



Meeting Location: **Dept. of Commerce, Columbia River Room, Bldg 5, 1st Floor, 1011 Plum ST SE, Olympia, WA 98504**

Agenda Item	Action	Page	Time
<b>A) ADMINISTRATION</b>			
1. Call to Order: <i>Stan Finkelstein</i>			9:00
2. Welcome and Introductions			9:02
3. Approve Agenda: <i>Cecilia Gardener</i>	<b>Action</b>	1	9:05
4. Meeting Minutes for March 18, 2016: <i>Barbara Smith</i>	<b>Action</b>	5	9:10
5. Meeting Minutes for April 1, 2016: <i>Barbara Smith</i>	<b>Action</b>	17	9:15
6. Executive Director Update: <i>Cecilia Gardener</i>		23	9:20
7. Department of Commerce Update: <i>Mark Barkley</i>	Verbal		9:30
<b>B) CONTRACTING</b>			
1. PWAA Quarterly Contract Report: <i>Jacquie Andresen</i>	Informational	27	9:40
2. DWSRF Quarterly Contract Report: <i>Jill Nordstrom</i>	Informational	29	9:50
3. DWSRF Port Townsend Retainage Memo: <i>Jill Nordstrom</i>	<b>Action</b>	31	10:00
<b>BREAK</b>			
4. DWSRF 4 <sup>th</sup> Loan List: <i>Janet Cherry &amp; Mike Copeland</i>	<b>Action</b>	33	10:25
<b>C) POLICY &amp; PROGRAM DEVELOPMENT</b>			
1. DWSRF Transition: <i>Cecilia Gardener</i>	<b>Action</b>	45	10:45
2. Governor's Veto & Next Steps: <i>Cecilia Gardener</i>	<b>Action</b>	47	11:05
3. Development of Loan List: <i>Cecilia Gardener &amp; Ann Campbell</i>	<b>Action</b>	63	11:20
<b>LUNCH</b>			
4. Managerial Training proposal: <i>Tracey Hunter, ERWOW</i>	<b>Action</b>	65	1:00
<b>D) INFORMATION &amp; OTHER ITEMS</b>			
1. Small Communities Initiative Quarterly Report: <i>Cathi Read</i>	Informational	69	1:30
2. PWAA Graphics: <i>Ann Campbell</i>	Informational	85	1:35
3. Board Committee Updates	Verbal		1:40
4. Board Member Updates	Verbal		1:45

**Note: Anticipated time of Adjournment is 2:00 pm**

**NEXT BUSINESS MEETING SCHEDULED: June 3, 2016, at the Department of Commerce, Olympia, WA.**

Department of Commerce, 1011 Plum Street SE, Olympia, WA 98504-2525.  
Contact the Public Works Board at (360) 725-2744 for further information.

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**PLEASE NOTE:**

**This meeting is accessible via conference call. The Call-in information is:**

**Call-in toll-free number (US/Canada): 1-877-668-4490**

**Attendee access code: 250 245 14 #**



**TAB A Administration**





## PUBLIC WORKS BOARD BUSINESS MEETING MINUTES

**March 18, 2016**

Department of Commerce, 1011 Plum Street SE, Olympia, WA 98504

Board Members		Guests Present:	Staff Present:
Present:	Absent:		
Stan Finkelstein, Chair	Steve Misiurak	Sandra Adix, Attorney General's Office	Cecilia Gardener, Executive Director
JC Baldwin ( <i>via phone</i> )	Matt Rasmussen	Blair Burroughs, Washington Association of Sewer & Water Districts	Jacque Andresen
Lisa Ayers		Janet Cherry, Department of Health	Mark Barkley ( <i>via phone</i> )
Pam Carter		John Kounts, Washington Public Utility Districts Association	Carrie Calleja
Jerry Cummins		Kristen Mitchell, Attorney General's Office	Ann Campbell
Mary Margaret Haugen		Jeff Nejedly, Department of Ecology	Cindy Chavez
Scott Hutsell		Senator Judy Warnick	Isaac Huang
KC Kuykendall			Jill Nordstrom
Diane Pottinger			Rodney Orr
Bubba Scott			Cathi Read
Lisa Wellman			Connie Robins
			Barbara Smith

### A. ADMINISTRATION

- 1) Call to order: Stan Finkelstein called the meeting to order at 9:00 am.
- 2) Welcome and Introductions.
- 3) **ACTION: Pam Carter moved to approve the agenda as presented. Mary Margaret Haugen seconded the motion. MOTION APPROVED 10-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Pottinger, Scott, and Wellman).
- 4) Introduction of New Members: Stan Finkelstein introduced the three new Board Members: Lisa Ayers, KC Kuykendall, and Steve Misiurak. Steve Misiurak was unable to attend the meeting. Ayers and Kuykendall introduced themselves to the Board.
- 5) **ACTION: Pam Carter moved to approve the February 5, 2016, meeting minutes as presented. Jerry Cummins seconded the motion. MOTION APPROVED 10-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Pottinger, Scott, and Wellman).
- 6) Executive Director Update: Cecilia Gardener briefed the Board on recent activities. We have two new events coming up. These will be a combination of training and tech teams, partnering with other agencies and IACC. The events will be May 3 and 4, 2016 in Colville, and May 24 and 25, 2016 in Ritzville. Each day will have the exact same training. Participants can pick which day works better for them. JC Baldwin will be the moderator for the Colville training; Scott Hutsell will be the moderator for the Ritzville training.

Our SME (Subject Matter Expert) meeting is next week at Renton Technical College. It's gone from



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six colleges to two colleges. I am not sure there is enough energy there to get this off the ground, but we're holding off making a decision until after the SME meeting. We held a meeting Thursday with Tracey Hunter from ERWOW (Evergreen Rural Water of Washington), Bubba Scott, and Stan Finkelstein. If the SME meeting doesn't deliver the results we want, we may work with ERWOW instead. The money for this project must be spent by the end of the biennium (June 30, 2017). Diane Pottinger asked which colleges are still involved. Gardener replied Walla Walla and Renton. Heather Winfrey is leaving Renton on March 28 for a new position. We are not sure there will be enough spark left, with her leaving, to continue this project with Renton Technical College. Our "Plan B" is to work with ERWOW.

Cecilia Gardener stated that the legislature is in their first special session. I don't know if they are going to finish in one special session. They took even more money out in the latest budget, which means we may be going into the red again in the next biennium. The state matching funds are still met, so the Clean Water and Drinking Water SRFs will be okay. It's not a good position for the Board. If we can't turn it back now, we have one last effort next session, January 2017. They can't commit a future legislature to a specific course of action, but they can identify their future intent. Not sure where this is going. I defer to our association members and ask if they have any new news. Diane Pottinger asked if this is the policy. Gardener replied that's in the Senate's proposed budget language. Pottinger asked when that policy was adopted. Gardener responded that there have been veiled attempts to dismantle the Public Works Assistance Account (PWAA) and the Board in the past. It's not veiled any more. In the Senate's budget document, it says "to continue the policy." Pottinger asked if there is a written policy. Gardener replied no, there is no written policy. The legislature feels that the public works assistance account loan repayments and tax revenue is their revenue to do with as they see fit. They are taking the loan repayments and tax money for the General Fund, in order to balance the budget. In 16 years, the loan repayments will be finished. Lisa Wellman asked if Cecilia Gardener could project in what year it becomes meaningless to keep taking PWAA money. Gardener replied that 2033 is when it's gone. About halfway through that, it becomes budget dust. At 2026 it drops below \$100 million a year.

Diane Pottinger stated that we represent organizations that budget out for 40 years. We budget; we know where things are several years out. But the legislature only takes a snapshot. It's interfering with our ability to do our work. Cecilia Gardener replied that we have taken this message to the legislature. And unfortunately, the legislature has a two and a four year window they look at, and they don't look beyond that. If I have to speculate, I think they will give us an extremely modified operating budget. Possibly no operating budget. As of the end of this biennium (June 30, 2017) we will have closed out all of our construction contracts that have projects under construction. We do have some friends, and we still have hope. Senator Judy Warnick is coming around 10 am today to talk to the Board. She is under a code of silence while they are in negotiations, so she may not be able to share much with us. Scott Hutsell has worked diligently with her to educate her on impacts to the PWAA and the issues with regards to the bond bill, SB 5624... She has said she is carrying this message for us. The legislature feels that the bond bill is a replacement for the PWAA, but it's not. At best it's another tool in the belt.

I don't believe that the bond bill is the panacea, but it's our job to educate them. There were three infrastructure emergencies in the state last week. I believe the legislature needs to understand that



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there's a need for a nimble fund in the state to address these emergent needs. Lisa Wellman stated that when she hears these stories, she feels like it's a war on rural communities. And these communities are historically Republican. It just doesn't make sense. Gardener replied that the Board staff doesn't do as much outreach and technical assistance as we were doing, due to the cut in our operating budget. Pam Carter responded, so you think that will be even more curtailed in the future? Gardener replied that she does not know.

Diane Pottinger interjected that she needs Board staff help to know what kinds of questions to ask, what kinds of data to gather, to make sure she stays on track. If we don't have staff help with this, more and more jurisdictions will be getting audit findings, where before we had technical assistance to keep our contracts on track.

Cecilia Gardener updated the board on Senate Bill 5251, the bill transitioning the Drinking Water State Revolving Fund (DWSRF) from the Public Works Board to the Department of Health. It has passed, and it's on the Governor's desk awaiting signature. The expectation is that the bill will be signed. We will begin transferring all of the DWSRF contracts to the Department of Health (DOH), which means we need to amend 800 contracts. Once that's complete in FY 2018, then we will lose four FTEs.

Diane Pottinger asked if the bond replacement bill passes, will there be staff to assist jurisdictions to apply for funding? Ann Campbell replied that the bill states that this will be administered by the Board, working in conjunction with the Treasurer's office. Local governments apply through the Public Works Board, and they get vetted to make sure they can make the repayments. Then the local government borrows the money from the proceeds of bond sales made by the Treasurer. Pottinger asked does someone come in and audit governments to make sure the bond covenants are met? Campbell replied that will probably occur. Scott Hutsell asked whether that is Board staff or Treasurer's staff. Campbell replied that we have to work that out. Campbell stated that Wolfgang Opitz from the Treasurer's office has been working closely with Senate staff to identify these details.

Mary Margaret Haugen asked where the Governor's office is on all of this. Cecilia Gardener replied that she believes they are neutral on the bills that are pending. Haugen said she thought he supported us. Gardener replied that he supports the Board, but she believes he's neutral on these bills. I have been working with Mark Barkley and Brian Bonlender to come up with options, and they have brought this to the Governor's office, but I don't know the outcome of that. Stan Finkelstein replied that the bond bill is of inconsequential benefit. It's not anywhere near as beneficial as coming to the PWAA or the SRFs. Haugen asked if the cities and counties know this. Scott Hutsell replied yes, he thinks they do. We testified on the bill. The bond bill is to fund a ton of things, everything but solid waste. It's a little more user friendly than going to the bond market, for some jurisdictions. One of the things we shared with Senator Warnick is that there is some question on whether it takes a constitutional amendment to do this. If it takes an amendment, voted on by the citizens, it won't hit the ballot until November 2017. Even if the amendment was to pass, it would be until 2019 before this program will be up and running. Since the process would take so long, we have been focusing on "don't kill the PWAA" before the bond program is up and running.

Cecilia Gardener stated that the associations have done great work testifying on behalf of the Board.



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They have educated their members and have done yeomen's work for us. The bill is a sticking point right now. John Kounts added that SB 6667, the Supplemental Operating Budget, when testifying, the associations raised this very point about the raid on future revenues of the account. The pushback they got from the Ways & Means Committee members was interesting to watch. Both sides of the aisle were disinterested. The lobbyists tried to say that 5624 is not an adequate replacement for the PWAA, but the legislators were quite rude in pushing back and saying "this is all you're going to get."

Blair Burroughs stated that those pushing this are touting 5624 as a replacement for PWAA. The legislators think the PWB will still be there, just under a new name. That's the story they are telling each other: "It's not going away, this is just the new iteration with a new name." Stan Finkelstein replied that they are pushing the button that this is the way to avoid a tax increase. Scott Hutsell responded that all the money that came back to the counties for mental health, etc. all came from the PWAA. The counties are happy with the budget, so we're not getting a lot of support for the PWAA.

Mary Margaret Haugen stated that she was talking to a water commissioner. He said some utility groups are discussing how to build their own PWAA. Cecilia Gardener stated that counties were talking about creating a county level revolving fund too. The reason utilities and locals are talking about doing this on their own is that they have no faith or trust in the legislature. Pottinger pointed out that post-Flint, Michigan has developed a revolving loan fund modeled after the PWAA.

John Kounts stated that another message he keeps hearing, that makes life harder for those of us who are trying to save the PWAA, and that senate budget staff have been planting in the minds of legislators, is that the benefit of the PWAA is minimal for large jurisdictions like Tacoma. With only 18 cents per month cost per rate payer, it's just not worth it. This keeps cropping up. Legislators think it is okay to kill this program, based on that tidbit of information. When really, the focus should only be on small jurisdictions. But if you cut the big cities out, that's the revenue for the fund that assists the small jurisdictions. Then they want a program that only benefits small jurisdictions, so they land on SB 5624, and they think that fixes the problem. This is what's in their minds and it's difficult to dislodge it. I don't know how that dynamic is going to change in the next few years. Cecilia Gardener replied that the next budget cycle is within this biennium, so we have the opportunity to go one more round. But if the legislature fails to move on either SB 5624 or appropriate funding for loans or grants during the next budget cycle, then we are done.

Stan Finkelstein replied that if 5624 passes, and the constitutional amendment is approved, it still creates a demand for Board activity, especially if they fund an online training program. It's just that we will no longer be in the business of making loans. We have not been as imaginative as we could be in proposing a new iteration of the PWAA. We need to create a board task force, and come up with an idea to draw a fence around the funding stream and come up with a new iteration. Cecilia Gardener responded that the future of infrastructure financing group went before the legislature. The legislature said they aren't including the group as a proviso, but they might include it in the interim work plan. We've also taken the future of infrastructure financing group to the Governor's office. Stan Finkelstein and I have had meetings with OFM's David Schumacher regarding funding streams and access protection. I am still attending the meeting with Rhys Roth at the Center for



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Sustainable Infrastructure. Roth's group has a more global perspective, versus us reaching out independently.

- 7) Department of Commerce Update: Connie Robins updated the Board that the Agency's Executive Committee meeting is next week, to look at the Department's priorities, and to get ready for the next session. That will be the 22<sup>nd</sup> and 23<sup>rd</sup> of March. She stated that we still have not heard back from HUD on the indirect proposal.

**B. CONTRACTING**

- 1) PWAA Quarterly Contract Report: Jacquie Andresen presented the Quarterly Report for the Public Works Assistance Account, and updated the Board on activities of the Program Specialists with their clients. Cecilia Gardener asked how much do we have left to draw down? Cindy Chavez replied that we are at between \$60 and \$80 million, remaining to be drawn down from the open contracts.
- 2) DWSRF Quarterly Contract Report: Jill Nordstrom presented the Quarterly Contract Report for the Drinking Water State Revolving Fund. KC Kuykendall asked if the information is readily available to be able to see a snapshot of a particular program's cash flow. Nordstrom replied, yes, the Department of Health is in charge of running a predictive model for the DWSRF. Cindy Chavez is the person who helps me with all of my projections. Then Janet Cherry and her staff do the modelling at Health for the DWSRF to make sure that the loans going out the door have funding coverage. Cecilia Gardener replied that we also have a predictive model for the PWAA that we'd be happy to share with you. Diane Pottinger responded that sometimes Cindy Chavez does this graphically and those graphics really help. Kuykendall replied that would be helpful. Ann Campbell told Kuykendall that she and Cindy Chavez will walk you through what we have and you can give us feedback on whether it meets what you're looking for, and then we can bring that forward to the Board.
- 3) DWSRF Loan Extension – Sammamish Plateau: Jill Nordstrom presented a Loan Term Revision Request for Sammamish Plateau Water and Sewer District DWSRF Loan (DM12-952-111). The project is 100% complete. Sammamish Plateau Water and Sewer District will be making their first loan repayment on October 1, 2016. When Sammamish Plateau Water and Sewer District applied to the DWSRF program, they requested a 15-year repayment term. Most DWSRF contracts have a 20-year repayment term with an additional four-year deferral period to complete the project (which makes a total of 24-year term). At contract execution, this contract was set up for a total of 15 years, without the four-year deferral period. The District is requesting the term of the contract be extended to 19 years, to incorporate the full 15-year payback.

