamation Facility may be more cost effective than construction of a new treatment plant in Carlsborg as currently proposed in the facility plan. This work plan includes an evaluation of this alternative. It is recognized that the alternative of treatment in Sequim will require a facility plan amendment approved by the Department of Ecology before it can be implemented. This work plan is designed to evaluate this alternative simultaneously with design of the Carlsborg collection system. Thus consideration of the alternative will not extend the scheduled completion date of the project. The Current facility plan envisions completion as early as July 2015 and as late as July 2016. The attached timeline estimates completion by November 2015.

If it is decided to treat sewage in Sequim rather than construct a separate treatment facility in Carlsborg, this may streamline this project in several ways. First, since most, if not all, of the conditions Ecology placed on the facility plan approval pertain to the treatment plant in Carlsborg that is proposed in the current facility plan. These conditions presumably are moot if treatment is in Sequim. Secondly, the gravity sewer collection system is the recommendation of the approved facility plan, so design can now be initiated almost immediately, regardless of whether treatment in Sequim is ultimately approved, since the same basic collection system is needed in either case. The additional planning, negotiations, and approvals needed to implement treatment in Sequim can proceed concurrent with design (and even construction, if need be) of the collection system. Finally, design and construction of the pump station and force main necessary to send wastewater to Sequim for treatment, is far less complicated and is likely to take significantly less time than design and construction of a new treatment facility in Carlsborg.

Given these considerations, the following general outline of major tasks and timeline is proposed:

1. **Inter-local Agreement between the PUD and Clallam County.** This agreement is needed to solidify the financial responsibilities between the County and the PUD with respect to PWTF loan repayment. End result is an Assignment and Assumption Agreement between the District and the County. This agreement might also address the coordination of the evaluation of reclaimed water reuse options, if treatment is in Sequim.
2. **Inter-local Agreement between the City of Sequim and Clallam County.** This agreement will identify the possible terms, conditions, and costs for reserving and using a portion of the existing capacity of the Sequim WRF for treating Carlsborg wastewater, if this alternative is determined to be cost effective and approved by Ecology through a facility plan amendment discussed in tasks 4 and 5 below. Some of the major issues to be addressed include payment for reserved capacity, O&M responsibilities and payments, cost adjustment procedures, access to additional capacity when/if needed, assurances of long term availability, industrial pre-treatment requirements, coordination of operations, availability of reclaimed water for Carlsborg when/if desired, shared cost of future treatment capacity expansion when necessary, and issues relating to liability and dispute resolution. It may be

necessary to complete this task in two phases, first identifying the basic terms and conditions of treatment in Sequim, then adding in the specific fees and rates once the costs are more fully identified in the design phase. This inter-local agreement will be executed only if treatment in Sequim is cost effective, feasible, and approved as a facility plan amendment by Ecology. (County/Sequim staff)

3. **Collection System Design.** Most of the Carlsborg collection system will be placed in existing County road rights of way and will require significant coordination and supervision from the County Road Department. Resolving utility conflicts, selection of backfill material, and road repair requirements will constitute a major portion of the project. Clallam County Public Works will take the lead in developing an RFP and managing a professional services contract for design of the Carlsborg collection system. Services should also include construction inspection and administration. (County lead)
4. **Evaluation of Alternative Treatment in Sequim.** Preliminary cost estimates indicate that treatment in Sequim may save as much as \$1.7 million in capital cost and an additional \$1.1million in O&M costs over a 20 year period. Pursuing this option, if cost effective and feasible, will necessitate an amendment of the current facility plan, which in turn will require selection of a conveyance route to Sequim, revision of SEPA documents, additional geotechnical, archaeological and cultural survey critical areas considerations, and evaluation of permitting. This will be a second task included in the contract for collection system design (task 3) and the work will proceed concurrent with collection system design, so that no time is lost with evaluation of this alternative. The County Public Works staff has initiated work on selection of a conveyance route. If the Sequim alternative appears feasible and cost effective, the end product for this task is an amendment to the Facility Plan which will be submitted to the Department of Ecology for approval. (County lead, Sequim input)
5. **Evaluation of Reclaimed Water Use.** In conjunction with task 4, the consultant will be tasked to evaluate the alternatives and issues associated with use of reclaimed water. If the alternative of treatment in Sequim is pursued, the option of reuse in Sequim versus reuse in Carlsborg will be considered. If reuse in Sequim is determined to be cost effective, then options for addressing the PUD water right needs for serving Carlsborg's

future water supply needs will be addressed. The outcome of this task will be included in the facility plan amendment produced in task 4.

