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

**AGENDA**
**PUBLIC WORKS BOARD MEETING**
**July 13, 2012 – 8:30 A.M.**

Meeting Location: Department of Commerce, 1101 Plum ST SE, Olympia, WA 98504


| Agenda Item | Action | Page | Time |
|---|---|---|---|
| **1) ADMINISTRATION** | | **3** | **8:30** |
| a) Call to Order | | | |
| b) Introduction: Board Members, Staff, and Guests | | | |
| **c) Approve Agenda** | **Action** | **1** | |
| **d) June 1 Meeting Minutes: Janea Eddy** | **Action** | **5** | |
| **e) Second August meeting (August 17) John LaRocque** | **Action** | **11** | |
| f) PWB Exec Director Hiring Process: John LaRocque | Verbal | | |
| g) Membership Update | | | |
| **2) CONTRACTING** | | **13** | **9:15** |
| **Consent Agenda: Bruce Lund** | **Action** | **15** | |
| **3) FINANCING OPPORTUNITIES** | | **17** | **9:20** |
| a) PWTF 2014 Applications Update**:** Ann Campbell | | 19 | |
| **1) PWB Incentives to Promote the Use of Federal Funds: John LaRocque** | **Action** | **21** | |
| **BREAK** | | | **10:00** |
| 2) Kitsap County: Central Kitsap Treatment Plant | | 23 | 10:15 |
| 3) Kitsap County: Bucklin Hill | | 27 | |
| b) 2013-15 Available Resources Update: Myra Baldini | | 31 | |
| **4) POLICY ADJUSTMENT** | | **33** | **10:45** |
| **Policy Bill: Dawn Eychaner/John LaRocque** | **Action** | **35** | |
| **LUNCH** | | | **11:45** |
| **5) PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES** | | **63** | **12:15** |
| a) Technical Assistant Update (Academy): Chris Gagnon | | 65 | |
| b) DWSRF Low Risk Update: Chris Gagnon | | 67 | |
| c) Direct Appropriations: Chris Gagnon | | 69 | |
| d) GMA Update: Steve Stuart | Verbal | | |
| **6) INFORMATION AND OTHER ITEMS** | | | **1:00** |


**Note:** ***Anticipated time of Adjournment is 1:00 p.m.***

**NEXT MEETING SCHEDULED: August 3, 2012, at 8:30 a.m.– Department of Commerce, 1011 Plum Street SE Olympia, WA 98504-2525. Contact the Public Works Board at (360) 725-3151 for further information.**

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

# TAB 1

# Administration

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

# PUBLIC WORKS BOARD MEETING NOTES
**June 1, 2012**

Department of Commerce (Olympia, WA)

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

**Guests Present:**

- **Jacquie Andresen,**
  Department of Commerce
- **Kristen Bettridge,**
  Department of Health
- **John Kounts,**
  WPUDA
- **Bruce Lund,**
  Department of Commerce
- **Andy Sics,**
  City of Snohomish
- **Steve Schuller,**
  City of Snohomish

## ADMINISTRATION

a) Call to order: Kathryn Gardow called the meeting to order at 8:36 am.
b) Approve the Agenda: Steve Stuart moved to approve the agenda. Ed Hildreth seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

c) May 4 Meeting Minutes: Ed Hildreth moved to approve the May 4, 2012, meeting minutes. Larry Guenther seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)
d) October 5 meeting in Wenatchee: Darwin Smith moved to move the October 5, 2012, meeting location to Wenatchee. Steve Stuart seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)
e) Board Committee Charters: Cecilia Gardener asked the Board to review the committee charters on page 11 of the meeting packet as informational. Cecilia noted that staff will ask the Board to review and reinstate the committees and membership at the next Board meeting.

- The Board honored Larry Guenther, his membership term ended June 30, 2012.
- John LaRocque announced that he will be retiring in August of 2013; his last official working month will be May 2013. Kathryn Gardow asked that a discussion of hiring an Executive Director be added to the next meeting.
- Kathryn Gardow confirmed that the next meeting was scheduled for July 13, 2012.

**<u>COMMITTEE REPORT</u>**

**2013 Policy Bill**

- Kathryn Gardow reviewed the policy changes on the page summary that was handed out and the policy bills that were included on page 23 of the meeting packet.
- Steve Stuart asked that staff bring forward to a future meeting a flow chart regarding non-traditional systems, projects and jurisdictions.
- Kathryn Gardow stated that the Board wants to be sustaining, the Board doesn't want to start giving money away, but with the WSARP program there is a chance for a grant program.
- John Kounts commented that WSARP is in DOH's statute.
- Doug Quinn asked where does the Board have the authority to fund WSARP as grant.
- John LaRocque answered Page 49 letter E of the meeting packet.
- Doug Quinn asked in a situation when a growth management decision is challenged, does that jeopardize funding.
- Steve Stuart answered yes if a jurisdiction is not incompliance with the Growth Management Board then they are not eligible for funding.
- John LaRocque stated that the Growth Management office reviewed these documents and agreed with the language that it conforms with the statute. John LaRocque commented that the Board may have a sub-group meet with the Growth Management office.
- Steve Stuart and Darwin Smith volunteered to meet with the Growth Management office.
- Tom Fitzsimmons mentioned that the Board shouldn't be leverage in requiring the jurisdictions to have updates to receive money from the Board.
- Steve Stuart commented that the policy change is only changing the timing instead of being in compliance at the time of application it would be at the time of contract.
- John LaRocque mentioned that the Policy Bill states that the non-traditional projects are only to be funded after all of the traditional projects have been funded/considered.

Steve Stuart moved to approve the 2013 Policy Bill to move forward. Larry Guenther seconded.
**ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

*Break 10:04-10:15.*

**CONTRACTING**

**Consent Agenda**

Jacquie Andresen presented the consent agenda on page 83 of the meeting packet. Steve Stuart moved to approve the consent agenda. Larry Guenther seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**City of Lake Stevens**

Bruce Lund presented the Lake Stevens materials on page 85 of the meeting packet.
Tom Fitzsimmons moved to approve the staff recommendation. Steve Stuart seconded. Darwin Smith recused himself. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**City of Snohomish**

- Terry Dale presented the materials on page 87 of the meeting packet. City of Snohomish presented a powerpoint presentation.
- Tom Fitzsimmons asked if the City's general fund was obligated to pay back the loan or was there specific revenue source.
- Terry Dale answered that it was identified that the sewer fund would be the repayment source.
- Tom Fitzsimmons asked but hasn't the City lost the revenue and the capacity to repay the debt.
- Steve Schuller answered the City isn't getting the special connection fee for that area; however the City has special fees and sewer rates to repay the loan. This is why the City doesn't want to take on the rest of the loan and have it affect the rate payer.

Steve Stuart moved to approve the staff recommendation. Darwin Smith seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**City of Kettle Falls Loan Restructure**

- Myra Baldini presented the City of Kettle Falls loan restructure materials on page 101 of the meeting materials.
- Kathryn Gardow asked if the .5% was the lowest we can go? Mrs. Gardow stated that she thought if they are severely distressed can go lower than a .5%.
- Myra Baldini stated that in 2009 there was a lower interest rate established, but they would have to have a 15% match.
- Steve Stuart asked about the two options, can the Board do a temporary loan rate change or a deferral.
- Myra Baldini stated staff was trying to keep the options simple, but the Board could decide what they would like to do.
- Steve Stuart commented this issue frequently comes up with smaller jurisdictions, rate increases are extreme to pay for what they want. The Board needs to figure out how to deal with this issue, and help this jurisdiction get what they need and a structure to do that.
- Larry Guenther asked Myra Baldini about the rate increase, as to whether or not they will not stop the increase even if they get the lower interest rate from the Board.
- Myra Baldini referenced page 103 of the meeting packet, they will use that rate increase to repay their reserves. They are also going to the Department of Ecology and asking them to reduce their interest rate as well. That may help them not have to increase the rates to the users.