**ACTION: Diane Pottinger moved to revise the loan term for Sammamish Plateau Water and Sewer District from 15 years to 19 years, to include the four-year deferral period for DM12-952-111. Pam Carter seconded the motion. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Pottinger, Scott, and Wellman).**

- 4) DWSRF Third Loan List: Janet Cherry and Mike Copeland from the Department of Health Office of Drinking Water presented the Third Loan List for the Drinking Water State Revolving Fund to the Board. Cherry explained how projects were selected for this list. This year we were given \$18.55 million to fund the list you are looking at today. 31% of that funds staff, other programs, and grants. A little over \$12 million goes to fund the SRF. We are required that 15% of our total funding be given to communities serving fewer than 10,000. There will be a smaller pot of money available next year.



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We were able to fund all eligible projects this year. My sense is that there are many projects that have been deferred. I foresee that there will be many projects not funded next year. Jeff Nejedly stated that the cap grant was supposed to end in 1995 for the clean water program, but it's been continued. We were down to \$11 million at one point. But the recovery act and the economic situation has boosted it back up. Our cap grant is now like \$28 million. We're funding everything that met the point break. We actually rolled money back around to get additional resources to Oak Harbor for a major project. We're not seeing the demand we thought we'd have, with the situation of the PWAA. Scott Hutsell interjected that what the PWAA helped defer was the individual jurisdictions coming to the legislature for direct appropriations. That's what we're moving to in the future, once again. Pam Carter stated that she liked Cherry's explanation of the dollars associated with the DWSRF funding lists. At our next meeting, could you put that in your memo? Cherry replied that she would.

The Board was asked if they have any recusals. There were none.

**ACTION: Diane Pottinger moved to approve the DWSRF third loan list as presented. Pam Carter seconded the motion.**

**Mary Margaret Haugen made an amendment to the motion to separate out the College Place church project from the overall list, and to vote separately on that project. Jerry Cummins seconded the amended motion.**

**DISCUSSION:** Janet Cherry explained that the State Revolving Funds can give money to nonprofits. They are one of the only funds that can do this. The church school is a nonprofit. KC Kuykendall asked, given that this project has passed the scrutiny of staff and underwriting, what is the justification for excluding this project? Mary Margaret Haugen responded that some Board members are uncomfortable with voting on that project. Jerry Cummins responded that a negative vote – when really all the Member intended was to veto this one project – would impact the entire list.

**ACTION: A vote was taken on the amendment to the initial motion. 6 Members were in favor of excluding College Place from the list and voting on College Place separately (Ayers, Carter, Cummins, Haugen, Scott, and Wellman). 4 Members were not in favor of excluding College Place from the list and voting on them separately (Baldwin, Hutsell, Kuykendall, and Pottinger).**

**AMENDMENT TO MOTION APPROVED 6-4.**

**ACTION: A vote was taken to fund the first six projects on the DWSRF Third Loan List. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Pottinger, Scott, and Wellman).**

**ACTION: Scott Hutsell moved to approve the funding of the College Place project on the DWSRF Third Loan List. JC Baldwin seconded the motion. MOTION APPROVED 7-3. Ayers, Baldwin, Carter, Hutsell, Kuykendall, Pottinger, and Scott voted to approve. Cummins, Haugen, and Wellman voted against.**



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**C. POLICY & PROGRAM DEVELOPMENT**

- 1) Discussion: Attorney General: Cecilia Gardener informed the Board that the Assistant Attorney General's office (AAG) has been reorganized. Kathryn Wyatt, the Board's AAG, has been reassigned to another agency. We were assigned Sandra Adix, the Agency's and CERB's AAG. Historically, the Board has had an AAG separate from the agency. Sandra Adix and Kristen Mitchell are here today to discuss this. Scott Hutsell and Gardener met with them and talked. Now they'd like to hear from the full Board.

Kristen Mitchell told the Board that the Attorney General's office reorganized. Some Departments are so large that they have a separate division of AAGs that assist them. When the division chief for government operations retired, we looked at this restructure. Many divisions within our office inherited clients. Our group inherited the Public Works Board. We serve Agriculture, Health, DAHP, and Commerce., in addition to 30 boards and commissions. We try to have a logical structure in how we serve our boards and commissions. It made sense to us for to add the Public Works Board because of the Commerce link. Kathryn Wyatt is with a different group now. Sandra Adix serves CERB and Commerce, and has also served as backup to Kathryn Wyatt in the past, so it made sense to have her serve you. We understand your concerns. We are here today to reassure you that we are aware of that issue and we have ways of dealing with that issue, and to hear what you think about all of this. If there is a legal conflict, we have ways to address this. Policy conflicts happen all the time. We are familiar with this. It's not unfamiliar to have attorneys with clients who are butting heads. We can sort that out. We are here to listen to you all.

Cecilia Gardener interjected that this is not personality based. Sandra Adix has done a great job backing up Kathryn Wyatt in the past, and she has done a great job with CERB.

Kristen Mitchell stated that as far as the AAG Opinion that the Board has asked for, Jeff Even, the Deputy Solicitor General, does not have a definitive timeline on this. It is in process. The draft of the opinion is under review, and it is sort of in the final stages, but timing is a little unpredictable.

Stan Finkelstein stated that he echoes what Cecilia Gardener has said. We have the best relationship with the Agency we've had for 30 years. The concern we have is that we've gone through periods of time when we've been at loggerheads with the Agency and it's been a less than cordial relationship. We are concerned about the separation of the legal agency of the Board with the Agency and that has been helpful. We don't foresee the relationship with the agency changing in the next 10 months.

Diane Pottinger stated, in regards to the AAG Opinion, I hope this addresses how we can communicate our opinions out. We haven't communicated well that the Board is separate from the Agency. Whatever the opinion is, I hope you are clear on this aspect.

Pam Carter stated that when she heard that the Board's new AAG would be the same person serving the Board and the Agency, she was concerned. We are so often treated as a child of the Department of Commerce, rather than a Board that is staffed by the Department of Commerce. Right now we have good relations with the Agency, and I don't expect to see a return of the things that have happened in the past. But it's that precedence of treating us like part of the Department of Commerce. The appearance of that, gives me cause for concern. Kristen Mitchell responded that



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there is a flip side perspective to having someone who is connected to the Department of Commerce.

Sandra Adix responded that she is not employed by the Director of Commerce. Brian Bonlender is not my boss. The elected Attorney General is ultimately my boss. As an AAG, I carry out an independent role regarding our clients. We try to give options based advice. It's not our bailiwick to intrude into the policy decisions of our clients. We sometimes give input, but it's not our bailiwick. I've represented Commerce and CERB for 12 years, as well as other boards and commissions. I'm not a stranger to situations where there is tension between a board and the agency that staffs it. All I can tell you is that I have not had a problem in the past separating out the concerns of the client agency that staffs a board and the board. I try to fairly address each client's concerns and issues. The good news is that I have been able to act as somewhat of a bridge between clients. In the final analysis I feel I have an independent obligation to my clients.

Pam Carter replied that she appreciates direct communication rather than through the Department, which was what happened in the past. Cecilia Gardener replied that Kathryn Wyatt always dealt directly with us. What you are referring to are policy decisions versus legal decisions.

Lisa Wellman stated that she would be delighted to have Sandra Adix representing us, having worked with her on CERB for 6 years. I feel very confident in her competence and integrity, and the clarity of how she explains things is valued and appreciated. Cecilia Gardener responded that CERB relies heavily on Sandra Adix. She attends every Board meeting. This is not about personality or skill set. It's about clarity of roles and responsibilities. In the future, we want systems in place to deal with possible future problems.

Stan Finkelstein responded that we don't use an AAG very much. Cecilia Gardener replied no, they answer questions, they provide ethics training to the board, but as a rule we have not had a heavy need. Even now, with the AAG opinion, Kathryn Wyatt assisted with us developing it, but she was not part of it.

Scott Hutsell responded that when he and Cecilia Gardener met with Sandra Adix and Kristen Mitchell, we didn't pull any punches, and they did a good job explaining the transitions they are in. I am comfortable with where we are at. I have the confidence that if Adix sees an issue that pops up, she will address that appropriately. Sandra Adix replied that she assures you she will represent you with an eye to your concerns about the separation between the Board and the Department.

Kristen Mitchell stated that we have some very clear walls in place at the AAG. If any legal conflict were to arise, we would address that immediately. I'm in the position that I don't have a perfect candidate with the mix of skillsets who is also separate from the Agency. For the moment, Sandra Adix is your person. But if down the road we come across a problem, we will immediately address that.

Lisa Wellman responded that she suspects Sandra Adix would be the first person to acknowledge that there was a problem. Sandra Adix replied, that's right. We'd find another attorney, and whether I would go with Commerce or the Board, we'd have to address that at the time.



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Stan Finkelstein thanked Kristen Mitchell and Sandra Adix for addressing the Board's concerns, and welcomed Adix to the Board's service.

- 2) Legislative Session Update: Senator Judy Warnick visited the Board at 11:00 am to discuss impacts to the Board by the proposed budget. She said she has been working closely with Scott Hutsell. We have fought every step of the way to keep the PWAA from being swept. Now we're on the side of trying to build a 4 year balanced budget. I'm here to help save this program. I want the Board and the program to still be here in 10 months. I know the good work that it has done in the past.

I don't want every small town that needs a new sewer system to have to come to their member and say please give us money. And it's already happening. Getting that prioritized, vetted list from the Board was the best thing ever. It takes the politics out of it. I want to be able to keep that part of it in place. As you are probably aware, there are a couple of bills that passed the senate and are in the house right now. One is a reorganization of the Public Works Board, and the other is a constitutional amendment. I'm being told by people in the House that it doesn't go far enough to protect the small communities. I was drawn into the operating budget late in the game. I don't know it as well as what I did on the capital side of it. I've picked up this one and had a lot of conversations about these two bills and the direction we want to go as a legislature, as the state, and how we want to help the Board. Figuring out how we will get funding to the projects you want to help, we may have to do a reboot. I've been talking to Pat Dunn, he is now a contract lobbyist, but in 1983 he worked to create the Public Works Trust Fund. He said he'd be interested in getting some opinions, too. He's got a lot of historical knowledge. I've talked to Scott Hutsell, I've talked to the water and sewer districts, and I've talked to Senator Kaiser. We can't float a new bill now. I'm open for ideas. I really do want to help with this. I've sat for years on CERB, so I know Lisa Wellman. I know what a little bit of money in the grand scheme of things can do for a community. I represent small and mid-sized communities in my district. That's where I want to have some opportunities and options for them. I'd love to have a conversation about that.

Diane Pottinger responded that she is frustrated when entities come to us for loans, which they are willing to repay with interest, and then the legislature grants them free money.

Mary Margaret Haugen stated that her concern is the legislature doing the bond thing. They are the worst of the worst, and I think this is just a train wreck, going forward. It's creating another monster. The other issue for me is a principle issue. We made a deal that these entities taxed themselves to send us this money for this purpose, and the legislature has taken it for another purpose. The legislature is essentially lying to the local governments. Senator Warnick replied that is why I'm in favor of the constitutional amendment.

Stan Finkelstein stated that he thinks many of us who have been around a long time recognize that this is an opportunity to step back and do this all over again from 2017. How would we do this now? The best thing would be to create a group that includes members of this Board, members of the legislature, and association and local government members to try to figure out a new funding model. Diane Pottinger asked, so are you talking about another tax? Finkelstein replied no, I'm saying we don't have the answer yet. Senator Warnick replied that those taxes are already in place. If we could find a way to securitize those so they aren't sweep-able, that would be best.



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Stan Finkelstein stated that Senator Keiser's bill creates a state bond pool for every need. The reality is that pretty much all jurisdictions can go to the bond market anyway. What the state is offering is too much trouble for such a miniscule benefit. Senator Warnick identified that next year it will be completely new people writing the budget in the legislature. What I'm trying to do is protect the program for the folks that will follow in the future. Haugen responded that is why she thinks that we need legislators on the Public Works Board. That's why CERB survived. Senator Warnick agreed that we need legislators on the board. If you don't understand it, you can damage it.

Diane Pottinger responded that she runs a small water system. We have to plan out 20 years, and we typically plan out 40 years in the future. We are methodical about how we set out our maintenance and capital replacement schedule. The problem is we have this long range versus the legislature has a two to four year window. The decisions the legislature is making today are tying the hands of future legislators. Senator Warnick replied that she is right. We fought to get a four year balanced budget. Too much kicking down the road is what got us in this trouble. That's where a constitutional amendment has to come in, to protect that. We're afraid it won't pass, so we have to time it right. I think what Stan Finkelstein has said, if we could get a group together, including this group, legislators, the Treasurer's office, and the AAG's office, that group could develop a new model.

Stan Finkelstein responded that maybe we should step back from that proposal and begin crafting something that can work. Not sure if we have to have a bill to do this study? Or can we do it on our own? And Senator Keiser knows her bills are in trouble in the house. So, if you think we need a bill, maybe Senator Keiser would be interested in a striker on her bills. I would propose four representatives from each group. Mary Margaret Haugen and Scott Hutsell agreed with that. Hutsell stated that we want legislators on the Board because of a sense that we have no champions on the hill anymore for infrastructure, other than yourself, Senator Warnick. I think it's a great idea. The sooner the better.

Senator Warnick responded so who would help me craft that proviso? I was in a meeting at 9 am this morning on this. Cecilia Gardener responded that staff are on this.

Lisa Wellman responded that she's happy to hear this political discussion. These people have heard my position. My first responsibility was a fiduciary responsibility to the community. I think public health and safety is paramount. I see an abrogation of responsibility where the state and legislature should have stepped in. I feel very strongly about that.

Diane Pottinger responded that the money is already there for infrastructure. I would love to put on all our utility bills "This portion is going to Olympia to balance the budget, instead of coming back in the form of infrastructure financing."

Scott Hutsell responded, Senator Warnick, if you need help, just ask us. We want to be part of it. Senator Warnick thanked Hutsell. I do believe in this program. I have fought against the sweeps for a long time.



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Senator Warnick suggested getting on TVW. Stan Finkelstein thanked Senator Warnick for her championing of the Board, and all the years of her support. Finkelstein pointed out that we've never had a default; we've been a very successful fund. Money is scarce, and the economy is not generating the money that was expected.

Blair Burroughs responded that the reason the legislature is looking toward bonding is because rates are so low right now. But if they go back to historic rates, they will end up costing locals far more in the future.

**D. INFORMATION & OTHER ITEMS**

- 1) Board Committee Updates: JC Baldwin reported that the Communications Committee met via conference call on March 9. The pieces we focused on are reviving a newsletter for the Board, and moving forward with the tech team training events. There are a couple of conferences coming up, and we'd like to have Board and staff presence at them, but we're still working on that. We are in a holding pattern waiting for session to end.

Cecilia Gardener asked about the April 1 meeting date. Stan Finkelstein asked if there is a reason to have a meeting prior to the May 6 meeting date. Gardener replied that there are no real action items, other than one DWSRF Contract loan term extension, which we could do via a conference call. Gardener suggested converting the April 1 meeting to a conference call. We will let Members know if we need to meet or not, and if we do meet, it will be via a conference call.

Cecilia Gardener made a point of inviting the new Board Members to join our various standing sub committees.

- 2) Board Member Updates: Diane Pottinger stated that she brought up the sweep of the PWAA to her Rotary Club. People were shocked to find out they are paying money in taxes for this, and that money is not being used for infrastructure.