6. **Design of Carlsborg Treatment Plant or Sequim Conveyance System.** Once collection system is designed, design work on the Carlsborg treatment facility will begin, unless a facility plan amendment for treatment in Sequim is approved by the Department of Ecology, and an acceptable agreement is reached with Sequim regarding treatment of Carlsborg's wastewater. This could either be an additional task in the collection system design contract, or a separate RFP could be issued. Since the Carlsborg treatment facility is already conditionally approved in the facility plan, this task can begin whenever the final outcome of the Sequim treatment alternative is determined. (County lead, Sequim input and review approval)
7. **Sewer Use and Connection Ordinance.** A County ordinance is needed to define basic requirements for connection to and use of the sewer system. This ordinance should cover connection policies, connection fees, illegal connections, pretreatment requirements, storm water separation, standards for expansion by developers, latecomer provisions, side sewer requirements, and hardship provisions. This ordinance will consider input from the Carlsborg Citizen's Advisory Committee. (County lead)
8. **User Fees Ordinance or Requirements.** A County ordinance establishing monthly user fees, billing cycle, provisions for fee review and amendment, payment and collection requirements, late payment penalties, etc. is also necessary. This ordinance will also consider input from the Carlsborg Citizen's Advisory Committee. (County lead)
9. **Construction Contract(s).** Once design is completed and bid documents are prepared and approved, we will be ready to advertise for bids for either the Carlsborg treatment facility or the Sequim conveyance system. Depending on timing of design completion, this could be done in one or two contracts. It is assumed that the County would be the contracting agency for the construction work.

FACILITY PLAN COST ESTIMATE (Carlsborg Treatment)

\$15,570,000 (Facility Plan, Table 6-2)

PRELIMINARY PROJECT BUDGET (Sequim Treatment)

1. Construction:			
• Force main	\$ 1,444,000		(per G&O 2/10/12)
• Collection	<u>\$ 5,249,000</u>		(per June 2012 F.P.)
• Subtotal		\$ 6,693,000	
2. Mobilization – 12%		\$ 803,000	
3. Sales Tax – 8.4%		\$ 630,000	
4. Contingency – 20%		\$ 1,625,000	
5. Design, permits, Admin – 27%		\$ 2,633,000	(per June 2012 F.P.)
6. Initial Capacity Purchase		<u>\$ 1,487,000</u>	(per G&O 11/30/11)
Total		\$ 13,871,000	

IDENTIFIED POTENTIAL PROJECT FUNDING

1. Loan from PWTF	\$10,000,000	
2. Carlsborg Sewer Project Fund	<u>\$ 4,805,559</u>	(Balance December 31, 2012)
Total	\$14,854,137	

Carlsborg Sewer System Draft Timeline - Updated 2/19/13

Shared resp.
County
Consultant
Contractor

ECY

Task #	2013												2014												2015												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
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TAB 4

Program Development/ Implementation Updates



Date: February 19, 2013
To: Public Works Board
From: Ann Campbell, Project & Policy Development Specialist
Subject: 2015 Public Works Trust Fund Construction Loan Cycle

BACKGROUND:

The Public Works Board (Board) adopted a new process to recommend projects for funding by the Legislature using the Public Works Assistance Account (PWTF). This process includes:

- Seeking input from resource agencies regarding the projects
- Reviewing the applicant’s capacity to successfully manage the proposed project and the final capital asset (e.g., “managerial capacity”)
- Reviewing the applicant system’s financial capacity to successfully re-pay the loan (e.g., “financial capacity”) and maintain the investment.
- Staff recommends, as a result of the aforementioned analysis, that the Board impose special terms and conditions, including the possibility of declining to make a loan recommendation and instead directing the client towards technical assistance in anticipation of subsequent loan cycles.