Doug Quinn moved to approve option 2 as represented, .5% interest rate and 20 years loan repayment. Larry Guenther seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**Okanogan CountyLoan Restructure**

- Isaac Huang presented the materials for the Okanogan Loan Restructure on page 105 of the meeting materials.
- Kathryn Gardow asked which of the 3 options would staff recommend.
- Isaac Huang answered the third option, 30-Year Term for Construction Loan PW-06-692-032. No Deferral. No changes to pre-construction loan PWTF Loan # PW-04-691-PRE-127.
- Tom Fitzsimmons stated that he couldn't support this without seeing a plan from the County forcing the failing systems to hook-up to the new system.
- Ed Hildreth asked what the revenue source from the County is to repay their percentage of the loan in the future.
- Myra Baldini answered they are using sales tax and excise tax revenue to supplement their payments.
- Steve Stuart stated that he would like see a plan to get the failing systems hooked-up and how they are going to get them hooked-up and a plan with the County on the rate structures on how to repay the loans.
- Doug Quinn stated that he believes if there is no action by the Board it is penalizing the County. Doug Quinn can support that the County took a risk, but is not continuing the risk. There are so many opportunities that go sideways and the Board doesn't need to be the hammer and regulate them.
- Tom Fitzsimmons asked what their plan was, do they have a plan, and if so did the Board not receive it.
- Myra Baldini answered they do have a plan, depending on what happens at this meeting, they will access their customers (the 146 that are connected). Myra Baldini suggested that staff bring a new report to the board.
- Kathryn Gardow asked if the Board could do an interim approval, until staff can get some of the questions answered.

Doug Quinn moved to approve option 3 with the condition that the County submits a plan to review that helps solidify future improvements to the land. Larry Guenther seconds. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**City of Spokane/Sundance Water System**

Steve Dunk presented the materials for the Spokane/Sundance Water System on page 117 of the meeting materials.

Steve Stuart moved to approve the staff recommendation. Larry Waters seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**<u>FINANCING OPPORTUNITIES</u>**

**DWSRF 2012 Low Risk List Approval**

Kirsten Bettridge presented the materials for the DWSRF 2012 low risk list on page 121 of the meeting materials.

Larry Guenther moved to approve the list on Attachment A. Steve Stuart seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

Doug Quinn requested that staff bring back a list of the projects on the list that actually move forward due to being approved sooner.

**PWTF 2014 Application Pool Update**
Ann Campbell presented information regarding the PWTF 2014 construction application pool that was handed out. Staff has received 334 applications and a request of $1,044,314,871 with a $2,215,096,001 total project costs. This is the raw data of everything that has been received.

**2013-15 Budget Update**
Myra Baldini presented the 2013-2015 Budget that was handed out.

Lunch 12:00 pm

**PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES**
**Energy/Water Efficiency Loan Criteria**

- Steve Dunk presented the materials for the Energy/Water Efficiency Loan Criteria on page 145 of the meeting packet.
- Doug Quinn stated that there are some nuances. It is a $5,000,000 program, zero percent loans would be ideal, with a 5 year payback. This is a new program with a lot of need; it would be a shame if it didn't get used.
- Larry Guenther asked if this was similar to what Bonneville Power Administration was doing with Avista Power.
- Steve Dunk answered that it sounded like it, but he was not familiar with that project. Whoever is doing the investment grade audit, must be working with the power provider. The program is set-up as 3 years to construct, 1 year deferred (to see the savings).
- Doug Quinn confirmed that the Avista Power project is public agency driven.
- John LaRocque mentioned that this was started with Hans Dunshee; he had stated that all PWB projects will do an IGEA. John LaRocque said staff didn't expect him to let other projects use this money, but he did, he sees this as program with a lot of potential. This is not limited to traditional projects; this is open to all local governments.

Steve Stuart moved to approve the staff recommendation, using the .5% within the 0-5 years. Ed Hildreth seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**PWTF Pre-Construction Program Criteria**

- Terry Dale presented the hand-out on the PWTF Pre-Construction program criteria, on page 143 of the meeting packet.
- Tom Fitzsimmons asked if a local jurisdiction, pays for all of the pre-construction costs, can they bundle those costs when they the PWB loan – can they repay themselves.
- John LaRocque answered there is a narrow window, if they were working on it now…no, but if they started in September 2012 then those could be included.
- Cathi Read asked about the feasibility study being eligible for funding, but plans are not.
- John LaRocque answered a capital facilities plan could not be funded, but a water system plan could apply but they wouldn't score well.

Larry Guenther motioned to approve staff recommendations. Darwin Smith seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

**WSARP Program**
John LaRocque presented the materials for the WSARP program on page 151 of the meeting packet.

**Direct Appropriation Update**
Chris Gagnon presented the materials for the direct appropriation on page 153 of the meeting packet.

**POLICY ADJUSTMENT**

- Cecilia Gardener presented the materials for the deferral policy on page 139 of the meeting packet.
- Steve Stuart stated that he would like to see a plan for systems that don't get the hook-ups that they thought they would get. Just in case the client doesn't get the revenues that they need to achieve to pay back the loan. Regarding sewer expansion, if they are a very small jurisdiction…they do have a revenue source but a very small rate paying base and they would not be able to do the expansion. Mr. Stuart asked how does the Board address that.
- Cecilia Gardener stated under this policy they are not eligible, however the Board can look at it on a case-by-case basis or staff could do some research and come back.
- Steve Stuart stated he would be happy with them coming in front of the Board on a case by case basis, if it was a situation as stated.

Steve Stuart moved to approve the staff recommendation and allowing for a case-by-case exceptions to be brought to Board for approval. Doug Quinn seconded. **ACTION: Motion Approved (8-0)**
(Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

Meeting adjourned at 1:02 pm.

Date: July 5, 2012

To: Public Works Board

From: John LaRocque

Subject: Second August Board Meeting – August 17

**RECOMMENDATION**

Due to the volume and timing of the 2014 PWTF Applications, a second board meeting in August is needed. Staff is requesting that the second meeting is August 17, 2012.

# TAB 2

# Contracting

DATE: June 18, 2012

TO: Public Works Board

FROM: Bruce Lund, CAU Managing Director

SUBJECT: Project Completion Extension Requests

**STAFF RECOMMENDATION**

Staff recommends extending the contract project completion dates as follows:

| Program | Client | Contract No. | Project | Loan/Grant Amount | Available to Draw | Original Closeout Date | Current Closeout Date | Proposed Closeout Date |
|---|---|---|---|---|---|---|---|---|
| DWSRF | **Thurston Co PUD #1** | DM09-952-026 | Tanglewilde-Thompson Place Water System Long Term | 1,028,180 | 112,638.10 | 08/17/12 | **08/17/12** | **2/28/13** |
| **Reason for Extension Request: New well pump failed and replacement installation issues caused delays. Project is 98% complete.** | | | | | | | | |
| PWTF Construction | **Douglas County** | PW-05-691-011 | Canyon A Stormwater Improvements | 2,445,790 | 1,345,184.50 | 4/18/09 | **8/31/12** | **8/31/13** |
| **Reason for Extension Request: Project delayed by the inability of WSDOT to make progress on a component of the project, which has prevented Douglas County from moving forward. Additional time needed to complete construction. Project is 32% complete.** | | | | | | | | |
| PWTF Direct Appropriation | **Hoh Indian Tribe** | LG09-951-104 | Hoh Tribal Fire Station | 623,000 | 425,604.38 | 6/30/11 | **6/30/12** | **6/30/14** |
| **Reason for Extension Request: Further study of sub-soils is needed to determine the location of the fire station within the parcel. Project is 10% complete.** | | | | | | | | |