**ACTION: Jerry Cummins moved to adjourn the meeting. Lisa Wellman seconded the motion. MOTION APPROVED 10-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Pottinger, Scott, and Wellman).





## PUBLIC WORKS BOARD BUSINESS MEETING MINUTES

**April 1, 2016  
(Via Conference Call)**

Department of Commerce, 1011 Plum Street SE, Olympia, WA 98504

Board Members		Guests Present:	Staff Present:
Present in Person:	Present via Phone:		
Stan Finkelstein, Chair	Lisa Ayers	Blair Burroughs, Washington Association of Sewer & Water Districts	Cecilia Gardener, Executive Director
Steve Misiurak	JC Baldwin		Mark Barkley
Diane Pottinger	Pam Carter	Steve Gorcester, Transportation Improvement Board	Carrie Calleja
Matt Rasmussen	Jerry Cummins		Ann Campbell
Bubba Scott	Mary Margaret Haugen	Alison Hellberg, Association of Washington Cities	Jill Nordstrom
Lisa Wellman	Scott Hutsell		Rodney Orr
	KC Kuykendall	John Kounts, Washington Public Utility Districts Association	Isaac Huang
			Barbara Smith
		Steve Lindstrom, Sno-King Water District Coalition	

### A. ADMINISTRATION

- 1) Call to order: Stan Finkelstein called the meeting to order at 9:02 am.
- 2) Welcome and Introductions.
- 3) **ACTION: Jerry Cummins moved to approve the agenda as presented. KC Kuykendall seconded the motion. MOTION APPROVED 12-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, Scott, and Wellman).
- 4) Executive Director Update: Cecilia Gardener briefed the Board on the budget that was finalized earlier in the week by the legislature. The outcome of the budget is not good for the Board or the programs. The amount of cash transferred from the Public Works Assistance Account during the 2015-17 biennium increased from \$73 million to \$890 million. In addition, language was added to the Board's authorizing statute that states the legislature's intent to take \$227.3 million in cash during the 2017-19 biennium for basic education. Most of the cash in the account will be used for non-Board related programs. The language redirecting cash included a statement that the legislature intends to continue not issuing loans from the account. If the legislature moves forward with the intent outlined in Section 935, the Board will not have resources from the PWAA in the 2017-19 biennium. The counties' proviso is included in Section 128. \$50,000 of General Fund-State resources are to be used by a task force to study infrastructure funding alternatives. OFM will lead the task force, and it includes members from the legislature, the Departments of Health, Ecology, and Commerce, the Public Works Board, and local governments. A report will be submitted to the legislature by OFM on October 1, 2016. I think the intent of the proviso is to find a way to run existing programs more efficiently, and then look for an alternate funding source that doesn't impact the budget. Everyone's taking a breather from session, in a few weeks people will start working on this.



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Cecilia Gardener stated that the Public Works Board currently funds 9+ FTEs. At the end of the 2015-2017 biennium, 99% of our construction contracts' projects will be complete. Unless new work is assigned, we will start the process of shutting down the Board. I don't want to do that. I want to find an alternative funding mechanism. I would like to have a small group work on this topic. I think that including Hugh Spitzer and Wolfgang Opitz to analyze the bonding bill in order to either make changes or otherwise enhance it to make it functional for a wide audience of local governments and to make it palatable for legislators. In its current iteration, it is only suitable for a very narrow band of governments.

JC Baldwin interjected that her Tri-Commission group in Chelan were in the process of drafting a letter of support for the bond bill, but they chose not to do it, because it's not bringing anything to the rural communities. We're going to wait and push to restore the Board fully. I know it sounds hopeless and a little ridiculous, but we're not going to let this go.

Mary Margaret Haugen asked if we can ask the Governor to veto that section. Mark Barkley replied that Brian Bonlender, the Director of Commerce, has engaged David Schumacher, Director of the Office of Financial Management, and they are working on that angle. I think it would be appropriate for Stan Finkelstein and the Board to ask for that. Haugen stated that she agrees, and that we should ask our stakeholders to do so, as well.

KC Kuykendall asked if the Board staff have reached out to Peter King at the Association of Washington Cities (AWC) to also apply pressure to engage every city and town in the state. Mark Barkley replied that he thinks that's appropriate, and we can reach out through Alison Hellberg and Carl Schroeder at AWC. Kuykendall responded that he thinks AWC has a very effective marketing team to move that message out to their cities.

Jerry Cummins asked, whether or not the Governor had already signed the budget?? Mark Barkley replied no, that the Governor has 20 days to do it, but it's not signed yet.

Stan Finkelstein asked the Board if they want staff to draft a letter for his signature, coming from the Board, to go to the Governor, to request he veto that section of the budget. If so, we need a motion.

**ACTION: Jerry Cummins moved to direct staff to draft a letter for Stan Finkelstein's signature, to the Governor, asking him on behalf of the Board to veto that section of the budget pertaining to the Public Works Board. Mary Margaret Haugen seconded the motion.**

**DISCUSSION:** Pam Carter asked what parts of the budget we are asking the Governor to veto. Cecilia Gardener replied that she will get that language out to the Board via email as soon as this meeting is over. We need to remove Section 935 from the budget. Mary Margaret Haugen replied that she agrees with this. Carter also agreed. Mark Barkley responded that this is the particular section that Brian Bonlender wants vetoed. Haugen replied that she thinks all the associations should also sign on to that.

Scott Hutsell said that he thinks there's one issue with this: A veto would mean the legislators have



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to come back and re do that. Stan Finkelstein replied no, that is next biennium. Mark Barkley responded that our interpretation of the matter is that no, it wouldn't cause them to come back in, but it would cause some serious implications on the Governor's part, because he would violate the four-year budget rule. Mary Margaret Haugen interjected that she thinks it would be a positive 30 minutes on TV for the Governor. Diane Pottinger responded that he has all the support from the associations, as well. Barkley replied yes, and the support of the Board and the association would push it over the hump. Pam Carter thinks an editorial from all the associations in the local medial would be helpful.

Cecilia Gardener stated that a bigger concern from the state is this policy of continuing to tap into dedicated funds. Legislators are touting this as a sustainable budget in their press releases. It is not sustainable. They hit the MTCA fund (Model Toxics Control Account) and the Housing Trust Fund, as well as the Public Works Assistance Account. Lack of revenues to accomplish legislative agendas is driving the redirection of dedicated accounts. This is not good policy for the state.

JC Baldwin replied that it's an election year, and no one is ready to increase taxes. Mary Margaret Haugen responded that it's poor public policy, even in an election year. It would make the Governor look more positive, if he was proactive on this. Baldwin asked staff to please send her the letter once it's crafted so she can circulate it locally.

**MOTION APPROVED 12-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, Scott, and Wellman).

- 5) Department of Commerce Update: Mark Barkley updated the Board on the Commerce perspective. The Department is in full support of this letter to the Governor, and I've been talking to Cecilia Gardener about the budget. There were some pretty serious cuts in our Business Services Division, as well as Housing. We are keenly aware of the draconian budget issues that are facing all sorts of infrastructure. It is very troubling.

## **B. CONTRACTING**

- 1) DWSRF Loan Term Extension – Greater Bar: Jill Nordstrom presented a loan term extension request from Greater Bar Water District. Since project inception, the Great Bar Water District has incurred some delays and cost increases. They have recently been approved for 2016 DWSRF loan to assist them in completion of this project. Due to the increase in loan funds the District will be taking on more debt than originally anticipated. To lessen the impact to their ratepayers, they are requesting to lengthen their loan term from 20 to 30 years and level their principal and interest payments. They have started the final construction phase of this project. Staff recommends extending the loan term to 30 years, but not revising to equal principal and interest payments for DM11-952-013.

Stan Finkelstein asked if they are only requesting to extend the loan term from 20 to 30 years on the first loan. Jill Nordstrom replied yes. Steve Misiurak asked how much the original loan was for. Nordstrom replied \$2.7 million, and the second loan was an additional \$200,000, so the total is now just under \$3 million.

**ACTION: Lisa Wellman moved to approve the loan term extension for Greater Bar to 30 years per**



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**staff recommendation. Pam Carter seconded the motion. MOTION APPROVED 12-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, Scott, and Wellman).

**C. POLICY & PROGRAM DEVELOPMENT**

- 1) Legislative Session Update: Cecilia Gardener asked the Board if they want to get a work group together to discuss alternate funding mechanisms. Diane Pottinger stated that she is interested in serving on that work group, but please give her a couple of weeks as she's swamped with another project right now. Steve Misiurak stated that AWC sent out a bulletin about the task force, and Misiurak is participating in it. The Board agreed that Gardener should get a work group together to discuss alternate funding mechanisms.

**D. INFORMATION & OTHER ITEMS**

- 1) Board Committee Updates: Barbara Smith reported that the Communications Committee met via teleconference on March 9, and one of the items they wanted to see was the newsletter re-started. Staff met on Thursday, and have outlined what they want this first newsletter to look like. Due to the pressing messages regarding the budget, we are going to try to publish it on April 12. Staff will be working with JC Baldwin and Lisa Wellman of the Communications Committee on this next week.

Cecilia Gardener updated the Board on the online training project. We have terminated the contract with Renton Technical College due to the lack of development, interest, and participation. We went from six colleges to two, and from two Subject Matter Expert meetings (SME) to one, and the one SME only had six participants, three of whom were Public Works Board staff. The Online Training Initiative Committee met with Tracey Hunter from Evergreen Rural Water of Washington (ERWOW), and investigated what they can offer. The Committee has agreed to move forward with a discussion with ERWOW about this project.

Diane Pottinger asked why there is a lack of interest in this project. Cecilia Gardener replied that there are a variety of factors. Some of the technical and community colleges thought there wasn't enough return on their investment. There is also a lot of training already. We're creating a matrix of existing training. Pottinger asked if we have to report back to the legislature about this, because they put \$25,000 into this. Gardener replied that the legislative language was enabled the Board to develop a program "in consultation with," rather than "using the community and technical colleges." She will inform legislative staff that the Board has consulted with the community and technical colleges and plans to move forward with public works manager training using an alternate means of delivery, but no, we don't have to submit a report or ask permission to do this.

Lisa Wellman responded that she heads up a company that works with community colleges to do the back end. They have a plethora of courses. The question is what is the curriculum that would be helpful for different people in different circumstances? With what exists currently, it would be helpful to have people in the industry provide input on the needed curriculum. Do you know how much of the budget is left for this? Cecilia Gardener replied that Renton Technical College has not submitted a reimbursement voucher for costs incurred yet, but she doesn't think it's a large



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amount. Wellman stated that we don't know are the gaps in online training. Gardener replied that the SME meetings were supposed to identify such gaps, but only one college showed up: Renton Technical College. There was no momentum upon which to build. Wellman asked about their expertise. Gardener stated that what we wanted was exactly what you asked for: To get the colleges together, identify the existing curriculum, and then identify the gaps where curriculum could be created. Wellman replied so the SMEs weren't experts in the industry, correct? Stan Finkelstein replied that is correct. Heather Winfrey from Renton Technical College has now left RTC, so there is no one marshalling the troops. We sent out a survey asking people to tell us what training they need. The ERWOW program seems to have the greatest alignment with what people are saying they need, which is why we're redirecting our focus to ERWOW, instead of to the community colleges.

Pam Carter asked what is ERWOW? Cecilia Gardener replied that it stands for Evergreen Rural Water of Washington. They are a nonprofit, first responder triage group that goes out to the local systems when there is a crisis. They contract with the Departments of Health and Ecology. They provide trainings in the field for local jurisdictions and systems. There are many ways we can utilize them. We have to use the money we were allocated by June 2017. I will update you as we move forward with ERWOW, or with other options, at the next Board meeting. Carter replied that she wants to make sure we don't lose the non-technical coursework we were talking about. Gardener responded that what we saw was the technical colleges were moving more towards operational coursework, rather than the administrative curriculum we were wanting.

**ACTION: JC Baldwin moved to adjourn the meeting. Pam Carter seconded the motion. MOTION APPROVED 12-0** (Ayers, Baldwin, Carter, Cummins, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, Scott, and Wellman).

The Meeting was adjourned at 9:36 am.





DATE: April 26, 2016  
TO: Public Works Board  
FROM: Cecilia Gardener, Executive Director  
SUBJECT: Executive Director Update for March 18 through May 5, 2016

#### **Board**

- Board Members met with OFM and Governor Policy Staff via phone, regarding the Veto request
  - OFM meeting included Stan Finkelstein, JC Baldwin, Scott Hutsell, Dave Schumacher, David Postman, Nona Snell, Brian Bonlender, Mark Barkley, and Cecilia Gardener. Purpose was to discuss the future of the Public Works Board and the veto request. April 18, 2016.
- Stan Finkelstein attended a two day National Governors Association regarding Public-Private-Partnerships (PPP) – April 21-22. 2016.
- Convening a meeting of finance experts to discuss alternate financing mechanisms on May 3, 2016. Participants include: Stan Finkelstein, Nancy Rutledge, Wolfgang Optiz Treasurers Office, Dennis Hession, Mark Greenbough Foster Pepper, Nona Snell OFM, Mark Barkley, Brian Bonlender, Director of Commerce.

#### **Legislative**

- Update
  - DWSRF Transition Bill Signed by Governor March 31, 2016.
  - Legislative budgets signed into law – May 18, 2016 included veto of Section 935 in Operating Budget.

#### **Internal Operations Activities**

- Results Commerce Quarterly Target Review Meeting.
- IACC monthly standing meeting
- Predictive Model technical assistance, PWeB technical assistance for DOH
- Regional academies/tech teams planning meeting
- Review of all open loans and their status
- Development of new project selection proposal
- Weekly PWAA Predictive Model updates
- Participated on Interview Panel for Growth Management Services
- Training – Crucial Conversations
- Training options for local governments
- Initiation of DWSRF Transition – Auditing of DWSRF Contracts prior to transferring over to DOH

#### **Outside Meetings**

- Future of Washington Infrastructure – May 5, 2016
- Washington Public Utility District Association Committee – Gave budget/Legislative update to PUD Members –March 31, 2016
- Steve Gorcester, TIB April 18, 2016
- State 05-05 Work Group-April 21, 2016
- Regional Academies and Tech Teams Meetings in Colville and Ritzville

#### **Commerce Activity**

- Session Close out debriefing
- Weekly LGD Management Meeting

- Weekly Commerce Legislative Meeting
- Weekly one-on-one with Mark Barkley
- Bi-Weekly Unit meeting
- LGD Connecting and Change Management
- Weekly Budget Coordinators Meeting
- Employee Recognition Week

# TAB B

Contracting





DATE: April 15, 2016  
TO: Public Works Board  
FROM: Jacquie Andresen, Programs Specialist  
SUBJECT: PWAA Contract Status Report

This memo provides a quarterly status update to the Public Works Board and offers a snapshot of activities carried out by the PWAA Program Staff.

**Number of Contracts Received from PWB from 1/1/2016 – 3/31/2016**

PWAA 0

**Number of Contracts in Open Status as of 3/31/2016**

PWAA 60

**Number of Contract Closed 1/1/2016 – 3/31/2016**

PWAA 9

**Dollars distributed to Clients 1/1/2016 – 3/31/2016**

PWAA \$8,452,078

**Dollars remaining for Clients to Draw as of 3/31/2016**

PWAA \$72,946,618





DATE: April 15, 2016  
TO: Public Works Board  
FROM: Jill Nordstrom, Section Manager  
SUBJECT: DWSRF Contract Status Report

This memo provides a quarterly status update to the Public Works Board and offers a snapshot of activities carried out by the DWSRF Program Staff.