Staff discussed the outcomes of the above analysis with each applicant prior to making recommendations to the Board. Applicants were given the opportunity to amend their funding requests or projects as opportunities arose. Staff met with several applicants and their governing officials (commissioners, council members, etc.) to explain the outcomes of the reviews and the reasons for recommending special terms and conditions, or in the case a very few, that the applicant withdraw from funding consideration to return in later years when their fiscal condition had improved.

PROPOSED PROCESS FOR 2015:

Staff proposes to continue the 2014 process for the 2015 cycle:

1. Applicant provides basic loan request information:
 - a. Name of applicant
 - b. Name of project
 - c. Loan Type (Construction)
 - d. Primary system type
 - e. Contact information (name, address, phone, email)
 - f. Project location (street and GPS coordinates)
 - g. Population within the jurisdiction and percentage of that population impacted by the proposed project.
 - h. Whether or not the project is within an adopted Capital Facilities Plan or equivalent
 - i. Priority of the project with the CFP or its equivalent
 - j. Proposed construction start date
 - k. Project description
 - l. Proposed project scope of work
 - m. Estimated project cost
 - n. Proposed project funding

2. Staff reviews submitted material for Threshold criteria
 - a. Eligible applicant, system, and project*
 - b. Adoption of a Green House Gas Reduction Policy (verify that a copy of policy has been received in past; if not, request a copy)
 - c. GMA Conformance*
 - d. Loan requests are for no more than \$5 million in total (maximum loan amount for the 2015 loan year as adopted by the Board at the January 2013 meeting)
 - e. Adoption of Real Estate Excise Tax (REET)

**These criteria may change subject to the Board's policy bill passing.*
3. Applicant requests that pass Threshold review are asked to provide additional material for review using the Project, Managerial, and Financial review processes. Applicants who do not pass this review are notified and given direction to other funding opportunities or technical assistance options.
 - a. Additional information includes:
 - i. Financial Information (tailored to rate based or non-rate based projects)
 - ii. Fiscal distress stemming from a Governor declared natural disaster or emergency public works need occurring within the last twelve months.
 - iii. Pending litigation status – material?
 - iv. Legislative district identification
 - v. Whether or not the proposed project is for a system that is under regulatory order.
 - vi. Whether or not the proposed project is part of a larger project that has received Public Works Board funding in past (e.g., Green River treatment project, etc.)
4. Project review consists of submitting pertinent information to the appropriate Resource agency (Departments of Health, Ecology, or Transportation) seeking feedback on the project:
 - a. Preliminary inquiries have been sent to these Departments seeking suggestions on how to improve the process for the 2015 cycle (sent via email on February 5, 2013)
5. Managerial review includes:
 - a. History with the Board
 - b. Audit history
 - c. Loan history
 - d. Age of applicant and system (e.g., is this a brand new system and/or applicant?)
 - e. Previous history of managing
 - f. Federal debarment list
 - g. Material or significant legal proceedings
 - h. Staffing
6. Financial review includes:
 - a. Affordability Index (AI) or DSCR (Debt Service Coverage Ratio) as applicable
 - b. Dedicated repayment source including status of the source
 - c. Distressed area?
 - d. Median Household Income (MHI) compared to state MHI
 - e. Pertinent audit findings within the last three years
 - f. Budgeting habits including regular reviewing of rates, establish and following of depreciation schedules, establish and maintain reserve accounts for operations, emergencies, and capital improvements; etc.

- If there are no issues resulting from the reviews as listed in items 4, 5, and 6 above, then the project will be forwarded to the Board for funding consideration.
- If there are issues that would result in recommendations that the Board include a special term or condition, or in the event that a project appears non-fundable, then the issues will be discussed with the applicant prior to staff making a formal recommendation to the Board. Situations may arise where the applicant can clarify an issue or modify the loan request to ameliorate the item triggering the need for special consideration.

Routine updates regarding the applicant pool and the status of the process will be on-going starting at the beginning of the application cycle, March 18, through the Board's meetings in August. Staff will compile a list of projects including rates, terms, special conditions as applicable, and any other criteria that the Board desires at the August Board meetings.

LOAN TERMS AND RATES AT PROJECT COMPLETION

The Board has approved a five million dollar loan limit per jurisdiction for the funding cycle.

Borrowers have a five-year window from the time of contract execution to complete the project outlined in the contract's scope of work.