**BACKGROUND**

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

# TAB 3

# Financing Opportunities

PWTF 2014 Application Update

Handouts will be available at the meeting

DATE: July 3, 2012

TO: Public Works Board

FROM: John LaRocque, Executive Director

SUBJECT: Using PWB Incentives to Promote the Use of Federal Funds

**Background:**

As of July 1, 2012, the 2014 Public Works Trust Fund (PWTF) Construction Loan Program would be oversubscribed by between $200 and $300 million unless the need for PWTF funding is adjusted. The optimal resolution is for some applicants to seek and accept federal funding for their projects: specifically sewer and storm water project funding from the Department of Ecology (Ecology) or water, sewer, and storm water project funding from the USDA RD program

At this time, interest rates and terms for both of the federal programs noted above are less attractive than the PWTF rates and terms. Ecology has set their interest rate in administrative code and the loan repayment term is set by US EPA. USDA RD's rates and terms are set at the federal level and cannot be modified by the individual states.

Over the last 6 months, the idea of blending PWTF rates and terms with those of the federal programs to jointly finance a project has been discussed and debated. This approach may entice local governments to reduce their demand on the PWTF by more fully utilizing federal funding sources.

**Recommendation:**

Authorize staff to offer reduced interest rates and/or increased repayment periods to jurisdictions that are willing to use at least 50 percent federal financing for their 2014 projects.

The Public Works Board has established 20 years at a 1% interest as its standard loan term and rate. Local governments can adjust their interest rate and/or term by having high affordability index ratios and/or by completing projects early.

The intent of enabling staff to offer reduced rates and longer payment periods is to bring the combined annual repayments of a federal loan and a PWTF loan to approximately what the jurisdiction would have received if the PWTF was the sole project funding source with a 20-year term at 1%.

July 5, 2012

Matt Ojennus, Infrastructure Finance Specialist
Washington State Public Works Board
PO Box 42525
Olympia, WA. 98504-2525

**RE: 2014 Construction Loan Request – Central Kitsap Treatment Plant Reclamation & Reuse**

Dear Mr. Ojennus:

In response to the letter from the Board dated May 1, 2012, we appreciate being given the opportunity to request that the Board reconsider the eligibility of this project for PWTF funding.

**Introduction:**

The reasons for this request are:

- Kitsap County had been in compliance, and following the direction of the GMA board in planning for growth and capital facilities since June 2008. Using that approved Growth Management Plan as a basis, the Public Works Wastewater Division went on to develop a 20 year Wastewater Facilities Plan.

- The 20 Year Wastewater Facilities Plan was approved by both the Board of County Commissioners (November 2010) and the Washington State Department of Ecology (March 2011) and has been used as the basis for ongoing projects being undertaken by the Wastewater Division.

- The noncompliance ruling of Aug. 2011 did not question the status of the capital facilities planning; rather, only the allowed minimum urban densities and land capacity methodology used in sizing the Urban Growth Areas.

- Neither of the metrics under question will affect the projects slated for the Central Kitsap Treatment Plant. Total populations have not changed and, therefore, the total flows into the treatment plant and the associated upgrades, will remain as described in the Capital Facilities Plan.

**Background:**

In 2005 in *1000 Friends of Washington, Kitsap Citizens for Responsible Planning and Jerry Harless v. Kitsap County, CPSGMHB No. 04-3-0031, FDO (June 28, 2005)*, Kitsap County was ordered by the Central Puget Sound Growth Hearings Board (CPSGMHB) to conduct its ten year update by December 31, 2006. That decision ultimately was overturned by the Court of Appeals - but not until May 30, 2007, after the county had already completed the ten year update ordered by the Growth Hearings Board.

The ten year update (2006 Plan) was then challenged. Initially, the CPSGMHB found the County's urban densities and land capacity analysis methodology to be compliant with the GMA, but found the capital facilities plan out of compliance. Kitsap County subsequently brought the capital facilities plan into compliance, and the CPSGMHB found full compliance June 2008. The Petitioners then appealed the CPSGMHB rulings on urban densities and land capacity analysis to superior court, which upheld the Growth Hearings Board's ruling. They then appealed it to the Court of Appeals, which remanded the issues of urban density and land capacity analysis methodology back to the CPSGMHB in July 2010. In August, 2011, the CPSGMHB reversed its initial ruling and held that the urban densities and land capacity analysis methodology were not GMA-compliant. On August 31, 2011, the CPSGMHB remanded the 2006 Plan to Kitsap County to make corrections by August 31, 2012. The County was found noncompliant on two issues: (1) the minimum urban density the County can apply and (2) the proper land capacity analysis methodology to use in sizing our UGAs.

The County is currently working on the adjustments on remand. The Board will hold a compliance hearing in mid-October 2012, and will make a ruling sometime after that hearing (probably not at least until mid-November 2012).

**State Requirements**

The letter received from the Public Works Board indicated that its decision was based on the County's noncompliance, given the ruling described above, and referencing RCW 36.70A.040 and WAC 399-30-032. We would please request that the applicability of the state regulations be reconsidered in light of the history of the overall GMA approval process of the last six years, and given the fact that the approved capital facilities plan is not in question.

***RCW 36.70A.040***

RCW 36.70A.040 sets forth "who must plan" under the GMA, and sets forth the initial deadlines for planning, however, there is no mention in RCW 36.70A.040 regarding a requirement for state grant funding.

RCW 43.155.070 is the statute that sets forth eligibility for public works funds. That statute requires that a GMA county must have adopted a comprehensive plan including a capital facilities plan element and development regulations as required by RCW 36.70A.040. It does not, however, require that the comprehensive plan be compliant. The statute states:

(2) Except where necessary to address a public health need or substantial environmental degradation, a county, city, or town planning under RCW 36.70A.040

must have adopted a comprehensive plan, including a capital facilities plan element, and development regulations as required by RCW 36.70A.040. This subsection does not require any county, city, or town planning under RCW 36.70A.040 to adopt a comprehensive plan or development regulations before requesting or receiving a loan or loan guarantee under this chapter if such request is made before the expiration of the time periods specified in RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040 which has not adopted a comprehensive plan and development regulations within the time periods specified in RCW 36.70A.040 is not prohibited from receiving a loan or loan guarantee under this chapter if the comprehensive plan and development regulations are adopted as required by RCW 36.70A.040 before submitting a request for a loan or loan guarantee.

***WAC 399-30-032***

The Public Works Board has adopted regulations to carry out its program in Chapter 399-30 WAC. These regulations that require GMA compliance at the time of application WAC 399-30-032 is titled: " What are the requirements for meeting the Growth Management Act under RCW 43.155.070?" and provides:

> (1) "Compliance with the Growth Management Act" means that at the time of application for financial assistance:
>
> (a) A local government that is required to or chooses to plan under RCW 36.70A.040 has adopted a comprehensive plan and development regulations in conformance with the requirements of chapter 36.70A RCW, after it is required that the comprehensive plan and development regulations be adopted; and
>
> (b) The local government has not been found out of compliance by a growth management hearings board; or
>
> (c) A growth management hearings board has found a local government in compliance with the requirements of chapter 36.70A RCW, after previously finding the local government was not in compliance.