**Number of Contracts Received from PWB from 1/1/2016 – 3/31/2016**

DWSRF 0

**Number of Contracts in Open Status as of 3/31/2016**

DWSRF 117

**Number of Contract Closed 1/1/2016 – 3/31/2016**

DWSRF 6

**Dollars distributed to Clients 1/1/2016 – 3/31/2016**

DWSRF \$11,601,635

**Dollars remaining for Clients to Draw as of 3/31/2016**

DWSRF \$211,026,694





Date: April 20, 2016  
To: Public Works Board  
From: Jill Nordstrom, Drinking Water Program Manager  
Subject: Loan Retainage Revision Request for City of Port Townsend  
DWSRF Loan #DM12-952-092, DM15-952-034 and DM15-952-036  
DOH #2012-029, 2014-010 and 2014-008

**STAFF RECOMMENDATION:** Recommend revising Loan Retainage Timing

**Project Description:** Construction of Drinking Water Treatment Facility and Reservoir with Booster

**Original Loan Amount:**

DM12-952-092, \$3,071,521
DM15-952-034, \$6,896,007
DM15-952-036, \$5,053,250

**Project Status:**

These contracts represent all one project. The project as a whole is 30% complete. Port Townsend has been reimbursed approximately \$4.3M to date for this project. These contracts are scheduled to all close out at the same time. The anticipated project completion date is 10/31/2016.

**History:**

The contracts are executed with language allowing disbursements of eligible loan proceeds for up to 90% of the loan amount. Ten percent (10%) of loan proceeds are held until project completion. To ease the financial tracking burden for the City of Port Townsend, we would request allowing the City to request 100% reimbursement on the DM12-952-092 and DM15-952-034 loans. The 10% withholding from each of these two contracts equals \$996,753. This amount would instead be withheld on the DM15-952-036 contract until project completion.

**Action:**

Revise the Loan Retainage requirement on Loan DM12-952-092 (DOH 2012-029) and DM15-952-034 (DOH 2014-010) to allow the City of Port Townsend to spend down these loans in entirety prior to project completion. The required \$996,753 retainage would instead be held on the DM15-952-036 contract.





DATE: April 25, 2016

TO: Public Works Board

FROM: Janet Cherry & Mike Copeland, Office of Drinking Water, Drinking Water State Revolving Fund (DWSRF) Program

SUBJECT: 2016 DWSRF Recommended Funding List, Fourth List for PWB Review

**STAFF RECOMMENDATION**

Staff respectfully requests the following actions from the Public Works Board (PWB):

**1. Individual confirmation of recusal status:**

<b>Board Member</b>	<b>Recusal (No, or Applicant Name)</b>
Stan Finkelstein, Chair	
Janet (JC) Baldwin, Vice Chair	
Lisa Ayers	
Pam Carter	
Jerry Cummins	
Mary Margaret Haugen	
Scott Hutsell	
KC Kuykendall	
Steve Misiurak	
Diane Pottinger	
Matthew Rasmussen	
Mark (Bubba) Scott	
Lisa Wellman	

**2. Approval of the DWSRF list of projects provided in handout.**

PWB and Department of Health (DOH) staff recommend Board approval of the projects identified in Attachment A of the handout. Attachment A includes one (1) new project (Chehalis) for PWB consideration and modifications to loan terms previously approved by PWB for eleven (11) projects:

- Chehalis has requested \$310,000 in additional money to award the bid for their reservoir project. Chehalis has an existing loan (DWSRF DM13-952-179) for \$555,500 for design and construction of a new 200,000 gallon reservoir based on their 2013 DWSRF application. The project was recently bid and the low bid was \$718,837. The DWSRF program has limited funds to entities needing additional construction funding to \$303,000 (includes loan origination fee) per entity. The existing DWSRF loan DM13-952-179 will be amended for the additional amount of funding in the amount of \$303,000.

- Based on the affordability index (ratio of rates with the project to median household income) calculated for systems, the following applicants are now eligible for a reduced annual interest rate from 1.5% to 1.0% (no other terms of the loan have changed):
  - City of Port Townsend
  - City of Morton
  - City of Sequim (two projects)
  
- Using the historic approach of awarding subsidy based on the affordability index, the DWSRF Program was unable to meet its minimum required subsidy award. The DWSRF Program is required to meet a minimum subsidy award amount of 20% of the capital grant received, resulting in a minimum subsidy award equal to \$3,710,600 for this year. As a result, the DWSRF Program developed another criterion for subsidy using debt service coverage. Those systems with a debt service coverage ratio of 1.20 or less will qualify for subsidy. The following systems are now receiving 30% subsidy, 0% loan origination fee, 1.0% annual interest rate, and 24-year loan term:
  - Acme Water District #18
  - City of Pomeroy
  - Honeymoon Bay Vista Water Association
  - Beacon Hill Water and Sewer District
  - City of Brewster
  - City of Zillah
  - City of Concrete

While staff feels confident that these projects are ready to proceed to contract, there may be modifications to the listed applications as staff finalizes project scopes and budgets with applicants. We will inform the Board if any of the interest rates or loan terms change during the final stages of this process.

## **BACKGROUND**

DOH received thirty-six (36) applications requesting more than \$56.54 million in funding. Of the thirty-six (36) loan applications received, three (3) were deemed ineligible due to lack of required planning documents (Attachment E). The remaining thirty-three (33) eligible applications are under review by DOH and the requested funding in these applications is \$53.98 million, within the \$60 million allocated this year for construction project funding. The funding amount available for the 2016 DWSRF construction loan funding cycle was revised from \$65 million to approximately \$60 million by DOH upon further review of loan repayment and predictive model information. Twenty-one (21) projects in Attachment D were approved at the December PWB meeting, for a total of \$44.78 million. An additional fifteen (15) projects in Attachment C were approved by PWB at the February PWB meeting. Please note Attachment C includes nine (9) projects received by DOH as part of the 2016 DWSRF construction loan application cycle plus six (6) additional projects as a result of additional outreach by DOH.

As shown in Attachment F, a total of three (3) applications will not be processed:

- The Keller Lane/Lakeview Subdivision water system project did not pass underwriting.
- Northport has formally withdrawn their application for review and has secured other funding.
- The City of Sequim has stated they no longer wish to pursue the reservoir project and have withdrawn from the process.

## Summary of EPA Capitalization Grant Award and DWSRF Funding

Amounts are in Millions of Dollars

YEAR	EPA Grant	EPA Grant Available for DWSRF Loans	Approximate Award Amount
2016	\$18.55	\$12.80	\$54
2015	\$19.6	\$13.52	\$90
2014	\$19.74	\$13.62	\$109
2013	\$21.5	\$14.84	\$102

NOTE: For 2017, EPA has estimated a capitalization grant award amount of \$22.22 million.



# DWSRF

\$60 Million Available (approximate)  
\$3,922,200 to \$5,883,300 Subsidy Available

\*Subsidy (Loan Forgiveness) is awarded to high AI communities and those consolidating systems

## A. DWSRF Applicants for PWB review May 6, 2016

Applicant	Applicant	Project Name	County	Score	Loan Amount	Loan Fee %	Loan Fee	Total Loan Amount	Subsidy %	Subsidy @ Project Completion	Interest Rate	Term in Years	Special Contract Conditions	Community/Noncommunity
2013F-045	City of Chehalis	Complete High Level Reservoir project, as funded under DWSRF Loan DM13-952-179.	LEWIS		\$ 300,000.00	1%	\$ 3,000.00	\$ 303,000.00	0%	\$ -			Amend existing contract	Comm
2015-049	City of Port Townsend	City of Port Townsend Mandated LT2ESWTR Water Treatment Facility	JEFFERSON	185	\$ 1,200,000.00	1%	\$ 12,000.00	\$ 1,212,000.00	0%	\$ -	1.0%	20	n/a	Comm
2015-041	City of Morton	Reservoir No. 1 Replacement	LEWIS	61	\$ 1,300,000.00	1%	\$ 13,000.00	\$ 1,313,000.00	0%	\$ -	1.0%	20	n/a	Comm
2015-021	City of Sequim	Sunnyside Water Main Replacement - Maple St. to Fir St.	CLALLAM	55	\$ 634,900.00	1%	\$ 6,349.00	\$ 641,249.00	0%	\$ -	1.0%	20	n/a	Comm
2015-022	City of Sequim	5th and McCurdy Booster Pump Station Improvements	CLALLAM	50	\$ 724,850.00	1%	\$ 7,248.50	\$ 732,098.50	0%	\$ -	1.0%	20	n/a	Comm
2015-011	Acme Water District #18	Arsenic Removal Project	WHATCOM	159	\$ 316,250.00	0%	\$ -	\$ 316,250.00	30%	\$ 94,875.00	1.0%	24	n/a	Comm

2015-007	City of Pomeroy	Pomeroy Sunny Side Booster Pump Station & Water Main Replacement	GARFIELD	67	\$ 389,828.00	0%	\$ -	\$ 389,828.00	30%	\$ 116,948.40	1.0%	24	n/a	Comm
2015-046	Honeymoon Bay Vista Water Association	HBVWA Main Line Replacement; Reservoir Fill Alteration	ISLAND	49	\$ 222,000.00	0%	\$ -	\$ 222,000.00	30%	\$ 66,600.00	1.0%	24	n/a	Comm
2015-056	Beacon Hill Water and Sewer District	Hillside Pump Station Reconstruction	COWLITZ	56	\$ 850,000.00	0%	\$ -	\$ 850,000.00	30%	\$ 255,000.00	1.0%	24	n/a	Comm
2015-048	City of Brewster	Brewster Reservoir Replacement	OKANOGA N	55	\$ 1,255,000.00	0%	\$ -	\$ 1,255,000.00	30%	\$ 376,500.00	1.0%	24	n/a	Comm
2015-029	City of Zillah	Source Well Improvements	YAKIMA	64	\$ 2,208,000.00	0%	\$ -	\$ 2,208,000.00	30%	\$ 662,400.00	1.0%	24	n/a	Comm
2015-019	Town of Concrete	Town of Concrete Water System Improvements	SKAGIT	54	\$ 1,119,111.00	0%	\$ -	\$ 1,119,111.00	30%	\$ 335,733.30	1.0%	24	n/a	Comm
<b>TOTAL</b>					<b>\$ 6,360,189.00</b>		<b>\$ -</b>	<b>\$ 6,360,189.00</b>		<b>\$ 1,908,056.70</b>				

**B. DWSRF Applicants approved by PWB on March 18, 2016**

Applicant	Applicant	Project Name	County	Score	Loan Amount	Loan Fee %	Loan Fee	Total Loan Amount	Subsidy %	Subsidy @ Project Completion	Interest Rate	Term in Years	Special Contract Conditions	Community/Non community
2015-042	City of Ilwaco	Sahalee Subdivision Distribution System Improvements	PACIFIC	57	\$ 859,500.00	1%	\$ 8,595.00	\$ 868,095.00	0%	\$ -	1.5%	20	n/a	Comm
2015-044	Tulalip Shores Beach Association	Tulalip Shores Distribution System Replacement	SNOHOMI SH	56	\$ 909,436.00	0%	\$ -	\$ 909,436.00	30%	\$ 272,830.80	1.0%	24	n/a	Comm
2011-025	Greater Bar Water District	Compliance and Consolidation Project- add'l construction money for DM11-952-013 (\$2,722,800 with 50% subsidy)	DOUGLAS		\$ 200,000.00	0%	\$ -	\$ 200,000.00	50%	\$ 100,000.00	1.0%	34	Credit Memo-execute new contract	Comm
2015-028	City of Auburn	Coal Creek Springs Transmission Main Replacement	KING	59	\$ 1,340,000.00	1%	\$ 13,400.00	\$ 1,353,400.00	0%	\$ -	1.5%	10	n/a	Comm
2015-014	Windolph Association	Replacement	THURSTON	135	\$ 364,600.00	0%	\$ -	\$ 364,600.00	30%	\$ 109,380.00	1.0%	20	Memo	Comm
2015-048	City of Brewster	Brewster Reservoir Replacement	OKANOGA N	55	\$ 1,255,000.00	0%	\$ -	\$ 1,255,000.00	0%	\$ -	1.0%	20	n/a	Comm
2015-026	Christ Community Fellowship	New Source Well	WALLA WALLA	127	\$ 128,650.00	1%	\$ 1,286.50	\$ 129,936.50	0%	\$ -	1.5%	20	n/a	NTNC
<b>TOTAL</b>					<b>\$ 5,057,186.00</b>		<b>\$ 23,281.50</b>	<b>\$ 5,080,467.50</b>		<b>\$ 482,210.80</b>				

**C. DWSRF Applicants approved by PWB on February 5, 2016**

Applicant	Applicant	Project Name	County	Score	Loan Amount	Loan Fee %	Loan Fee	Total Loan Amount	Subsidy %	Subsidy @ Project Completion	Interest Rate	Term in Years	Special Contract Conditions	Community/Noncommunity
2015-014	Windolph Association	Windolph Water System Replacement	THURSTON	135	\$ 387,000.00	1%	\$ 3,870.00	\$ 390,870.00	0%	\$ -	1.5%	20	Credit Memo	Comm
2015-049	City of Port Townsend	City of Port Townsend Mandated LT2ESWTR Water Treatment Facility	JEFFERSON	185	\$ 1,200,000.00	1%	\$ 12,000.00	\$ 1,212,000.00	0%	\$ -	1.5%	20	n/a	Comm
2015-026	College Place/ Christ Community Fellowship	New Source Well	WALLA WALLA	127	\$ 2,286,500.00	0%	\$ -	\$ 2,286,500.00						Comm
2015-011	Acme Water District #18	Arsenic Removal Project	WHATCOM	159	\$ 316,250.00	1%	\$ 3,162.50	\$ 319,412.50	0%	\$ -	1.5%	20	n/a	Comm
2015-007	City of Pomeroy	Pomeroy Sunny Side Booster Pump Station & Water Main Replacement	GARFIELD	67	\$ 389,828.00	1%	\$ 3,898.28	\$ 393,726.28	0%	\$ -	1.5%	20	n/a	Comm
2015-042	City of Ilwaco	Sahalee Subdivision Distribution System Improvements	PACIFIC	57	\$ 745,000.00	1%	\$ 7,450.00	\$ 752,450.00	0%	\$ -	1.5%	20	n/a	Comm
2015-048	City of Brewster	Brewster Reservoir Replacement	OKANOGA	55	\$ 1,255,000.00	0%	\$ -	\$ 1,255,000.00	0%	\$ -	1.5%	20	n/a	Comm
2015-052	City of Rockford	Rockford Well #4 Replacement	SPOKANE	55	\$ 510,400.00	1%	\$ 5,104.00	\$ 515,504.00	0%	\$ -	1.5%	20	n/a	Comm
2015-046	Honeymoon Bay Vista Water Association	HBVWA Main Line Replacement; Reservoir Fill Alteration	ISLAND	49	\$ 222,000.00	1%	\$ 2,220.00	\$ 224,220.00	0%	\$ -	1.5%	20	n/a	Comm
2015-056	Beacon Hill Water and Sewer District	Hillside Pump Station Reconstruction	COWLITZ	56	\$ 850,000.00	1%	\$ 8,500.00	\$ 858,500.00	0%	\$ -	1.5%	20	n/a	Comm
2015-055	City of Ephrata	Basin Street Water Main Replacement	GRANT	50	\$ 2,960,000.00	1%	\$ 29,600.00	\$ 2,989,600.00	0%	\$ -	1.5%	20	n/a	Comm
2013-060	Bayview Beach Water District	Main Replacement Shore & McDonald- add'l construction money for DM13-952-154 (\$499,950, 0 subsidy)	ISLAND		\$ 260,000.00	1%	\$ 2,600.00	\$ 262,600.00	0%	\$ -			Amend exist contract	Comm
2011-025	Greater Bar Water District	Compliance and Consolidation Project- add'l construction money for DM11-952-013 (\$2,722,800 with 50% subsidy)	DOUGLAS		\$ 200,000.00	0%	\$ -	\$ 200,000.00	50%	\$ 100,000.00	1.0%	24	Credit Memo- execute new contract	Comm
2012-063	Thurston PUD	Lew's 81 St Consolidation - add'l construction money for DM12-952-113 (\$370,725 with 50% subsidy)	Thurston		\$ 185,252.00	0%		\$ 185,252.00	50%	\$ 92,626.00	1.0%	24	Execute new contract	Comm