There are two incentives for early project completion written into the contract boilerplate in Section 1.11 Performance Incentives:

1. For projects that complete within 36-months from the time of contract execution, borrowers can choose *one* of the following options:
 - Add 5 years to the loan repayment period, or
 - Decrease the loan interest rate by 0.5% (effective the date of project closeout)

2. For projects that complete within 48-months from the time of contract execution, borrowers can choose *one* of the following options:
 - Add 2 years to the loan repayment period, or
 - Decrease the loan interest rate by 0.25% (effective the date of project closeout)

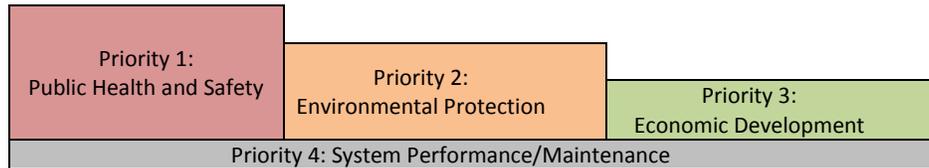
The process identified above is subject to change based on requests from the legislature to identify a list of prioritization elements in priority order. Staff is working with the Executive Committee and Legislative staff to draft a proposal for Board review and approval at the March 1st meeting. Unfortunately, this material is not ready for inclusion in the Board packet. We will be bringing the proposal to the meeting as a handout.

The listing below is the initial framework for incorporating the prioritization process. The process has not been refined yet and is intended to give you an idea of where we are heading. The final draft proposal will be presented at the Board meeting.

Draft 2015 PWTF Construction Cycle Project Prioritization

<u>Threshold Requirements</u>			
GMA- RCW	REET-RCW	RTP-Policy	Eligible System/Jurisdiction
GHG-Policy	CFP-RCW	SRF=If on a SRF list for that project(double dippers)-Policy	

Component 1: Project Need



Component 2: Impact on the population/Project Scale

For the applicant's primary system, as selected at the top of this application, identify the sub-category that is most affected by the proposed project.

	8 points	6 points	4 points	2 points	1 point	1 point	1 point	1 point
Domestic Water	<input type="checkbox"/> Treatment	<input type="checkbox"/> Primary Supply/ Source	<input type="checkbox"/> Secondary Supply/Sourc e	<input type="checkbox"/> Storage/ Reservoir	<input type="checkbox"/> Transmission	<input type="checkbox"/> Distribu tion	<input type="checkbox"/> Telemetry/ Equipment	<input type="checkbox"/> Conservation/ Other
Sanitary Sewer	<input type="checkbox"/> Treatment/ Reclamation	<input type="checkbox"/> Interceptor/ Trunk Line	<input type="checkbox"/> Pump Lift Station	<input type="checkbox"/> Collector	<input type="checkbox"/> Telemetry/ Equipment	<input type="checkbox"/> Conservation / Other		
Storm Water	<input type="checkbox"/> Treatment	<input type="checkbox"/> Storage or Detention	<input type="checkbox"/> Interceptor/ Trunk Line	<input type="checkbox"/> Collector	<input type="checkbox"/> Other			
Solid Waste/ Recycling	<input type="checkbox"/> Remedial Action	<input type="checkbox"/> Final Disposal	<input type="checkbox"/> Transfer Station	<input type="checkbox"/> Waste Reduction/ Recycling	<input type="checkbox"/> Other			
Road/ Street or Bridge	<input type="checkbox"/> Principal Arterial	<input type="checkbox"/> Minor Arterial	<input type="checkbox"/> Major Collector	<input type="checkbox"/> Minor Collector	<input type="checkbox"/> Local/Other			

Component 3: Affordability

Utilizing the Financial Review process, identify the Affordability Index (AI) or Debt Service Coverage Ratio (DSCR) and award points