**In conclusion**, Kitsap County would like to request that the PWTF Board reconsider their determination of the suitability of the Central Kitsap Wastewater Treatment Plant Reclamation and Reuse Project for funding, given that the project in question was an outcome of an approved and compliant plan.

It is a function of the growth management process that even adopted plans are ever subject to challenges and changes in the interpretations of the underlying state laws. In this case, the remand was not due to inaction or even incorrect action by Public Works. The County had been acting as directed by the Growth Board, implementing a multi-year capital facilities plan of infrastructure upgrades. Each project has a life of cycle of 4 to 5 years, from predesign and permitting, through construction, and cannot be put on hold while these various interpretations are challenged and confirmed.

The concurrence of the service users and the Board of County Commissioners represents a unique opportunity to implement a project of this scope. The scope of this project will not be affected by the outcome of the remand action. What will be affected is the cost to the rate payers of this work, who are not only paying for improvements in their own service, but for long-term benefits affecting the environmental health of the wider Puget Sound community. Millions of tons of carbon dioxide will be diverted from entering the atmosphere; millions of tons of nitrogen will be kept out of Puget Sound; surrounding communities will be able to reduce withdrawals of groundwater; and the purchase of hundreds of thousands of gallons of heating fuel will be averted.

Thank-you for your consideration.

We would welcome an opportunity to discuss this further with the Public Works Board. Please contact me if you have any questions or if we can meet with you review any of this information.

Sincerely,

Barbara Zaroff, P.E.
Capital Project Engineer
Wastewater Division
Kitsap County Public Works
(360) 337-5777, ext. 3663
(360) 981-1767 (cell)
bzaroff@co.kitsap.wa.us

cc: Randy Casteel, P.E., Kitsap County Public Works Director
Dave Tucker, P.E., Kitsap County Assistant Public Works Director

# Kitsap County Department of Public Works

614 Division Street (MS-26), Port Orchard, WA 98366-4699 *R. W. Casteel, P.E., Director*


July 2, 2012

Matt Ojennus, Infrastructure Finance Specialist
Washington State Public Works Board
PO Box 42525
Olympia, WA 98504-2525

**RE: 2014 Construction Loan Request**
**Bucklin Hill Road Estuary Enhancement & Bridge Construction Project**

Dear Mr. Ojennus:

In response to your letter dated May 15, 2012, we appreciate being given the opportunity to request that the Board reconsider the eligibility of this project for PWTF funding.

**Introduction:**

The reasons for this request are:

- Kitsap County had been in compliance, and following the direction of the GMA board in planning for growth and capital facilities since June 2008. Using that approved Growth Management Plan as a basis; Public Works went on to develop a 20 year Capital Facilities Plan.

- The transportation element of the 2011 comprehensive plan update included updates to the transportation improvement plan as it relates to needed capital facilities. This plan included the Bucklin Hill Project.

- The noncompliance ruling of Aug. 2011 did not question the status of the capital facilities planning; rather, only the allowed minimum urban densities and land capacity methodology used in sizing the Urban Growth Areas.

- Neither of the metrics under question will affect the Bucklin Hill Road Project. Population estimates have not changed and, therefore, traffic volumes on Bucklin Hill Road, will remain as described in the Capital Facilities Plan.

**Background:**

In 2005 in *1000 Friends of Washington, Kitsap Citizens for Responsible Planning and Jerry Harless v. Kitsap County, CPSGMHB No. 04-3-0031, FDO (June 28, 2005)*, Kitsap County was ordered by the Central Puget Sound Growth Hearings Board (CPSGMHB) to conduct its ten year update by December 31, 2006. That decision ultimately was overturned by the Court of Appeals - but not until May 30, 2007, after the county had already completed the ten year update ordered by the Growth Hearings Board.

The ten year update (2006 Plan) was then challenged. Initially, the CPSGMHB found the County's urban densities and land capacity analysis methodology to be compliant with the GMA, but found the capital facilities plan out of compliance. Kitsap County subsequently brought the capital facilities plan into compliance, and the CPSGMHB found full compliance June 2008. The Petitioners then appealed the CPSGMHB rulings on urban densities and land capacity analysis to superior court, which upheld the Growth Hearings Board's ruling. They then appealed it to the Court of Appeals, which remanded the issues of urban density and land capacity analysis methodology back to the CPSGMHB in July 2010. In August, 2011, the CPSGMHB reversed its initial ruling and held that the urban densities and land capacity analysis methodology were not GMA-compliant. On August 31, 2011, the CPSGMHB remanded the 2006 Plan to Kitsap County to make corrections by August 31, 2012. The County was found noncompliant on two issues: (1) the minimum urban density the County can apply and (2) the proper land capacity analysis methodology to use in sizing our UGAs.

The County is currently working on the adjustments on remand. The Board will hold a compliance hearing in mid-October 2012, and will make a ruling sometime after that hearing (probably not at least until mid-November 2012).

**State Requirements**

The letter received from the Public Works Board indicated that its decision was based on the County's noncompliance, given the ruling described above, and referencing RCW 36.70A.040 and WAC 399-30-032. We would please request that the applicability of the state regulations be reconsidered in light of the history of the overall GMA approval process of the last six years, and given the fact that the approved capital facilities plan is not in question.

***RCW 36.70A.040***

RCW 36.70A.040 sets forth "who must plan" under the GMA, and sets forth the initial deadlines for planning, however, there is no mention in RCW 36.70A.040 regarding a requirement for state grant funding.

RCW 43.155.070 is the statute that sets forth eligibility for public works funds. That statute requires that a GMA county must have adopted a comprehensive plan including a capital facilities plan element and development regulations as required by RCW 36.70A.040. It does not, however, require that the comprehensive plan be compliant. The statute states:

(2) Except where necessary to address a public health need or substantial environmental degradation, a county, city, or town planning under RCW 36.70A.040 must have adopted a comprehensive plan, including a capital facilities plan element, and development regulations as required by RCW 36.70A.040. This subsection does not require any county, city, or town planning under RCW 36.70A.040 to adopt a comprehensive plan or development regulations before requesting or receiving a loan or loan guarantee under this chapter if such request is made before the expiration of the time periods specified in RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040 which has not adopted a comprehensive plan and development regulations within the time periods specified in RCW 36.70A.040 is not prohibited from receiving a loan or loan guarantee under this chapter if the comprehensive plan and development regulations are adopted as required by RCW 36.70A.040 before submitting a request for a loan or loan guarantee.

***WAC 399-30-032***

The Public Works Board has adopted regulations to carry out its program in Chapter 399-30 WAC. These regulations that require GMA compliance at the time of application WAC 399-30-032 is titled: " What are the requirements for meeting the Growth Management Act under RCW 43.155.070?" and provides:

> (1) "Compliance with the Growth Management Act" means that at the time of application for financial assistance:
>
> (a) A local government that is required to or chooses to plan under RCW 36.70A.040 has adopted a comprehensive plan and development regulations in conformance with the requirements of chapter 36.70A RCW, after it is required that the comprehensive plan and development regulations be adopted; and
>
> (b) The local government has not been found out of compliance by a growth management hearings board; or
>
> (c) A growth management hearings board has found a local government in compliance with the requirements of chapter 36.70A RCW, after previously finding the local government was not in compliance.

**In conclusion**, Kitsap County would like to request that the PWTF Board reconsider their determination of the suitability of the Bucklin Hill Road Project for funding, given that the project in question was an outcome of an approved and compliant plan.