2013F-028	City of Sumner	Central Well- add'l construction money fro DM13-952-178 (\$5,518,135, 0 subsidy)	PIERCE		\$ 300,000.00	1%	\$ 3,000.00	\$ 303,000.00	0%	\$ -			Amend exist contract	Comm
					\$ 12,067,230.00		\$ 81,404.78	\$ 12,148,634.78		\$ -				

**D. DWSRF Applicants approved by PWB on December 11, 2015**

DOH #	Applicant	Project Name	County	Score	Loan Amount	Loan Fee %	Loan Fee	Total Loan Amount	Subsidy %	Subsidy @ Project Completion	Interest Rate	Term in Years	Special Contract Conditions	Community/Non Community
2015-012	City of Olympia	McAllister Wellfield Corrosion Control Facility	THURSTON	156	\$ 4,018,448.00	1%	\$ 40,184.48	\$ 4,058,632.48	0%	\$ -	1.5%	20	n/a	Comm
2015-032	City of Enumclaw	2 MG Reservoir Replacement	KING	77	\$ 2,255,563.00	1%	\$ 22,555.63	\$ 2,278,118.63	0%	\$ -	1.5%	20	n/a	Comm
2015-050	City of Camas	Camas Surface Water Transmission Main	CLARK	48	\$ 3,400,000.00	1%	\$ 34,000.00	\$ 3,434,000.00	0%	\$ -	1.5%	20	n/a	Comm
2015-054	City of Camas	Camas Slow Sand Filter	CLARK	65	\$ 2,600,000.00	0%	\$ -	\$ 2,600,000.00	50%	\$ 1,300,000.00	1.0%	24	n/a	Comm
2015-029	City of Zillah	Source Well Improvements	YAKIMA	64	\$ 2,208,000.00	1%	\$ 22,080.00	\$ 2,230,080.00	0%	\$ -	1.5%	20	n/a	Comm
2015-034	City of Snohomish	Aldercrest Water Users Association - Cypress Lane Water Main Extension	SNOHOMISH	62	\$ 161,470.00	0%	\$ -	\$ 161,470.00	50%	\$ 80,735.00	1.0%	24	n/a	Comm
2015-047	City of Kelso	Minor Road Reservoir Replacement and Transmission Main	COWLITZ	62	\$ 4,485,000.00	1%	\$ 44,850.00	\$ 4,529,850.00	0%	\$ -	1.5%	20	n/a	Comm
2015-015	Skamania County Public Utility District #1	New Carson Water System Reservoir	SKAMANIA	61	\$ 1,796,578.00	1%	\$ 17,965.78	\$ 1,814,543.78	0%	\$ -	1.5%	20	n/a	Comm
2015-041	City of Morton	Reservoir No. 1 Replacement	LEWIS	61	\$ 1,300,000.00	1%	\$ 13,000.00	\$ 1,313,000.00	0%	\$ -	1.5%	20	n/a	Comm
2015-009	Kitsap Public Utility District #1	Crystal Springs Consolidation	KITSAP	60	\$ 320,868.00	0%	\$ -	\$ 320,868.00	50%	\$ 160,434.00	1.0%	24	n/a	Comm
2015-028	City of Auburn	Coal Creek Springs Transmission Main Replacement	KING	59	\$ 1,340,000.00	1%	\$ 13,400.00	\$ 1,353,400.00	0%	\$ -	1.5%	20	n/a	Comm
2015-051	City of Colville	Colville Reservoir #3 Replacement	STEVENS	59	\$ 2,278,864.00	1%	\$ 22,788.64	\$ 2,301,652.64	0%	\$ -	1.5%	20	n/a	Comm
2015-021	City of Sequim	Sunnyside Water Main Replacement - Maple St. to Fir St.	CLALLAM	55	\$ 634,900.00	1%	\$ 6,349.00	\$ 641,249.00	0%	\$ -	1.5%	20	n/a	Comm
2015-019	Town of Concrete	Town of Concrete Water System Improvements	SKAGIT	54	\$ 1,119,111.00	1%	\$ 11,191.11	\$ 1,130,302.11	0%	\$ -	1.5%	20	n/a	Comm
2015-020	City of Anacortes	Blue Herron Circle 3MG Reservoir Rehabilitation	SKAGIT	52	\$ 4,925,500.00	1%	\$ 49,255.00	\$ 4,974,755.00	0%	\$ -	1.5%	20	n/a	Comm
2015-022	City of Sequim	5th and McCurdy Booster Pump Station Improvements	CLALLAM	50	\$ 724,850.00	1%	\$ 7,248.50	\$ 732,098.50	0%	\$ -	1.5%	20	n/a	Comm

2015-027	City of Olympia	Fones Rd Booster Pump Station	THURSTON	50	\$ 1,912,853.00	1%	\$ 19,128.53	\$ 1,931,981.53	0%	\$ -	1.5%	20	n/a	Comm
2015-031	City of Kennewick	Kennewick/Elliott Lake Water System Consolidation	BENTON	50	\$ 1,097,342.00	0%	\$ -	\$ 1,097,342.00	50%	\$ 548,671.00	1.0%	24	n/a	Comm
2015-030	City of Selah	Palm Park Booster Station and Well No. 7 Improvements	YAKIMA	47	\$ 1,210,000.00	1%	\$ 12,100.00	\$ 1,222,100.00	0%	\$ -	1.5%	20	n/a	Comm
2015-043	City of Kettle Falls	BNSF/Highway 395 Water Main Replacement	STEVENS	45	\$ 587,000.00	1%	\$ 5,870.00	\$ 592,870.00	0%	\$ -	1.5%	20	n/a	Comm
2015-025	Seattle Public Utilities	Morse Lake Pump Plant	King	80	\$ 6,000,000.00	1%	\$ 60,000.00	\$ 6,060,000.00	0%	\$ -	1.5%	20	n/a	Comm
					<b>\$ 44,376,347.00</b>		<b>\$ 401,966.67</b>	<b>\$ 44,778,313.67</b>		<b>\$ 2,089,840.00</b>				

**E. DWSRF Applicants that were ineligible due to lack of planning documents**

Applicant	Applicant	Project Name	County	Score	Loan Amount	Loan Fee %	Loan Fee	Total Loan Amount	notes	Community/Non Community
2015-018	King County Water District No. 90	West Lake Kathleen Water Main Improvement Project	KING	Ineligibl	\$ 1,816,500.00	1%	\$ 18,165.00	\$ 1,834,665.00	Recom mende d coming in for precon structi	Comm
2015-008	Green Ridge HOA	Water system improvements	Spokane	Ineligibl	574,480	1%	5745	580,225	Recom mende d consoli dation with Liberty Lake Water and Sewer	Comm
2015-013	City of Black Diamond	Downtown AC water main replacement and looping	King	Ineligibl	143,564	1%	1435	145,000	Recom mende d coming in for precon structi on loan	Comm
					<b>\$ 2,534,544.00</b>		<b>\$ 25,345.00</b>	<b>\$ 2,559,890.00</b>		

**F. Remaining DWSRF Applicants and Status**

Applicant	Applicant	Project Name	County	Score	Loan Amount	Loan Fee %	Loan Fee	Total Loan Amount	Subsidy %	Subsidy @ Project Completion	Interest Rate	Term in Years	Special Contract Conditions	Notes
2015-045	Keller Lane Property Owners Association, owners/operators of the Lakeview Subdivision Water System	Water Quality Improvements Project	LINCOLN	167	\$ 769,000.00	0%	\$ -	\$ 769,000.00	50%	\$ 384,500.00	1.0%	24 n/a		Did not pass underwriting
2015-016	Town of Northport	Well Improvements Project	STEVENS	59	\$ 682,900.00	0%	\$ -	\$ 682,900.00	30%	\$ 204,870.00	1.0%	24 n/a		City withdrew
2015-023	City of Sequim	Roof of 500,000-Gallon Reservoir	CLALLAM	55	\$ 225,000.00	1%	\$ 2,250.00	\$ 227,250.00	0%	\$ -	1.5%	20 n/a		City withdrew

# TAB C

## Policy & Program Development





DATE: April 26, 2016  
TO: Public Works Board  
FROM: Cecilia Gardener, Executive Director  
SUBJECT: Proposed DWSRF Transition Oversight

On March 31, 2016, Governor Inslee signed ESSB 5251 into law. This bill authorizes the transfer of the Drinking Water State Revolving Fund (DWSRF) program to the Department of Health (DOH). This is the culmination of 20 years' worth of development. Originally, DOH was not in the loan business, the Public Works Board (Board) was, so it made sense to partner. DOH has developed the capacity to administer a funding program, so it is in the best interest for program efficiency and efficacy to be administered by one entity.

All DWSRF contracts have been executed and overseen by the Board and staff. Transitioning these duties to DOH is no small task. In order to achieve this, ensuring transparency and ease of operations, a draft concept for the Board's role in managing the transition is presented below:

There are three parties to this process: DOH, Commerce, and the Board. Our goal is to have a successful, transparent process. This was the only state program every administered by three organizations, and it was a success. We want to ensure a smooth shift in order to maintain this success.

## **STAFF RECOMMENDATION:**

### **Form a committee to oversee the transition:**

*(Once established most can be done via phone, and at Board meetings).*

- Public Works Board: Diane Pottinger, Bubba Scott, Steve Misiurak, Cecilia Gardener  
*(individuals who have a working knowledge of the program)*
- Commerce: Mark Barkley, Bruce Lund
- DOH: To be determined

### **Role/Responsibilities of the Committee:**

- Oversight
- Develop MOU
- Develop Work Plan, including timeline
- Briefings at Board meetings to all parties
- Address issues as they arise
- Celebrate the Success!





DATE: April 26, 2016  
TO: Public Works Board  
FROM: Cecilia Gardener, Executive Director  
SUBJECT: Governor Inslee's Veto and Next Steps

Attached is material (Letters and articles) regarding the Successful veto request to Governor Inslee.

1. Veto Request for 935 in H-4773.2 of the Supplemental Operating Budget
  - a. The request will eliminate Section 935, which has the policy statement that no new loans would be issued out of the Public Works Assistance Account, and the expectation that they would sweep next biennium's loan and tax resources.
  - b. Also attached is a list of all the letters and articles of support for the PWAA
2. Veto Statement from the Governor
  - a. This letter identifies all of the sections in the Supplemental Operating Budget that the Governor vetoed. (Section 935 is on Page 4)
3. Letter to the Governor thanking him for his consideration and action regarding Section 935 and his continued support of the Board and the local Governments that serve the citizens of Washington State.

**Governor Inslee vetoed Section 935, now what...**

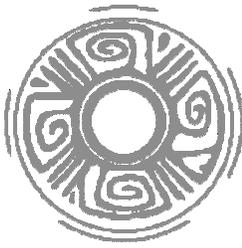
The veto does not mean that we will move forward as if all the resources will be there next year. This gives the Board another opportunity to work with the Governor, Legislators, partners, and stakeholders to create a comprehensive and possibly an alternative option for the future. As you know, the Legislature has yet to address "McCleary" in a long term sustainable manner. The next Legislative session will be a very difficult session for all of state government, not just the Board. There are no guarantees.

**Next Steps:**

Staff has been working with the Office of Financial Management regarding next steps for the PWAA and the Board.

1. The proviso in the 2015-17 Budget still includes the "mandate" that we produce a loan list for submittal in November of this year.
  - a. Anything submitted must adhere to the selection criteria currently in the proviso.
  - b. This is addressed in subsequent agenda item within the May 6, 2016 Board Packet.
2. The Board has call for a meeting with some finance experts to discuss alternate options for assisting local governments in meeting their financial infrastructure needs.
  - a. This meeting will take place on May 3rd, after the Board Packet is mailed so a briefing will take place at the May 6th meeting.
  - b. Attendees will include: Wolfgang Optiz-Treasurers Office, Nona Snell-OFM, Mark Greenough-Foster Pepper, Dennis Hession-past Board Chair, and Nancy Rutledge Connery-one of the original architects of the program.
  - c. This is the first effort in identifying next steps for the Board. Subsequent meetings will broaden the input process.





## Washington State Public Works Board

Post Office Box 48319  
Olympia, Washington 98504-8319

April 5, 2016

Governor Jay Inslee  
Office of the Governor  
PO Box 40002  
Olympia WA 98504-0002

RE: Veto Section 935 in H-4773.2, the Striking Amendment to ESHB 2376  
(Supplemental Operating Budget)

Governor Jay Inslee:

On behalf of the Public Works Board, and the cities, counties, and special purpose districts, of Washington State, I respectfully request that you veto Section 935 in H-4773.2, the Striking Amendment to ESHB 2376 (Supplemental Operating Budget). I would like to express my grave concerns with the actions the Legislature has taken since the 2011-13 biennium, regarding the Public Works Assistance Account (PWAA).

Section 935 in the Supplemental Budget inserts language into 43.155.050 RCW stating that the legislature intends to “continue the policy since 2013 of not authorizing new loans from the [PWAA] account and to allocate the available two hundred twenty-seven million three hundred sixty—seven thousand dollars of future loan repayments paid into the public works assistance account to support basic education.”

The Public Works Assistance Account (PWAA) was established as the source of funds to make loans and to give financial guarantees to local governments for public works projects (43.155.050 RCW). For thirty years, programs funded through the PWAA provided a stable, cost-effective, progressive, and flexible source of funding that local governments could reliably access in order to proactively maintain Washington’s economic foundation: sound infrastructure.

Starting with the 2011-13 biennium, the legislature started redirecting tax revenues from the PWAA to the education legacy trust account and the general fund. Then, in the 2013-15 biennium, cash from the account was redirected as well. Section 935 is a policy statement. However, the policy that it promotes is that of using funds originally intended to address critical local government infrastructure needs for purposes outside the original intent of the tax increases enacted in 1985 to meet those needs.

Starting in 2011, the legislature has developed a policy of redirecting revenues from dedicated funds to the general fund. With the advent of the McCleary Decision, they have included the education legacy trust account as a recipient of these redirected funds. Transferring funds between accounts at such a rate

that the original use of the funds can no longer be honored is contrary to the maintenance of an efficient, effective, and accountable government.

Currently, the State of Washington has no state funded loan programs that provide broad, cost effective infrastructure funding to support state policies promoting Washington as the place to live for current and future generations. The available loan programs are federally financed and specifically targeted to resolve catastrophic health and safety issues, or are strategically directed investment tools geared towards promoting economic development. PWAA loan programs provide the niche funding desperately needed by local governments who are sustainably managing their systems and need assistance accessing capital. Their systems are not yet broken, so they fail to merit the funding available for disastrous health and safety issues.

Local governments, much the same as the state, struggle to prioritize taxpayer investments. However, the one element that is universal across the federal, state, and local levels, as well as the private sector, is the need to maintain existing capital assets in order to flourish. Infrastructure is key to a prosperous economy. Maintaining infrastructure assets in satisfactory condition at 2013 baseline levels through 2020 is a Results Washington goal. This is an impossible goal for local governments to meet without state assistance that does not require catastrophic failure in order to qualify for funding.

We applaud your efforts to ensure that Washington is a leader in clean technology, sustainability, and efficient use of our resources. Vetoing Section 935 allows you to reinforce your message of transparent government and commitment to vibrant communities.

Please veto Section 935 in H-4773.2, the Striking Amendment to ESHB 2376.

Thank you for your consideration,

A handwritten signature in blue ink that reads "Stan Finkelstein". The signature is fluid and cursive, with the first name "Stan" being particularly prominent.

Stan Finkelstein, Chair  
Public Works Board

cc: Brian Bonlender, Director of the Department of Commerce  
David Schumacher, Director of the Office of Financial Management

SF:cg



STATE OF WASHINGTON  
OFFICE OF THE GOVERNOR

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April 18, 2016

To the Honorable Speaker and Members,  
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Sections 113 page 7, lines 24-25; 123(5); 126 (38); 128, page 35, lines 16-19; 128(8); 128(10); 134, page 41, lines 29-32 and page 42, lines 6-7; 134(4); 206, page 90, lines 3-5; 207(9); 220(2)(h); 302(14); 308(22); 402, page 180, lines 22-25; 402(2); 612, page 265, lines 11-12; 901; 920; 921; 929; 935; and 939, Second Engrossed Substitute House Bill No. 2376 entitled:

“AN ACT Relating to fiscal matters.”