Higher the AI/DSCR = Higher Points

TAB 5

**Information and
Other Items**

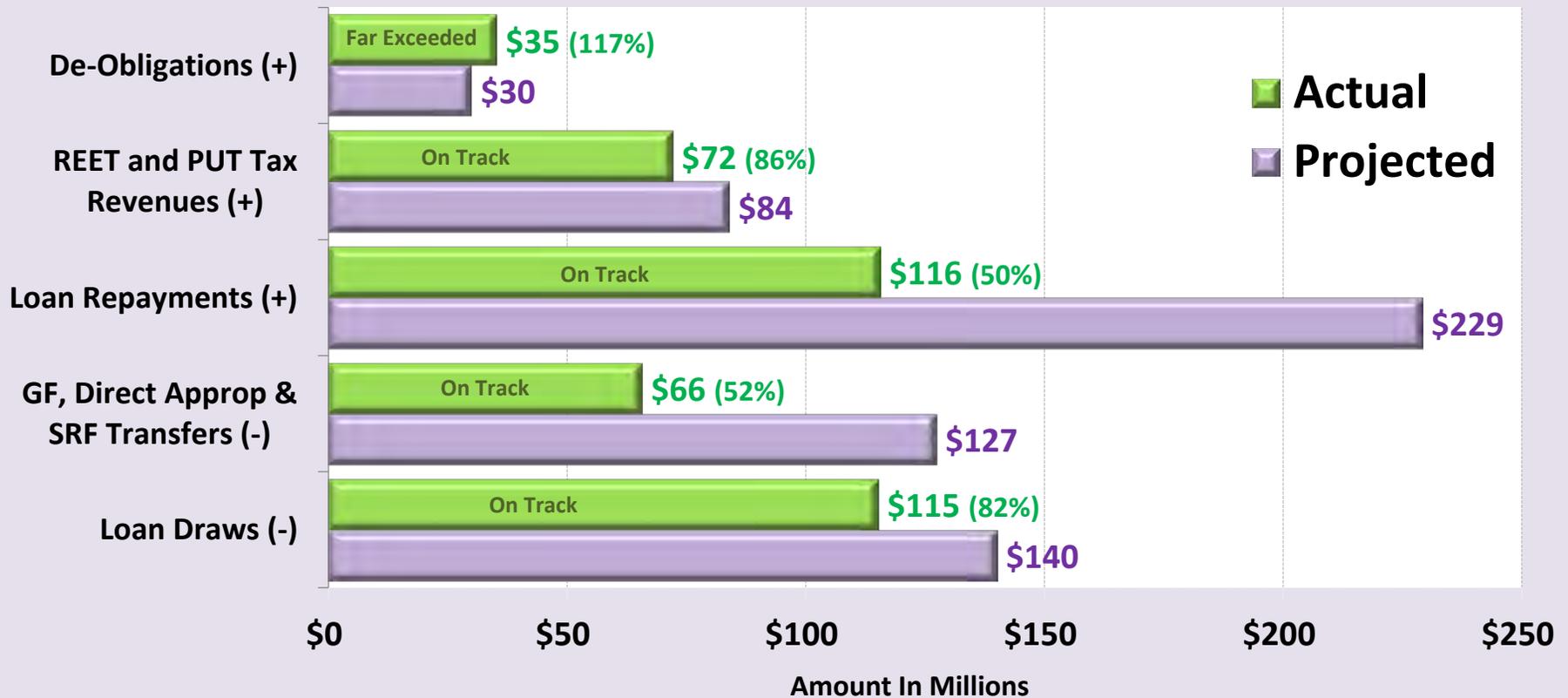
Public Works Assistance Account Predictive Model Data for 2011-13 Biennium

(Fiscal Years Beginning July 1, 2011 through June 30, 2013)

Model Updated on February 15, 2013

BIENNIAL KEY FACTOR	TYPICAL PROJECTION	OUR NUMBER	ACTUAL 12/31/2012	% (Actual VS Typical)
De-Obligations (+)	\$30,000,000	\$28,000,000	\$35,315,130	118%
Tax Revenues (+)	\$83,970,701	\$79,186,335	\$72,173,257	86%
Loan Repayments (+)	\$229,122,222	\$229,122,222	\$115,649,004	50%
GF, Direct Approp & SRF Transfers (-)	\$127,300,000	\$127,300,000	\$65,732,326	52%
Loan Draws (-)	\$140,000,000	\$151,201,994	\$115,203,829	82%

Tracking Predictive Model Key Factors: Projected VS. Actual with Four Months Left on the 2011-13 Biennium



ESTIMATED CASH BALANCE AT THE END OF THE BIENNIUM: \$25,000,000