It is a function of the growth management process that even adopted plans are ever subject to challenges and changes in the interpretations of the underlying state laws. In this case, the remand was not due to inaction or even incorrect action by Public Works. The County had been acting as directed by the Growth Board, implementing a multi-year capital facilities plan of infrastructure upgrades. Each project has a life of cycle of 4 to 5 years, from predesign and permitting, through construction, and cannot be put on hold while these various interpretations are challenged and confirmed.

The scope of this project will not be affected by the outcome of the remand action. The Bucklin Hill project provides improved traffic safety and mobility, non-motorized improvements, vital environmental enhancements and vibrant economic development to the Silverdale area. We respectfully request that the Public Works Board reconsider the position stated in your letter and consider this high priority project for funding approval.

We thank-you for your consideration and would welcome an opportunity to discuss this further with the Public Works Board. Please contact me if you have any questions or if we can meet with you review any of this information.

Sincerely,

Jonathon Brand, P.E.
County Engineer

Kitsap County Public Works
(360) 337-5777, ext. 4893
jbrand@co.kitsap.wa.us

cc: Randy Casteel, P.E., Kitsap County Public Works Director
Kristina Nelson, P.E., Senior Program Manager – Engineering

# 2013-15 Available Resources Update

Handouts will be available at the meeting.

# TAB 4

# Policy Adjustment

DATE: June 26, 2012

TO: Public Works Board

FROM: Dawn Eychaner, Policy & Program Development Coordinator
John LaRocque, Executive Director

SUBJECT: 2013 Policy Bill – Revisions to RCW 43.155

**BACKGROUND:**

At the June 2012 Public Works Board (Board) meeting, the Board requested that additional work be done on a draft policy bill revising the Board's authorizing statute.

Since the June Board meeting, Board members and staff have met with Commerce's Growth Management Unit staff to discuss the Growth Management Act (GMA) requirements in the bill. No substantive edits to the draft have resulted from the discussion. The proposed GMA language, which aligns the GMA requirements to be consistent with those of the Department of Ecology, has remained in this draft.

Staff has made additional edits to other areas of the bill, many due to budget constraints resulting from huge demand on the fund from the 2014 application cycle. Changes are highlighted in the draft bill in this Board packet and include:

- Addition of a fifth policy objective: "Maximizing the acquisition and use of federal funds to finance local infrastructure projects."
- Removal of the Contingent Loan Agreement references.
- Removal of the Water System Acquisition and Rehabilitation Program (WSARP).
- Changing the Needs Assessment to "may" instead of "shall."
- Reinstating legislative approval of the loan list for traditional projects, systems, and jurisdictions.
- Changing the loan list submission requirement to an annual submission to the Legislature, rather than a biennial submission.
- Reinstating the clause preventing the Board from signing contracts or financially obligating funds before the Legislature approves the list of projects.
- Adding authority for the Board (at the Board's discretion) to submit a list of projects which meet the definition of non-traditional project, non-traditional system, and/or non-traditional jurisdiction.
- Exempting pre-construction, planning, emergency, energy or water efficiency, and any other new programs authorized by the legislature from the legislative approval requirement.

**STAFF RECOMMENDATION:**

Staff recommends the Board adopt the draft policy bill and approve its submission to the Governor for consideration during the 2013 legislative session.

# Proposed

# 2013 PWB Policy Bill

# (Revisions to RCW 43.155)

- Additions to existing statutory language are noted by <u>underline</u>
- Deletions to existing statutory language are noted by ~~strikethrough~~
- Deletions of draft language are noted by ~~double strikethrough~~

July 2012

AN ACT Relating to the Public Works Board

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

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

**RCW Caption:** Legislative findings and policy.

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

~~The legislature further finds that Washington's local governments have unmet financial needs for solid waste disposal, including recycling, and encourages the board to make an equitable geographic distribution of the funds.~~

(1) The legislature finds that while local governments are responsible for creating, developing, managing, financing, operating, and maintaining local infrastructure systems, state priority policy objectives are served by investing financial and technical resources in these local systems. A significant backlog of projects to repair and improve local public infrastructure systems exists. The state intends to strategically invest resources to address this backlog and to promote the following priority policy objectives:

(a) Preserve, enhance, or achieve public health and safety;

(b) Protect the state's environment;

(c) Promote economic development;

(d) Encourage well-managed local infrastructure systems;

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

(~~e~~f) Sustain the state's infrastructure assistance capacity.

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

[1996 c 168 § 1; 1985 c 446 § 7.]

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

**RCW Caption:** Definitions.

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

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

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

(3) “Construction” means a traditional project or nontraditional project as defined within this chapter.

~~(4) "Contingent loan agreement" means an agreement between the state and a traditional eligible jurisdiction or a nontraditional eligible jurisdiction in which the state provides an absolute and unconditional commitment to make a loan to a traditional eligible jurisdiction or a nontraditional eligible jurisdiction from the public works assistance account in order to enhance the credit of the borrower.~~

(~~3~~4) "Department" means the department of commerce.

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

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

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

(7) "Financial assistance" means loans~~and contingent loan agreements~~.

(~~5~~8) "Local government" means ~~cities, towns, counties, special purpose districts, and any other municipal corporations or quasi-municipal corporations in the state excluding school districts and port districts.~~ a city, county, town, special purpose district, or other public agency authorized by law to require the execution of public works.

~~(6) "Public works project" means a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sanitary sewage systems and solid waste facilities, including recycling facilities. A planning project may include the compilation of biological, hydrological, or other data on a county, drainage basin, or region necessary to develop a base of information for a capital facility plan.~~

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

~~(8) "Technical assistance" means training and other services provided to local governments to: (a) Help such local governments plan, apply, and qualify for loans and financing guarantees from the~~

~~board, and (b) help local governments improve their ability to plan for, finance, acquire, construct, repair, replace, rehabilitate, and maintain public facilities.~~

(9) "Nontraditional jurisdiction" means port districts.

(10) "Nontraditional project" means any local government infrastructure project included in its adopted capital facilities plan or equivalent that does not meet the definition of traditional project, and excludes rolling stock.

(11) "Nontraditional system" means telecommunications, energy, flood levees, public buildings and facilities, rail, criminal justice facilities, and parks and recreation facilities.

(12) "Planning project" means the process through which a jurisdiction creates and adopts a capital facilities plan, a system plan, or equivalent.

(13) "Policy objectives" means state priorities that guide the investment of public works assistance account funds and are comprised of the following:

(a) Preserve, enhance, or achieve public health and safety;

(b) Protect the state's environment;

(c) Promote economic development;

(d) Encourage well-managed local infrastructure systems;

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

(~~e~~f) Sustain the state's infrastructure assistance capacity.

(14) "Preconstruction" means activities including but not limited to project planning, design, engineering, bid document preparation, environmental studies, right-of-way acquisition, and other non-construction preliminary phases of construction projects as determined by the board.

(15) "Technical assistance" means training and other services provided to local governments to:

(a) Improve their ability to plan for, finance, acquire, construct, reconstruct, and maintain infrastructure systems; and/or

(b) Improve their capacity to manage and operate their infrastructure systems in a manner consistent with long-term

sustainability.

(16) "Traditional eligible jurisdictions" means counties, cities, towns, special purpose districts, and any other municipal or quasi-municipal corporations excluding school districts and port districts.

(17) "Traditional eligible systems" means drinking water systems, sanitary sewer systems, storm water systems, solid waste/recycling systems, bridges, and roadways.

(18) "Traditional project" means a project listed in a local government's capital facilities plan or equivalent that results in the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of a traditional eligible system and excludes rolling stock.