**Section 113, page 7, lines 24-25, Administrator for the Courts, Fiscal Year 2017 Appropriation Reduction Affecting Thurston County Court Funding**

Certain types of court cases are required by statute to be filed in Thurston County. The Administrative Office of the Courts (AOC) provides funding to Thurston County to help offset the state impacts to the county’s courts. The budget eliminates \$811,000 allocated to AOC to reimburse the county for these state impacts. Vetoing the fiscal year 2017 supplemental appropriation in Section 113, lines 24 through 25, will restore \$584,000 to the original fiscal year 2017 appropriation. For these reasons, I have vetoed Section 113, page 7, lines 24 through 25.

**Section 123(5), page 20, State Auditor, WWAMI Medical School Study**

Section 123(5) provides \$600,000 for a study of the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) medical school. Consistent with the underlying 2015-17 biennial budget, the Auditor’s Office will perform the study within the original amounts appropriated. For this reason, I have vetoed Section 123(5).

**Section 126(38), page 33, Department of Commerce, Incremental Energy**

Funding is provided solely for the implementation of Engrossed Senate Bill No. 6166 (incremental energy). I vetoed this bill. For this reason, I have vetoed Section 126(38).

**Section 128, page 35, lines 16-19, Office of Financial Management, Central Service Charges**

The General Fund-State (GF-S) appropriations for the Office of Financial Management (OFM) are decreased to reflect the agency’s budget, accounting, and forecasting functions being billed to state agencies as a central service charge. Charging agencies for these services could create the perception of unfairness, as agencies would likely receive services disproportionate to the amounts they would be charged. Agencies are provided GF-S appropriations to cover their share of the new OFM central service charge, but the change would negatively impact dedicated funds for which no new revenues are authorized. Vetoing changes to these appropriation line items does not fully restore the expenditure authority required for OFM to continue providing its current level of services. Therefore, OFM will bill agencies only for the difference between the original cost of providing

these services and the amount of funding restored by the veto. For these reasons, I have vetoed Section 128, page 35, lines 16 through 19.

**Section 128(8), pages 37-38, Office of Financial Management, Infrastructure Investment Strategy Workgroup**

Section 128(8) directs OFM to convene a workgroup including local governments, state agencies, and legislators to develop a local government infrastructure investment strategy. A formal workgroup is not necessary to accomplish this task. For this reason, I have vetoed Section 128(8).

**Section 128(10), pages 38-39, Office of Financial Management, Proposal for Pacific Tower**

Section 128(10) directs OFM to work with the Department of Enterprise Services, Department of Commerce, and Office of the State Treasurer to develop a proposal for the purchase of the Pacific Tower. Preparing such a proposal will require significant legal and real estate professional services that are not funded in the budget. For this reason, I have vetoed Section 128(10).

**Section 134, page 41, lines 29-32, and page 42, lines 6-7, Department of Revenue, Performance Audits of Government Account**

These appropriations shift \$10 million for Department of Revenue (DOR) audit functions from the state General Fund to the Performance Audits of Government Account. To preserve performance audit functions of the State Auditor's Office at their anticipated activity levels for the current biennium, I am vetoing the appropriation from the Performance Audits of Government Account in this section. To preserve audit functions at DOR, I am also vetoing supplemental changes to the agency's General Fund-State appropriations. While I am vetoing Section 134, page 41 lines 29 through 32, I am directing DOR to place excess state General Fund appropriations as a result of this veto in unallotted status in an amount to be determined by the Office of Financial Management. For these reasons, I have vetoed Section 134, page 41 lines 29 through 32 and page 42 lines 6 through 7.

**Section 134(4), page 42, Department of Revenue, Waiver of Penalties on Unpaid Royalty Tax**

This proviso authorizes the Department of Revenue (DOR) to waive unpaid penalties for outstanding Business and Occupation tax on royalty income. Under current law, DOR already has the authority to waive unpaid penalties. Therefore, this proviso is unnecessary. For this reason, I have vetoed Section 134(4).

**Section 206, page 90, lines 3-5, Department of Social and Health Services, Aging and Adult Services**

These two appropriations are identified as federal; however, no federal dollars are received into these accounts. The Assisted Living Facility Temporary Management Account and Adult Family Home Account are created in statute as not requiring an appropriation; therefore, the department can spend revenue received into the accounts upon approval of an allotment. For these reasons, I have vetoed Section 206, page 90, lines 3 through 5.

**Section 207(9), page 104, Department of Social and Health Services, Economic Services Administration**

Funding is provided solely for the implementation of Senate Bill No. 6499 (electronic child support payments). The bill was not enacted. For this reason, I have vetoed Section 207(9).

**Section 220(2)(h), page 150, Department of Corrections, Correctional Operations**

Funding is provided solely for the implementation of Second Substitute Senate Bill No. 5105 (felony DUI). The bill was not enacted. For this reason, I have vetoed Section 220(2)(h).

**Section 302(14), page 161, Department of Ecology, Rain Gauges**

This proviso requires the Department of Ecology to transfer responsibility for ongoing operation and maintenance of the rain gauge network in Okanogan County to the Okanogan Conservation District. The Okanogan Conservation District has neither the funding nor expertise needed to operate the network reliably. For this reason, I have vetoed Section 302(14). However, I have directed the Department of Ecology and the State Conservation Commission to work with local authorities in Okanogan County to provide funding, including local funding, to continue network operations to ensure public safety.

**Section 308(22), page 175, Department of Natural Resources, Natural Area Preserves**

This proviso prohibits the Department of Natural Resources from using any appropriation in this section for activities related to increasing the amount of land managed by the department as natural area preserves. The department has several existing capital projects to expand natural area preserves, and this proviso inhibits its ability to move forward with those projects. For these reasons, I have vetoed Section 308(22).

**Section 402, page 180, lines 22-25 and Section 402(2), page 181; Washington State Patrol, Fire Service Training Account**

These provisions authorize the use of \$1.611 million from the Fire Service Training Account for fire mobilization costs. This account has never been used for fire mobilizations. Its primary purpose is to pay for firefighter training and is used mainly by local government fire agencies. For this reason, I have vetoed Section 402, page 180, lines 22 through 25 and Section 402(2).

**Section 612, page 265, lines 11-12, Department of Early Learning, General Fund-State Appropriation (FY16)**

This section decreases the General Fund-State appropriation for the Department of Early Learning in fiscal year 2016. This includes a significant reduction in full time employees which cannot be realized within the next two months. Decreased funding may prevent the Department from maintaining and advancing my Healthiest Next Generation initiative to increase coordination of comprehensive health services between state agencies and to improve nutrition and physical activity for young children in early learning settings. Reduced funding also will prevent the Department of Early Learning from investing resources in fraud prevention and meeting new child care provider monitoring requirements of the Child Care and Development Block Grant Reauthorization Act of 2014. For these reasons, I have vetoed Section 612, page 265, lines 11 through 12.

**Section 901, page 293, Agency, Collective Bargaining Agreement – Coalition of Unions**

This section rejects funding a Memorandum of Understanding with the Union of Physicians of Washington and directs the terms for an alternative if an agreement is reached by June 30, 2016. This is not in keeping with the state's collective bargaining law, RCW 41.80.010, that specifies the process to be used if the Legislature does not approve funding a tentative agreement. Collective bargaining will proceed in accordance with statutory requirements. For this reason, I have vetoed Section 901.

**Section 920, pages 305-307, Fire Insurance Premium Tax**

This section limits the distribution of fire insurance premium tax to local governments and requires reports and audits of information about local governments' firefighters' pension funds. Changes in the distribution of this tax should follow, rather than precede, collection of this information and review of potential changes in distribution. For this reason, I have vetoed Section 920. I encourage the affected local governments to provide the information specified in this section and direct the Department of Revenue and the Department of Retirement Systems to review the information

submitted.

**Section 921, pages 307-308, Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), Distribution in 2017**

Section 921 declares the Legislature's intent to fund a 2017 distribution to the Local Law Enforcement Officers' and Firefighters' Retirement System Benefits Improvement Account through "alternate means" which may include transfers from the LEOFF 2 pension fund itself. I vetoed similar language in the 2015-17 biennial budget because I believe that this is not an appropriate use of a pension fund. While I signed the actual transfer language at that time, I indicated that this should be a one-time event to avoid weakening the pension fund. I continue to think that this is unwise, particularly when used to help balance the budget over four years. For these reasons, I have vetoed Section 921.

**Section 929, pages 318-319, Fire Services Training Account**

This section authorizes use of the Fire Services Training Account for fire mobilization cost of the Washington State Patrol. Because I have vetoed Section 402, page 180, lines 22 through 25 and Section 402(2), this authority is unnecessary. For this reason, I have vetoed Section 929.

**Section 935, page 323, Public Works Assistance Account**

This section provides a statement of intent that the Legislature will not authorize new loans for public works from the Public Works Assistant Account in the 2017-19 biennium. Use of funding in the account next biennium is a decision for the next Legislature. In addition, there is a clear need for future public infrastructure improvement throughout the state. For these reasons, I have vetoed Section 935.

**Section 939, pages 325-326, Parking Enforcement**

This section amends current law to authorize the Department of Enterprise Services to contract with the City of Olympia to enforce parking on the Capital campus. This amendment changes substantive law related to parking violations and enforcement, which is more appropriate for a policy bill. For this reason, I have vetoed Section 939.

For these reasons I have vetoed Sections 113 page 7, lines 24-25; 123(5); 126(38); 128, page 35, lines 16-19; 128(8); 128(10); 134, page 41, lines 29-32 and page 42, lines 6-7; 134(4); 206, page 90, lines 3-5; 207(9); 220(2)(h); 302(14); 308(22); 402, page 180, lines 22-25; 402(2); 612, page 265, lines 11-12; 901; 920; 921; 929; 935; and 939 of Second Engrossed Substitute House Bill No. 2376.

With the exception of Sections 113 page 7, lines 24-25; 123(5); 126(38); 128, page 35, lines 16-19; 128(8); 128(10); 134, page 41, lines 29-32 and page 42, lines 6-7; 134(4); 206, page 90, lines 3-5; 207(9); 220(2)(h); 302(14); 308(22); 402, page 180, lines 22-25; 402(2); 612, page 265, lines 11-12; 901; 920; 921; 929; 935; and 939, Second Engrossed Substitute House Bill No. 2376 is approved.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jay Inslee", is written over a faint, light-colored rectangular stamp or watermark.

Jay Inslee  
Governor





**Washington State  
Public Works Board**

Post Office Box 48319  
Olympia, Washington 98504-8319

April 25, 2016

Governor Jay Inslee  
Office of the Governor  
PO Box 40002  
Olympia WA 98504-0002

RE: Veto of Section 935 in 2ESHB 2376 – Public Works Assistance Account

Governor Jay Inslee:

On behalf of the Public Works Board and the cities, counties, and special purpose districts we serve, I thank you for your veto of Section 935 in 2ESHB 2376, the Supplemental Operating Budget.

Section 935 would have eliminated the Public Works Assistance Account as a source of funding for the infrastructure our state needs to successfully compete in the global marketplace. Its elimination would adversely impact our state's ability to leverage the use of federal infrastructure funding. Its elimination would impact our ability to maintain a clean, safe state in which to live, work, and play.

Your veto of Section 935 and your identification of the ongoing need for infrastructure funding sends a strong message of support for Washington's future public improvement needs.

We applaud your efforts to ensure that Washington is a leader in clean technology, sustainability, and efficient use of our resources. Vetoing Section 935 allows you to reinforce your message of transparent government and commitment to vibrant communities.

We look forward to working with you to ensure that Washington continues to have a sustainable funding source for public works projects.

Thank you very much for your leadership and commitment to strong communities.

A handwritten signature in blue ink that reads "Stan Finkelstein".

Stan Finkelstein, Chair  
Public Works Board

cc: Brian Bonlender, Director of the Department of Commerce  
David Schumacher, Director of the Office of Financial Management

SF:cg



# Support for the Public Works Assistance Account

## **Governor Inslee's Veto of Section 935 of the Supplemental Operating Budget**

- [Public Works Board Thanks Governor Inslee for Veto of Section 935 of HB 2376](#)
- [WPUDA Supports Governor Inslee's Veto of Section 935](#)
- [Chelan Officials Support Governor Inslee's Veto of Section 935](#)
  - [Chelan Officials Praise Governor's Defense of Public Works Funds](#)
- [Governor Inslee's Announcement of Veto of Section 935, HB 2376](#)
- [Public Works Board Requests Governor Inslee Veto Section 935 of HB 2376](#)

## **Association of Washington Cities**

- [Letter to the Governor & Legislature: If No Public Works Trust Fund – What? – April 13, 2016](#)
- [In legislative overtime, budget writers look again to divert important city revenues](#)
- [Statement from the Assoc. of Washington Cities in response to the Legislature's budget deal](#)
- [Final Blow to Public Works Trust Fund imminent without your voice](#)
- [The Ugly Truth: Infrastructure Investment](#)

## **Washington Association of Sewer & Water Districts**

- [Letter to the Governor – Veto Request - 2ESHB 2376 – Sec. 935 PWAA – April 8, 2016](#)
- [Public Works Trust Fund Action Alert](#)

## **Washington Public Utility Districts Association**

- [Letter to the Governor – Veto Request – 2ESHB 2376 – Sec. 935 PWAA – April 11, 2016](#)
- [Support Restoration of Funding to the Public Works Trust Fund](#)
- [Letter of Support for the Public Works Assistance Account – October 23, 2014](#)

## **City of Walla Walla:**

- [The Importance of the Public Works Assistance Account to Walla Walla – April 12, 2016](#)
- [Please support the Public Works Trust Fund! – March 14, 2016](#)

## **City of Gig Harbor**

- [Letter of Support for the Public Works Assistance Account – March 25, 2016](#)

## **Katy Isaken & Associations**

- [Letter to Legislature – Leave PWAA for Critical Infrastructure – March 17, 2016](#)

## **Chelan Tri Commission – Port of Chelan County, Chelan County PUD, County of Chelan**

- [Letter of Support for the Public Works Trust Fund – March 16, 2016](#)
- [Port, PUD, county deliver wish list to District 12 lawmakers – December 2015](#)

## **Association of Northeast Washington Mayors**

- [Letter of Support for the Public Works Trust Fund – February 2, 2015](#)

## **City of Washougal**

- [Letter of Support for the Public Works Assistance Account – November 18, 2014](#)

**City of Des Moines**

- [Letter of Support for the Public Works Trust Fund – October 17, 2014](#)

**Washington Good Roads & Transportation Association**

- [Letter of Support for the Public Works Trust Fund – October 6, 2014](#)

**Discovery Clean Water Alliance**

- [Letter of Support for the Public Works Assistance Account – September 26, 2014](#)

**North City Water District**

- [Infrastructure and Washington’s Public Works Board – May 14, 2014](#)



DATE: April 29, 2016

FROM: Ann Campbell, Programs Manager

SUBJECT: SFY 2018 Project Funding Process (Construction, PreConstruction) Concept

**ISSUE:**

There is a “Demand Variability” problem. Demand for public works board loans, as evidenced by application submission using the push model, is uncertain due to a variety of factors:

- No loan funding for the last four years
- Stated legislative intent to *continue* obligating future account funds for non-loan uses
- Cost and time needed to complete an application
- Award uncertainty

**It is not a question of whether or not low-barrier/cost financing is needed.**

It is a question of what has the ability to be funded in the legislative arena:

- Attractive to both sides of the legislative aisle
- Avoids client risk
- Promotes state policy priorities

PWB’s traditional model for allocating loans has been the push model of supply chain management. Clients send request for funding (applications) to us.

*PRIOR FUNDING STRATEGY: Reward sustainable system management to promote and emphasize public health and safety.*

**“Push” Model of Loan Allocation**



**CONCEPT:**

Develop a pull model of loan allocation. Pull potential projects from clients and partners.

**PROPOSED FUNDING STRATEGY:** Leverage existing funded projects in order to maximize the use of federal, state, and local dollars resulting in sustainable energy, a clean environment, and healthy safe communities.

**“Pull” Model of Loan Allocation**



- Projects are currently whole.  
~No risk to client if PWAA funding is not awarded
- PWAA funds used to fund second and third phases of projects; implement energy efficiency plans heretofore cost prohibitive; etc.  
~Use economies of purchasing scale.
- Federal / State / Non-Profit organizations “nominate” projects that would benefit from additional funds.  
~Added credibility to PWB funding recommendation  
~Secondary vetting by regulatory agencies  
~Leveraging federal funding
- Include projects in PreConstruction stages.  
~Use PWAA funds to pay for S/NEPA / Cultural Review as “match” for federal dollars to be used for construction  
~May require gathering and publishing a list of projects identified as recipients of preconstruction dollars due to Governor / Legislative disinterest in providing funds for as-yet-to-be-determined projects
- Include small appropriation request for Emergency Loan funds.

## **PROCESS CONCEPT:**

- A. Connect with other traditional infrastructure funding entities (USDA-RD, ECY, DOH, DOT, TIB, CRAB, FMSIB, RCAC, ERWOW, etc.) and non-traditional infrastructure funding entities (OSPI, PSP, COM-Housing, etc.) seeking project nominations.
- B. Contact nominated project owners (cities, towns, counties, puds, w/s districts, etc.) to ask:  
*Are you interested in being included on a proposed loan list to add to existing project X?*  
No commitment on their part at this time - only agreement to consider additional funding should it be awarded by the legislature.
- C. Provide PWB with a list of projects for possible inclusion on a funding recommendation.
- D. PWB creates a list recommendation.
- E. List submitted to Governor / Senate / House for inclusion in 17-19 Capital Budget.
- F. List tossed into the Legislative machinery for funding.
- G. List approved, scope / contracts developed and executed.

## **LEGAL REQUIREMENTS:**

- RCW 43.155 is the Public Works Board's (PWB) authorizing statute.
- RCW 43.155.060(4) states that PWB will:  
"Provide a method for the allocation of loans and financing guarantees and the provision of technical assistance under this chapter."  
This is PWB's authority to distribute loans and financing guarantees in whatever manner it sees fit.
- For State Fiscal Years 2016 & 2017, the authorizing statute has been amended to reflect a specific list of things for PWB to consider when allocating loans:
  - Health and safety [43.155.070(5)(a)(i)]
  - Leveraging of non-state funds/efficient use of state resources [43.155.070(5)(a)(ii) *and* (14)(a) *and* (a)(x)(A)]
  - Readiness to proceed [43.155.070(5)(a)(iii)]
  - High levels of unemployment in comparison to the state as a whole [43.155.070(5)(a)(iv)]
  - Sustainable resource use [43.155.070(5)(a)(v)]
  - Regionalization / Consolidation [43.155.070(5)(a)(vi)]
  - Economic Development through mixed use/income development per GMA [43.155.070(5)(a)(vii)]
  - Well managed system [43.155.070(5)(a)(viii)]
  - Equitable geographic distribution [43.155.070(5)(a)(ix)]
  - Environmental protection [43.155.070(5)(a)(x)(C)]
  - Creation of family wage jobs [43.155.070(5)(a)(x)(D)]
  - Economic Development consistent with the GMA [43.155.070(5)(a)(x)(E)]
  - Transportation efficiencies [43.155.070(5)(a)(x)(F)]
  - Other criteria PWB considers necessary to achieve the purposes of RCW 43.155 [43.155.070(5)(a)(xi)]





DATE: April 26, 2016  
TO: Public Works Board  
FROM: Cecilia Gardener, Executive Director  
SUBJECT: Board sponsored Local Government Managerial Training Proposal

As you know, the Legislature appropriated \$250,000 for the Board to provide training to Local Governments to increase managerial capacity. Initially the Board was working with the Technical Colleges to achieve this outcome, but has since starting looking at other alternatives.

Evergreen Rural Water of Washington (ERWOW) has a Managerial Training track that may fit the Board's needs. Tracy Hunter, Executive Director of ERWOW, and Mary Howell will come to the Board meeting and present the proposal.

Material is not included in the meeting packet, but will be presented at the meeting.



# TAB D

## Information and Other Items



**Small Communities Initiative  
Quarterly Report  
(January – March 2016)**

*Submitted by Cathi Read and Jon Galow  
Department of Commerce*

<b>Community</b>	<b>SCI Activity Last Quarter</b>	<b>Next Steps/ Assistance Needed From Agencies</b>	<b>Funding for Current Activities</b>
<p><b>Bullman Beach Water Association, (pop. ~40) Clallam County</b> <i>(Assist Association with developing a sustainable source of water.)</i></p> <p>SCI involvement per Health SWRO request in late 2014.</p>	<p>Attended meeting with Health ODW and Ecology WR staff on January 13 and February 3 and conference calls on February 23, plus numerous e-mails. Met with BBWA commissioners and Health and Ecology staff on February 26 to discuss first pump test and next steps.</p> <p>Test well drilling last fall - initial pump test did not fulfill requirements of Ecology's Preliminary Permit.</p> <p>Amended schedule in Pre-Construction Grant and Agreed Notice of Correction.</p>	<p>Determine sustainable pump rate for new/test well.</p> <p>Hire an experienced hydrogeologist to conduct a second pump test and re-submit Report to Health ODW and Ecology WR. Ecology will issue a new Preliminary Permit with refined direction after a hydrogeologist is selected.</p> <p>Update Small Water System Management Program.</p> <p>Update Water Facilities Inventory (WFI) form.</p> <p>Submit updated Source Approval/ Project Report.</p> <p>Determine treatment for permanent water source.</p>	<p>\$25,000 Health Pre-Construction Grant.</p> <p>Association funds.</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>Town of Carbonado</b> (pop. 610) <b>Pierce County</b> <i>(Assist Town with wastewater system planning and assessment; also help as needed with water system)</i></p> <p>SCI re-involvement approved by Ecology SWRO and Health NWRO in 2012</p>	<p><u>Wastewater</u> Met with Mayor, staff, and consulting engineer on January 5 to discuss status and possible coordination of collection system work with future water line replacement.</p> <p>Finalized contract with Ecology for \$920,000 for design of system improvements (mostly on the collection system).</p> <p><u>Water</u> Finalized construction contract for Phase 1 of water main replacement project near school (using Pierce County CDBG funding).</p> <p>Applied for, but was not awarded, a DWSRF pre-construction grant for Water System Plan Update.</p> <p>Town amended scope of work in second Source Water Protection Grant application.</p>	<p><u>Wastewater</u> Design work for collection system replacement.</p> <p>Apply for construction funding.</p> <p><u>Water</u> Develop action plan for purchasing easement or land swap with school district.</p> <p>Update Water System Plan; Current Water System Plan is valid through March 2016.</p> <p>Complete Phase 1 of water main replacement project. Future phases of main replacement in this area will be constructed in 2017-2018 using school bond revenue.</p>	<p><u>Wastewater</u> Ecology 2014 Water Quality Funding for \$100,000 of Ecology pre-construction funding to complete GSP/FP.</p> <p>\$920,000 in Ecology funding for design of collection system improvements.</p> <p><u>Water</u> \$30,000 Source Water Protection Grant from Health for planning work in the watershed.</p> <p>\$525,000 state appropriation from 'Projects for Jobs and Economic Development' for reservoir replacement.</p> <p>Submitted a second Source Water Protection Grant application.</p> <p>Pierce County CDBG grant for Phase 1 water main replacement to serve school and town.</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>Carrolls Water Association</b> (pop. ~400) <b>Cowlitz County</b> <i>(Assist Association with water system planning and projects)</i></p> <p>SCI involvement per Health SWRO request in 2013</p>	<p>Met with Carrolls Association Board members, operator, and engineering consultant on January 27, February 24, and March 23.</p> <p>Repaired sections of water system damaged by winter storms. Investigating possible assistance from FEMA for this work.</p> <p>Began developing Capital Improvement Program. Approved a new commodity rate increase effective September 1, 2016.</p> <p>Updated Association's By-Laws.</p>	<p>Monthly meetings with Carrolls Board to address operational, technical, and managerial issues.</p> <p>Implement another rate increase and finish collecting current assessment.</p> <p>Continue search for new well.</p> <p>Continue to implement Cross Connection Control Program.</p>	<p>\$30,000 Source Water Protection Grant.</p> <p>\$100,000 RCAC loan for priority system improvements.</p> <p>\$25,000 Department of Health Pre-Construction Grant.</p>
<p><b>Clallam County PUD #1</b> (Upper Fairview area pop. ~595) Clallam County <i>(Assist PUD with developing plan to serve Upper Fairview area during low flow periods in Morse Creek)</i></p> <p>SCI involvement per Health SWRO request in 2015.</p>	<p><i>No SCI activity this quarter.</i></p>	<p>PUD will apply for construction funding for long-term, permanent pumping solution.</p> <p>PUD will update Drought Response Plan.</p> <p>Water System Plan Update due in 2016.</p>	<p>PUD funds</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>Curlew Water / Sewer District</b> (pop. ~118) <b>Ferry County</b> <i>(Develop community wastewater system)</i></p> <p>SCI involvement per Ecology ERO request in 2006</p>	<p><i>No SCI activity this quarter.</i></p> <p>District secured additional USDA RD funding in order to move forward with construction.</p> <p>Pre-construction conference scheduled the week of March 28.</p>	<p>Begin construction.</p>	<p>\$24,000 CDBG Planning Grant</p> <p>\$26,000 District funds for preliminary hydrogeo work and land acquisition.</p> <p>\$15,000 Curlew funds</p> <p>\$600,000 CDBG GP Grant</p> <p>\$3,123,344 Centennial grant</p> <p>\$24,904 SRF Forgivable Loan</p> <p>\$51,752 SRF Standard loan</p> <p>~\$622,371 USDA RD loan</p> <p><u>~\$1,867,100 USDA RD grant</u></p> <p>\$6,304,471 total project cost</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>Town of Cusick</b> (pop. 207, water system pop. ~420)</p> <p><b>Pend Oreille County</b> (<i>Water system planning, treatment plant and distribution system upgrades; wastewater collection system planning and upgrades</i>)</p> <p>SCI involvement per Health request in 2015</p>	<p>Jon met with Town officials and staff, consultant and ERO staff on January 21. Follow-up e-mails and teleconference with town staff.</p> <p>In January, council adopted a \$5 increase to water base rate.</p> <p>Cusick executed temporary back-up treatment plant operation agreement with Pend Oreille PUD.</p> <p>January 27<sup>th</sup> treatment plant site visit with Town operator and Mayor, Pend Oreille PUD, ERO engineer and SCI.</p> <p>Cusick awarded DWSRF Pre-construction grant to complete engineering report for rehabilitation/upgrades to existing rapid-sand water treatment plant.</p> <p>Cusick applied for CDBG Planning-only grant to consider long-term water treatment alternatives.</p>	<p><u>Water</u> Finalize Water System Plan Amendment.</p> <p>Consider CDBG General Purpose application for design and construction of proposed treatment plant improvements.</p> <p>Continue to work with PUD to improve treatment plant operations.</p> <p><u>Sewer</u> Assess need and timeline for potential wastewater collection system planning work.</p>	<p>\$25,000 DWSRF Pre-construction Grant for water treatment plant rehab/upgrades.</p> <p><i>Prior to SCI involvement:</i></p> <ul style="list-style-type: none"> <li>• CDBG Planning Only Grant - \$21,904 - for Water System Plan (2014)</li> <li>• Kalispel Tribe loan - unknown amount (now paid) – for Water System Plan (2014)</li> <li>• Cusick Water Fund - \$14,000 – for Water System Plan treatment plant evaluation amendment (2015)</li> </ul>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Everson</b> (pop. 2,481) <b>Whatcom County</b> <i>(Wastewater planning; upgrade wastewater system)</i></p> <p>SCI involvement per Ecology NWRO request in 2010</p>	<p><i>No SCI activity this quarter.</i></p> <p>The wastewater treatment plant upgrade project is underway; The foundation and walls for both the bio-selector and operations building are complete, forms are pulled.</p>	<p>Continue work on wastewater treatment plant upgrade.</p>	<p>CDBG Planning Only Grant - \$35,000 for Wastewater Facilities Plan amendment.</p> <p>PWTF Pre-Construction loan of \$300,000 for design.</p> <p>\$500,000 FEMA Pre-Disaster Mitigation Grant for the outfall portion of the work.</p> <p>\$2,360,000 Ecology SRF loan. \$520,000 City of Nooksack (County EDI Fund Loan) \$260,000 City of Nooksack (County EDI Fund Loan)</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>Greater Bar Water District</b> (pop. ~300) <b>Douglas County</b> (Water system consolidation, new source well, reservoir and distribution piping)</p> <p>SCI involvement per Health ERO request in 2008</p> <p>Involves the following water systems: Greater Bar Water District Rocky Butte Water Assoc. Rich Acres Water Corp. Bar Development Whitlam Water GKs Country Market</p>	<p>Jon participated in District meetings on January 18, February 9 &amp;10, and March 21.</p> <p>District filled vacant commissioner position.</p> <p>District executed construction contract and construction began late February.</p> <p>Public Works Board approved additional \$200,000 DWSRF funding to complete construction work. District also requested loan term be extended to 30 years.</p> <p>District submitted annual USDA RD loan report on-time. District is on schedule to complete State Auditor annual report (on-line). District manager attended SAO annual report workshop.</p> <p>District met with county, PUD and Bridgeport to discuss consolidation options. Department of Health awarded Small Water System Consolidation Grant to District to further consider consolidation opportunities.</p>	<p>Continue construction work.</p> <p>Complete SAO annual report by May 29, 2016 deadline.</p> <p>Execute Consolidation grant contract with Health and begin feasibility study work.</p> <p>Manage cash flow in order to make first DWSRF loan payment in October 2016.</p>	<p>CDBG \$35,000 POG and DOH Grant(s) for feasibility study(s)</p> <p>\$30,000 Douglas Co. 0.09% 2010 &amp; 2011 funding</p> <p>\$40,000 RCAC interim loan (refinanced with DWSRF loan)</p> <p>\$2,722,800 DWSRF loan (~ 50% forgivable principal)</p> <p>\$200,000 DWSRF loan (additional loan)</p> <p>\$1 million CDBG grant (pass-through via Douglas Co)</p> <p>\$1 million Jobs Now Act grant</p> <p>\$30,000 Department of Health Small Water System Consolidation Grant</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Kahlotus</b> (pop. ~ 195) <b>Franklin County</b> <i>(Upgrade water system and considering community sewer system)</i></p> <p>SCI involvement per Health ERO request beginning in 2014</p>	<p>Jon met with mayor, staff and city council on January 20, February 17, March 10 and March 17.</p> <p>Mayor resigned and council appointed new mayor on March 17. New mayor attended March 22 CDBG General Purpose workshop</p> <p><u>Water</u> Council and city staff discussed need for water system repairs at council meetings.</p> <p><u>Wastewater</u> Feasibility study work on hold until after workshop with Benton-Franklin Health District.</p>	<p><u>Water</u> Conduct water workshop (April 7) with city staff and council to re-prioritize water system needs and improvement plan.</p> <p>Consider CDBG application and hold public hearing as necessary.</p> <p><u>Wastewater</u> Execute or decline Ecology loan.</p> <p>Hold Council workshop with Benton-Franklin Health District for an overview of on-site septic repair and replacement options scheduled for May 12.</p> <p>Continue feasibility study/finalize a report with work done to-date.</p>	<p><u>Water</u> *\$24,000 CDBG Planning-Only Grant (2010) – SWSMP approved February 2013.</p> <p><u>Wastewater</u> \$24,000 CDBG Planning-Only Grant (2014 funds) \$24,000 SFY 2016 Ecology Pre-construction funds</p> <p>*Prior activities -\$24,000 CDBG Planning Only Grant (2007) – Sewer System Feasibility Study.</p>
<p><b>Town of Metaline</b> (pop. ~173) <b>Pend Oreille County</b> <i>(Upgrade water system)</i></p> <p>SCI involvement per Health ERO request in 2005</p>	<p>Assisted Town clerk-treasurer with annual USDA RD report for sewer fund. Town submitted report on time at end of February.</p>	<p>Conduct IACC income survey?</p> <p><u>Water</u> Consider water transmission main project.</p> <p><u>Sewer</u> Consider update to General Sewer Plan.</p>	<p><u>Prior activities</u> \$1.54 million for Water Treatment Plant, Reservoir and meter project (2008-10). \$24,000 CDBG POG for Water System Plan – WSP approved in January 2014.</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Morton</b> (pop. 1,126)  <b>Lewis County</b>  <i>(Assist City with preparing for wastewater system upgrades and drinking water system upgrades)</i></p> <p>SCI involvement per Ecology SWRO request in 2012 and Health SWRO request in 2014.</p>	<p><u>Wastewater</u>  Met with Town elected officials, staff, consulting engineer, and Ecology staff on February 18 to continue implementing action plan for substantial wastewater treatment system improvements.</p> <p>I&amp;I work is underway in Basin 1 (mains and side sewer replacement), but temporarily on hold during wet season.</p> <p>Facility Pre-Design Report was submitted to Ecology and comments have been sent to consultant.</p> <p><u>Water</u>  Pre-Plan meeting was held on February 18 with Health staff regarding Water System Plan Update.</p> <p>The raw water transmission line is holding, thanks to reinforcements made by the City. Investigating emergency funds from FEMA and Rural Development.</p> <p>Environmental and cultural review work for new reservoir is done.</p>	<p>Next meeting scheduled for May 19.</p> <p><u>Wastewater</u>  Submit treatment plant plans and specs to Ecology later this spring.</p> <p>Apply for Ecology construction funding in November.</p> <p>Complete income survey with assistance from Rural Community Assistance Corporation (funded by Ecology).</p> <p><u>Water</u>  Update Water System Plan in early 2016.</p> <p>Submit Pre-Design Report for new reservoir to Health soon. Design in 2016; construction in 2017.</p> <p>Apply for DWSRF funding in September 2016 for design and construction of needed upgrades.</p> <p>Comprehensive Performance Evaluation tentatively scheduled for July.</p>	<p><u>Wastewater</u>  \$180,000 PWTF request for a new fine screen - PWTF funding diverted by Legislature</p> <p>\$40,000 from Lewis County '.09%' fund (2013) for Fisher Ave I&amp;I improvements.</p> <p>SFY 2015 Ecology funding:</p> <ul style="list-style-type: none"> <li>• \$783,000 Design of wwtp improvements.</li> <li>• \$1,162,900 Design and construction of collection system improvements.</li> </ul> <p><u>Water</u>  \$75,000 CDBG Imminent Threat grant.</p> <p>\$25,000 Health Pre-Construction Grant.</p> <p>Applied for a \$25,000 Health Pre-Construction Grant (2016) for Water System Plan update; not funded.</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Mossyrock</b> (pop. 500)  <b>Lewis County</b>  <i>(Update Water System Plan)</i></p> <p>SCI involvement per Health request in 2014</p>	<p>Conducted conference call with Mayor, City staff, consulting engineer, and Health staff on January 20 to discuss Water System Plan (WSP) Update. Consultant sent draft WSP Update to City in late March for review.</p>	<p>Submit Draft Water System Plan Update to Health.</p> <p>New Water Use Efficiency goals will be presented at a public meeting.</p>	<p>\$30,000 Department of Health Restructuring Technical Assistance grant.</p> <p>\$25,000 Department of Health Pre-Construction Grant.</p>
<p><b>Onalaska (Lewis County Water District 2)</b> (pop. 232 ERUs )  <i>(Update Water System Plan)</i></p> <p>SCI involvement per Health request in 2014</p>	<p>Numerous phone calls and e-mails with District Manager. Two new Board members in January.</p> <p>Attended Board meetings on January 12, January 29, February 9, and March 8.</p> <p>Conference call on February 26 with District staff and consulting engineer regarding Water System Plan update. First few chapters have been sent to District for review.</p>	<p>Complete Water System Plan Update.</p> <p>Apply for construction funding as needed.</p> <p>Assist staff with presentations/ Board workshops at monthly Board meetings.</p>	<p>\$30,000 Health Restructuring Technical Assistance Grant.</p> <p>\$24,000 CDBG Planning Only Grant to Lewis County (LCWD2 is subrecipient)</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>Community of Packwood</b> (pop. ~342)/ <b>Lewis County/ Lewis County Water/Sewer District 3</b> <i>(Investigate feasibility of new community wastewater system)</i></p> <p>SCI involvement per Ecology SWRO request in 2009</p>	<p><i>No hands-on SCI involvement this quarter.</i></p> <p>Income survey that the County hired a consultant to conduct did not receive enough responses to be valid.</p>	<p>Apply for design and construction funding as appropriate.</p> <p>Interim financing for some project phases may come from future Distressed Counties 0.09% funds.</p>	<p>\$35,000 Distressed Counties .09% funds made available by the Rural Economic Development Advisory Committee of Lewis County</p>
<p><b>Town of Riverside</b> (pop. ~280) <b>Okanogan County</b> <i>(Upgrade water system and develop community wastewater system)</i></p> <p>SCI involvement per Ecology HQ in 2015 and CDBG (water) in 2015</p>	<p><u>Water</u> Completed NEPA/SEPA environmental review and began preliminary engineering.</p> <p><u>Wastewater</u> Declined Ecology pre-construction funding offer, on February 9, 2016, acknowledging GMA compliance (Critical Area Ordinance) and land acquisition issues.</p>	<p><u>Water</u> Execute Direct Appropriation contract.</p> <p>Complete design and bid documents, advertise for construction bids.</p> <p><u>Wastewater</u> Pursue long-term lease for proposed wastewater treatment site. Complete CAO/GMA update. Re-apply for Ecology funding – possibly combined design and construction funding request (up to \$5 million).</p>	<p><u>Water</u> \$485,000 State Direct Appropriation</p> <p>\$645,388 CDBG General Purpose Grant</p> <p>\$37,550 Riverside water fund</p> <p><u>Wastewater</u> <del>\$596,000 SFY 2016 Ecology pre-construction funding</del> (declined February 2016)</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Roy</b> (population ~875)  <b>Pierce County</b>  <i>(Update Water System Plan; explore possible transition to a new operating environment)</i></p> <p>SCI involvement per Health NWRO request in late 2014</p>	<p>Water System Plan Update is underway.</p> <p>Worked with Clerk-Treasurer and Public Works staff to develop council workshop (scheduled for April 11) regarding the City's water system.</p>	<p>Once Water System Plan Update is complete, City will evaluate long-term options regarding ownership, operations, and maintenance of the water system.</p> <p>The City would also eventually like assistance with evaluating the feasibility of a centralized sewer system.</p>	<p>Water System Plan Update is being funded with City water funds (~\$34,000).</p>
<p><b>Town of South Prairie</b>  (pop. ~450)  <b>Pierce County</b>  <i>(Complete Water System Plan and needed water system upgrades)</i></p> <p>SCI involvement per Health NWRO request in 2015</p>	<p>Attended Council meeting on January 5 to discuss Water System Plan Update, income survey, and future workshops.</p> <p>Coordinated conference calls with Clerk-Treasurer, Mayor, and Pierce County CDBG staff to discuss possible income survey and future funding requests.</p> <p>Working with Clerk-Treasurer and Mayor to develop council workshop materials regarding the City's water system.</p>	<p>Complete Water System Plan Update.</p> <p>Coordinate with Pierce County CDBG Program regarding income survey.</p>	<p>Town funds</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Vader</b> (pop. 621)  <b>Lewis County</b>  <i>(Upgrade sewer collection system and wastewater treatment plant)</i></p> <p>SCI involvement per Ecology SWRO request in 2001 and Health SWRO request in 2009</p>	<p><u>Wastewater</u>            Conference calls with City Mayor, Clerk-Treasurer, consultant, and Ecology regarding revised 303(d) listing of Cowlitz River segment, which affects development and selection of preferred wastewater treatment alternative/ outfall location. Letter from Ecology sent February 9. Attended March 24 Council meeting at which Ecology discussed letter with Council.</p> <p>Ecology has approved additional pre-construction funding for the planning/ environmental review phase of the project.</p> <p>CDBG-funded collection system improvement work is complete; contract will be closed out soon.</p> <p>Attended February 25 Council meeting to discuss why previous income survey (for water service area, for Lewis County) cannot be used for sewer service area (insufficient survey return rate within city limits for a valid survey).</p> <p>Requested RCAC assistance with a new income survey through Ecology contract.</p>	<p><u>Wastewater</u>            Close-out CDBG contract.</p> <p>Re-examine preferred alternative in Wastewater Facilities Plan.</p> <p>Once Facilities Plan is updated and approved, initiate tribal consultation.</p> <p>Following consultation process, begin design of selected alternative.</p> <p>Work with City and RCAC (if approved by Ecology) to conduct income survey of wastewater service area.</p> <p><u>Water</u>            City will try to meet requirements (outlined in 'Conditions of Return' section of Transfer Agreement) to eventually get water system back from County.</p>	<p><u>Wastewater</u>            CDBG -Planning Only Grant for \$29,500 to update 2004 Facilities Plan in 2009.</p> <p>CDBG – Planning Only Grant for I&amp;I Evaluation in Winlock and Vader.</p> <p>FEMA funding for outfall repairs.</p> <p>\$900,000 from Ecology for Facilities Plan Amendment and design of selected alternative.</p> <p>Awarded \$716,787 in 2013 CDBG- GP funding for wastewater collection system improvements.</p> <p><u>Water</u>            CDBG - \$613,000</p> <p>DWSRF - \$361,281 loan and \$361,281 forgivable loan</p> <p>CDBG grant of \$717,000 to Lewis County for new water reservoir for Vader.</p>