[2009 c 565 § 33; 2001 c 131 § 1; 1996 c 168 § 2; 1995 c 399 § 85; 1985 c 446 § 8.]

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

**RCW Caption:** Public works board created.

(1) The public works board is hereby created.

(2) The board shall be composed of thirteen members appointed by the governor for terms of four years~~, except that five members initially shall be appointed for terms of two years~~. The board shall include: (a) Three members, two of whom shall be elected officials and one shall be ~~a public works manager~~ an appointed official, appointed from a list of ~~at least six~~ persons nominated by the association of Washington cities or its successor; (b) three members, two of whom shall be elected officials and one shall be ~~a public works manager~~ an appointed official, appointed from a list of ~~at least six~~ persons nominated by the Washington state association of counties or its successor; (c) ~~three members appointed from a list of at least six persons nominated jointly by the Washington public utility districts association and a state association of water-sewer districts, or their successors; and (d)~~ one member appointed from a list of persons nominated by the Washington public utility districts association or its successor; (d) two members appointed from a list of persons

nominated by the Washington water and sewer district association ~~of Washington state association of water-sewer districts~~ or its successor; and (e) four members appointed from the general public. In appointing the four general public members, the governor shall endeavor to balance the geographical composition of the board and to include members with special expertise in relevant fields ~~such as public finance, architecture and civil engineering, and public works construction~~. The governor shall appoint one of the general public members of the board as chair. The term of the chair shall coincide with the term of the governor.

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

(~~4~~3) Members of the board shall receive no compensation but shall be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

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

[1999 c 153 § 58; 1985 c 446 § 9.]

**NOTES:**

**Part headings not law--1999 c 153:** See note following RCW 57.04.050.

~~**Sec. 4.** RCW 43.155.040 and 1985 c 446 s 10 are each amended to read as follows:~~

~~**RCW Caption:** General powers of the board.~~

~~The board may:~~

~~(1) Accept from any state or federal agency, loans or grants for the planning or financing of any public works project and enter into agreements with any such agency concerning the loans or grants;~~

~~(2) Provide technical assistance to local governments;~~

~~(3) Accept any gifts, grants, or loans of funds, property, or financial or other aid in any form from any other source on any terms and conditions which are not in conflict with this chapter;~~

~~(4) Adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this chapter;~~

~~(5) Do all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter.~~

~~[1985 c 446 § 10.]~~

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

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

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

(b) Shall execute contracts or otherwise financially obligate funds from the public works assistance account for projects approved for funding by the board under the following programs:

(i) Construction;

(ii) Preconstruction;

(iii) Capital facilities planning;

(iv) Emergency;

(v) Energy or water efficiency; and,

~~(vi) Water system acquisition and rehabilitation;~~

(vi) Any other program authorized by the legislature.

~~(c) May coordinate with the Washington state treasurer, who, on behalf of the state of Washington, may prescribe the terms of and enter into a contingent loan agreement between the state and a local government if the state treasurer determines that such a contingent loan agreement is financially prudent and is consistent with the provisions of this chapter. Contingent loan agreements may be entered into by the state treasurer only with local governments whose limited tax general obligations or senior revenue obligations, as applicable to the obligations concerned, are rated not higher than A1 or A+ by at least one of the nationally recognized rating agencies. The state's~~

~~obligation to make any loan to a local government pursuant to the terms of a contingent loan agreement is subject to appropriation from the public works assistance account. The office of the state treasurer may charge a fee to local governments to recover the costs of creating the contingent loan agreements;~~

(c) For all programs other than construction~~and contingent loan agreements~~, shall restrict financial assistance to traditional eligible jurisdictions, traditional systems, and traditional projects only.

(i) Shall provide financial assistance to traditional eligible jurisdictions for traditional projects in traditional systems based on the considerations in Section 11 of this chapter through construction loans ~~or contingent loan agreements.~~

(ii) Only after all projects eligible under Section 4 (1)(c)(i) of this chapter have been approved for financial assistance may the board provide financial assistance to nontraditional jurisdictions, nontraditional systems, or nontraditional projects through construction loans~~or contingent loan agreements~~.

~~(e) May provide grants for water system acquisition and rehabilitation projects.~~

(d) May require such terms and conditions and may charge such rates of interest on its loans as it deems necessary or convenient to carry out the purposes of this chapter. Money received from local governments in repayment of loans made under this section must be paid into the public works assistance account for uses consistent with this chapter;

(e) May not refinance existing debt or financial obligations of local governments, except for short-term debt associated with construction projects approved by the board;

~~(2) In order to provide for the state of Washington's obligations under the terms of contingent loan agreements, the legislature must make provision, from time to time in appropriations acts, for such amounts as may be required to make timely payments from the public works assistance account.~~

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

The board shall authorize the provision of technical assistance to local governments in accordance with board policy.

~~**Sec. 5.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to read as follows:~~

~~**RCW Caption:** Public works financing powers--Competitive bids on projects.~~

~~In order to aid the financing of public works projects, the board may:~~

~~(1) Make low-interest or interest-free loans to local governments from the public works assistance account or other funds and accounts for the purpose of assisting local governments in financing public works projects. The board may require such terms and conditions and may charge such rates of interest on its loans as it deems necessary or convenient to carry out the purposes of this chapter. Money received from local governments in repayment of loans made under this section shall be paid into the public works assistance account for uses consistent with this chapter.~~

~~(2) Pledge money in the public works assistance account, or money to be received by the public works assistance account, to the repayment of all or a portion of the principal of or interest on obligations issued by local governments to finance public works projects. The board shall not pledge any amount greater than the sum of money in the public works assistance account plus money to be received from the payment of the debt service on loans made from that account, nor shall the board pledge the faith and credit or the taxing power of the state or any agency or subdivision thereof to the repayment of obligations issued by any local government.~~

~~(3) Create such subaccounts in the public works assistance account as the board deems necessary to carry out the purposes of this chapter.~~

~~(4) Provide a method for the allocation of loans and financing guarantees and the provision of technical assistance under this chapter.~~

~~All local public works projects aided in whole or in part under the provisions of this chapter shall be put out for competitive bids, except for emergency public works under RCW 43.155.065 for which the recipient jurisdiction shall comply with this requirement to the extent feasible and practicable. The competitive bids called for shall be administered in the same manner as all other public works projects put out for competitive bidding by the local governmental entity aided under this chapter.~~

~~[1988 c 93 § 2; 1985 c 446 § 11.]~~

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

(1) The board ~~shall~~ may, beginning in June 2015 and every four years thereafter, provide the governor and legislature with a comprehensive assessment of local infrastructure needs and potential resources within the state to meet those needs;

~~(2) In consultation with the office of the state treasurer, recommend to the governor and the legislature the amount of resources from the public works assistance account to be appropriated for the contingent loan program;~~

(2) The Board shall:

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

(b) Provide information and advice to the governor and legislature on matters related to local government infrastructure financing; and

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

~~**Sec. 6.** RCW 43.155.065 and 2001 c 131 s 3 are each amended to read as follows:~~

~~**RCW Caption:** Emergency public works projects.~~

~~The board may make low-interest or interest-free loans to local governments for emergency public works projects. Emergency public works projects shall include the construction, repair, reconstruction, replacement, rehabilitation, or improvement of a public water system that is in violation of health and safety standards and is being operated by a local government on a temporary basis. The loans may be used to help fund all or part of an emergency public works project less any reimbursement from any of the following sources: (1) Federal disaster or emergency funds, including funds from the federal emergency management agency; (2) state disaster or emergency funds; (3) insurance settlements; or (4) litigation.~~