Community	SCI Activity Last Quarter	Next Steps/ Assistance Needed From Agencies	Funding for Current Activities
<p><b>City of Winlock</b> (pop. 1,350)  <b>Lewis County</b>  <i>(Water System Plan Update; water system upgrades; wastewater system upgrades)</i></p> <p>SCI involvement per Health and Ecology requests in 2014</p>	<p><u>Water</u>  Water System Plan Update is in progress.</p> <p>Cardinal Glass is engineering a new well for the City as part of an earlier agreement. Attended related water rights meeting with Ecology Water Resources staff, Mayor, and Cardinal Glass on February 2. Conference call on February 4 with City's consulting engineer. City must reduce system leakage before any new water rights in this basin.</p> <p><u>Wastewater</u>  Wastewater rates increased on January 1.</p> <p>CDBG General Purpose contract is in place and City is in the process of contracting with Ecology for design and construction of membrane replacement and collection system improvements. Selected engineering consultant to complete work.</p>	<p><u>Water</u>  Complete Water System Plan Update in Summer 2016.</p> <p>City wants to replace water service lines on ~6 blocks of First St before re-paving road.</p> <p>Reduce system leakage by replacing water mains.</p> <p>Apply for CDBG funding for water line replacement in June 2016.</p> <p><u>Wastewater</u>  Finalize Ecology contract.</p> <p>Begin design of wastewater system upgrades.</p>	<p><u>Water</u>  \$24,000 CDBG POG for Water System Plan Update.</p> <p><u>Wastewater</u>  ~\$4,383,117 SFY 2016 Ecology funding for design and construction of membrane replacement and collection system improvements.</p> <p>\$605,883 CDBG General Purpose grant (replaced loan portion of Ecology offer).</p>

## **Inter- and intra-agency coordination**

Cathi:

- Convened and facilitated Maximizing Resources meeting on January 19 and March 15.
- Attended 'Future of Washington Infrastructure' meeting on January 7.
- Attended IACC Board meetings on January 14 and March 10.
- As 2016 IACC Conference Chair, convened and facilitated Conference Planning Committee meeting on March 16.
- Convened interagency meetings and conference calls to plan for Regional Training and Tech Team events. Colville event is scheduled for May 3-4. Ritzville event is scheduled for May 24-25.
- Assisted (by phone) a Wahkiakum PUD Commissioner to strategize for needed improvements to the Western Wahkiakum Water System.
- Assisted (by phone) City of Index's Water Distribution Manager to strategize for needed planning and improvements to Index's water system.

Jon:

- Attended and provided technical assistance, along with Growth Management Services staff, to Benton-Franklin Council of Governments (BFCOG) Small Cities Meeting in Kennewick on February 24<sup>th</sup> – participants included Prosser, Benton City, Connell, West Richland and BFCOG staff
- Attended (by phone) Maximizing Resources meeting on March 15.
- Attended (by phone) Conference Planning Committee meeting on March 16.
- Attended CDBG General Purpose funding application workshop and assisted with community-specific project meetings on March 22.
- Provided technical assistance support to Lincoln County EDC (third-party surveyor) for Odessa and Sprague income surveys.

## **Next quarter**

- Cathi will convene/facilitate future 'Maximizing Resources' meetings. Next meeting scheduled for May 18.
- Continue planning for and help implement Regional Tech Team meetings. Cathi and Jon will facilitate the tech team meetings. Jon will represent CDBG on the Colville funding panel; Cathi will moderate the panel.
- Jon will continue to help the Lincoln County EDC conduct income surveys in Odessa and Sprague.
- Jon will coordinate final revisions to IACC Income Survey Guidelines and posting to IACC website.



## 058 Public Works Assistance Account: Simplified Cash Balance

	2015-17	2017-19 Est.
<b>PWAA Beginning Cash Balance</b>	<b>(\$24,813,407)</b>	<b>\$755,738</b>
<b>Revenues:</b>		
Loan Repayments (Includes assumed revenues from loans disbursed in 2015-17)	\$210,689,749	\$224,031,129
Real Estate Excise Tax February 2016 Forecast)	\$31,122,960	\$32,904,056
Interest Earnings	(\$475,777)	\$562
CERB Repayments Deposited to 058	\$360,367	\$359,490
<b>Total Revenues</b>	<b>\$241,697,299</b>	<b>\$257,295,238</b>
<b>Beginning Cash Balance + Total Revenues</b>	<b>\$216,883,892</b>	<b>\$258,050,976</b>
<b>Operating/Capital Expenditures and Transfers:</b>		
<b>Operating:</b>		
PWB Operating	\$2,870,000	\$2,956,100
Growth Management	\$4,543,000	\$0
Conservation Commission	\$7,600,000	\$0
<b>SubTotal</b>	<b>\$15,013,000</b>	<b>\$2,956,100</b>
<b>Capital Reappropriations:</b>		
Others: Main Street and CERB Support/Jobs Bill	\$2,726,923	\$0
Construction Program (Assumed 5% deobligations and \$5.3m loan expenditures in 17-19)	\$89,468,231	\$4,535,781 *
<b>SubTotal</b>	<b>\$92,195,154</b>	<b>\$4,535,781</b>
<b>Transfers:</b>		
Transfer to General Fund - State	\$89,000,000	\$0
DWSRF 20% State Match	\$7,920,000	\$8,000,000
Water Pollution Control RFP Match	\$12,000,000	\$9,800,000
<b>SubTotal</b>	<b>\$108,920,000</b>	<b>\$17,800,000</b>
<b>Total Operating/Capital Expenditures and Transfers</b>	<b>\$216,128,154</b>	<b>\$25,291,881</b>
<b>PWAA Ending Cash Balance Before Bond Backfill &amp; Working Capital Reserve</b>	<b>\$755,738</b>	<b>\$232,759,096</b>
OFM Budget: Appropriations to Public Works Assistance Account for Previously Authorized Loans (92000011)	\$0	\$0
Working Capital Reserve	\$0	\$0
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>
<b>PWAA Ending Cash Balance with Bond Backfill</b>	<b>\$755,738</b>	<b>\$232,759,096</b>

\* Assumed \$0 new loans in 17-19 Biennium. \$5.664 million expenditures from existing loans.

**PWAA Cash Flows  
1986 - 2017**