~~[2001 c 131 § 3; 1990 c 133 § 7; 1988 c 93 § 1.]~~

~~**NOTES:**~~

~~**Findings--Severability--1990 c 133:** See notes following RCW 36.94.140.~~

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

The board shall:

(1) Consistent with the guidelines issued by the office of financial management and in consultation with the department, prepare biennial operating and capital budgets and, as needed, update these budgets during the biennium;

(2) Accept or reject any gifts, grants, or loans of funds, property, or financial or other aid in any form from any other source

on any terms and conditions that are not in conflict with this chapter;

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

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

~~**Sec. 7.** RCW 43.155.068 and 2001 c 131 s 4 are each amended to read as follows:~~

~~**RCW Caption:** Loans for preconstruction activities.~~

~~(1) The board may make low-interest or interest-free loans to local governments for preconstruction activities on public works projects before the legislature approves the construction phase of the project. Preconstruction activities include design, engineering, bid-document preparation, environmental studies, right-of-way acquisition, and other preliminary phases of public works projects as determined by the board. The purpose of the loans authorized in this section is to accelerate the completion of public works projects by allowing preconstruction activities to be performed before the approval of the construction phase of the project by the legislature.~~

~~(2) Projects receiving loans for preconstruction activities under this section must be evaluated using the priority process and factors in *RCW 43.155.070(2). The receipt of a loan for preconstruction activities does not ensure the receipt of a construction loan for the project under this chapter. Construction loans for projects receiving a loan for preconstruction activities under this section are subject to legislative approval under *RCW 43.155.070 (4) and (5). The board shall adopt a single application process for local governments seeking both a loan for preconstruction activities under this section and a construction loan for the project.~~

~~[2001 c 131 § 4; 1995 c 363 § 2.]~~

~~**NOTES:**~~

~~***Reviser's note:** RCW 43.155.070 was amended by 1999 c 164 § 602, changing subsections (2), (4), and (5) to subsections (4), (6), and (7), respectively.~~

~~**Finding--Purpose--1995 c 363:** "The legislature finds that there continues to exist a great need for capital projects to plan, acquire, design, construct, and repair local government streets, roads, bridges, water systems, and storm and sanitary sewage systems. It is the purpose of this act to accelerate the construction of these projects under the public works assistance program." [1995 c 363 § 1.]~~

NEW SECTION. **Sec. 8.** A new section is added to chapter 43.155 RCW to read as follows:

(1) The department shall:

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

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

(2) The director shall:

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

(b) Report to the board not less than quarterly; and

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

**Sec. 9.** RCW 43.155.050 and 2011 1st sp.s. c 50 s 951 are each amended to read as follows:

(1) The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used ~~to make loans and to give financial guarantees to local governments for public works projects.~~

~~Moneys in the account may also be appropriated to provide for state match requirements under federal law for projects and activities conducted and financed by the board under the drinking water assistance account.~~ for purposes as authorized by this chapter.

(2) A minimum of eighty-five percent of the biennial capital budget appropriation to the public works board from this account shall be obligated for construction loans. Not more than fifteen percent of the biennial capital budget appropriation to the public works board from this account may be ~~expended or~~ obligated for ~~preconstruction loans, emergency loans, or loans for capital facility planning under this chapter; of this amount, not more than ten percent of the biennial capital budget appropriation may be expended for capital facility planning loans.~~ programs other than construction loans. Within this fifteen percent, state match for federal programs or funds for other state programs may be obligated. ((~~For the 2007-2009 biennium, moneys in the account may be used for grants for projects identified in section 138, chapter 488, Laws of 2005 and section 1033, chapter 520, Laws of 2007. During the 2009-2011 fiscal biennium, sums in the public works assistance account may be used for the water pollution control revolving fund program match in section 3013, chapter 36, Laws of 2010 1st sp. sess. During the 2009-2011 fiscal biennium, the legislature may transfer from the job development fund to the general fund such amounts as reflect the excess fund balance of the fund.~~)) ~~During the 2011-2013 fiscal biennium, the legislature may transfer from the public works assistance account to the general fund, the water pollution control revolving account, and the drinking water assistance account such amounts as reflect the excess fund balance of the account. During the 2011-2013 fiscal biennium, the legislature may appropriate moneys from the account for economic development, innovation, and export grants, including brownfields; main street improvement grants; and the loan program consolidation board.~~

**Sec. 10.** RCW 43.155.070 and 2009 c 518 s 16 are each amended to read as follows:

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

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

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

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

(2) Except where necessary to address a public health need or substantial environmental degradation, a county, city, or town planning under RCW 36.70A.040 ~~must have adopted a comprehensive plan, including a capital facilities plan element, and development regulations as required by RCW 36.70A.040. This subsection does not require any county, city, or town planning under RCW 36.70A.040 to adopt a comprehensive plan or development regulations before requesting or receiving a loan or loan guarantee under this chapter if such request is made before the expiration of the time periods specified in RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040 which has not adopted a comprehensive plan and development regulations within the time periods specified in RCW 36.70A.040 is not prohibited from receiving a loan or loan guarantee under this chapter if the comprehensive plan and development regulations are adopted as required by RCW 36.70A.040 before submitting a request for a loan or loan guarantee.~~ may not receive financial assistance under this chapter unless it has adopted a comprehensive plan, including a capital facilities plan element, and development regulations as required by RCW 36.70A~~.040~~. This subsection does not require any county, city, or town planning under RCW 36.70A~~.040~~ to adopt a comprehensive plan or development regulations before requesting or receiving financial assistance under this chapter if such request is made before the expiration of the time periods specified in RCW 36.70A~~.040~~. A county, city, or town planning under RCW 36.70A~~.040~~ that has not adopted a comprehensive plan and

development regulations within the time periods specified in RCW 36.70A~~.040~~ is not prohibited from receiving financial assistance under this chapter if the comprehensive plan and development regulations are adopted as required by RCW 36.70A~~.040~~ before executing a contractual agreement for financial assistance with the board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Before November 1st of each year, the board shall develop and submit to the appropriate fiscal committees of the senate and house or representatives a prioritized list of traditional projects in traditional systems for traditional eligible jurisdictions which are recommended for funding by the legislature.

(5) Before November 1st of each year, the board may develop and submit to the appropriate fiscal committees of the senate and house or representatives a prioritized list of projects which meet the

definition of non-traditional project, non-traditional system, and/or non-traditional jurisdiction which are recommended for funding by the legislature.

~~(6~~4) ~~Before November 1st of each even-numbered year, the board ((shall)) must develop and submit to the appropriate fiscal committees of the senate and house of representatives a description of the loans made under RCW 43.155.065, 43.155.068, and subsection (9) of this section during the preceding fiscal year and a prioritized list of projects which are recommended for funding by the legislature, including one copy to the staff of each of the committees. The list ((shall)) must include, but not be limited to, a description of each project and recommended financing, the terms and conditions of the loan or financial guarantee, the local government jurisdiction and unemployment rate, demonstration of the jurisdiction's critical need for the project and documentation of local funds being used to finance the public works project. The list ((shall)) must also include measures of fiscal capacity for each jurisdiction recommended for financial assistance, compared to authorized limits and state averages, including local government sales taxes; real estate excise taxes; property taxes; and charges for or taxes on sewerage, water, garbage, and other utilities.~~

(~~7~~6) The board ((shall)) may not sign contracts or otherwise financially obligate funds from the public works assistance account before the legislature has appropriated funds for a specific list of public works projects. The legislature may remove projects from the list recommended by the board. The legislature ((shall)) may not change the order of the priorities recommended for funding by the board.

(~~8~~7) Subsections (~~7~~4)and (5) of this section do~~es~~ not apply to ~~loans~~ financial assistance ~~made~~ provided through the preconstruction, capital facilities planning, emergency, ~~and~~ energy or water efficiency programs, ~~nor~~ or any other programs authorized by the legislature. ~~under RCW 43.155.065, 43.155.068, and subsection (9) of this section~~.

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

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

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

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

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

**~~Sec. 8.~~** ~~RCW 43.155.075 and 2001 c 227 s 10 are each amended to read as follows:~~

**~~RCW Caption:~~** ~~Loans for public works projects--Statement of environmental benefits--Development of outcome-focused performance measures.~~

~~In providing loans for public works projects, the board shall require recipients to incorporate the environmental benefits of the project into their applications, and the board shall utilize the statement of environmental benefits in its prioritization and selection process. The board shall also develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the loan program. To the extent possible,~~

~~the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270. The board shall consult with affected interest groups in implementing this section.~~

~~[2001 c 227 § 10.]~~

~~**NOTES:**~~

~~**Findings--Intent--2001 c 227:** See note following RCW 43.41.270.~~

~~**Sec. 9.** RCW 43.155.080 and 1987 c 505 s 41 are each amended to read as follows:~~

~~**RCW Caption:** Records and audits.~~

~~The board shall keep proper records of accounts and shall be subject to audit by the state auditor.~~

~~[1987 c 505 § 41; 1985 c 446 § 13.]~~

~~**Sec. 10.** RCW 43.155.090 and 1987 c 19 s 6 are each amended to read as follows:~~

~~**RCW Caption:** Loan agreements.~~

~~Loans from the public works assistance account under this chapter shall be made by loan agreement under chapter 39.69 RCW.~~

~~[1987 c 19 § 6.]~~

~~**Sec. 11.** RCW 43.155.110 and 2007 c 341 s 25 are each amended to read as follows:~~

~~**RCW Caption:** Puget Sound partners.~~

~~In developing a priority process for public works projects under RCW 43.155.070, the board shall give preferences only to Puget Sound partners, as defined in RCW 90.71.010, over other entities that are eligible to be included in the definition of Puget Sound partner. Entities that are not eligible to be a Puget Sound partner due to geographic location, composition, exclusion from the scope of the action agenda developed by the Puget Sound partnership under RCW 90.71.310, or for any other reason, shall not be given less preferential treatment than Puget Sound partners.~~

~~[2007 c 341 § 25.]~~

~~**NOTES:**~~

~~**Severability--Effective date--2007 c 341:** See RCW 90.71.906 and 90.71.907.~~

~~**Sec. 12.** RCW 43.155.120 and 2008 c 299 s 30 are each amended to read as follows:~~

~~**RCW Caption:** Administering funds--Preference to an evergreen community.~~

~~When administering funds under this chapter, the board shall give preference only to an evergreen community recognized under RCW 35.105.030 in comparison to other entities that are eligible to receive evergreen community designation. Entities not eligible for designation as an evergreen community shall not be given less preferential treatment than an evergreen community.~~

~~[2008 c 299 § 30.]~~

~~**NOTES:**~~

~~**Short title--2008 c 299:** See note following RCW 35.105.010.~~

~~**Sec. 13.** RCW 43.155.130 and 2011 1st sp.s. c 48 s 7028 are each amended to read as follows:~~

~~**RCW Caption:** Intent--Local infrastructure assistance--Plan.~~

~~(1) The legislature intends to modernize state programs that provide financial and technical assistance related to local infrastructure by: (a) Clarifying the policy objectives and priorities for state assistance for local infrastructure; (b) eliminating redundancy among the various state programs; (c) increasing the speed of delivering state assistance and the ability to respond to emerging needs; (d) maximizing the acquisition and use of federal funding sources; (e) ensuring transparency in state and federal assistance; (f) improving access to the lowest cost private~~

~~market financing; and (g) ensuring accountability and the periodic review of progress.~~

~~(2) By November 1, 2011, the public works board must prepare and submit to the appropriate committees of the legislature an implementation plan for creating a reformed state system for providing local infrastructure assistance. In developing the plan, the board must consult with state agencies that provide infrastructure funding and technical assistance including, but not limited to, the departments of commerce, health, and ecology. The board must also work in cooperation with local governments or entities that benefit from infrastructure funding and technical assistance.~~

~~(3) The board, state agencies, and local partners must consider, among other things, consolidation of state appropriations to support policy-focused investments including water quality, safe drinking water, storm water, economic development, access to private financing, solid waste and recycling, and flood levees. In addition, they must consider consolidating assistance packages, streamlining application processes, and clarify the respective responsibilities of state and local agencies in planning for, developing[,] and maintaining local public infrastructure.~~

~~(4) The implementation plan must include draft legislation and the organizational and budgetary changes necessary to implement the new system in time for the 2013-2015 budget cycle.~~

~~[2011 1st sp.s. c 48 § 7028.]~~

~~**NOTES:**~~

~~**Effective date--2011 1st sp.s. c 48:** See note following RCW 39.35B.050.~~

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

The intent of the project selection process is to promote state policy objectives and to maximize the value of projects financed under this chapter as identified in RCW 43.155.010(1). When demand for local financing exceeds available resources from the public works

assistance account, some or all of the following criteria may be used by the board to prioritize projects for financing:

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

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

(3) Whether the project consolidates or regionalizes systems;

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

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

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

(7) Other criteria that the board considers advisable.

**Sec. ~~14.~~ 12.** RCW 43.155.140 and 2011 c 180 s 302 are each amended to read as follows:

**RCW Caption:** Projects in areas impacted by the closure or potential closure of large coal-fired electric generation facilities.

The board shall solicit qualifying projects to plan, design, and construct public works projects needed to attract new industrial and commercial activities in areas impacted by the closure or potential closure of large coal-fired electric generation facilities, which for the purposes of this section means a facility that emitted more than one million tons of greenhouse gases in any calendar year prior to 2008. The projects should be consistent with any applicable plans for major industrial activity on lands formerly used or designated for surface coal mining and supporting uses under RCW 36.70A.368. When the board receives timely and eligible project applications from a political subdivision of the state for financial assistance for such projects, the board from available funds shall give priority consideration to such projects.

[2011 c 180 § 302.]

**NOTES:**

**Findings--Purpose--2011 c 180:** See note following RCW 80.80.010.

NEW SECTION. **Sec. 13.** The following acts or parts of acts are each repealed:

(1) RCW 43.155.010 (Legislative findings and policy) and 1996 c 168 s 1 & 1985 c 446 s 7;

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

(3) RCW 43.155.055 (Water storage projects and water systems facilities subaccount) and 2003 c 330 s 1;

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

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

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

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

(8) RCW 43.155.100 (Water conservation account) and 2002 c 329 s 11;

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

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

# TAB 5

# Program Development/ Implementation and Updates

DATE: June 25, 2012

TO: Public Works Board

FROM: Chris Gagnon & Lynn Kohn
Infrastructure Financing Specialists

SUBJECT: Training, Technical Assistance and Academy Update

**BACKGROUND:**

The Board directed staff to develop technical assistance, education and training programs for local governments (all kinds) and approved funding for a staff position to lead this project.

**Staff Position**
Lynn Kohn, a Project Manager for the CDBG Program is transitioning into this position. Lynn has been involved in the Infrastructure Assistance Coordinating Council (IACC) for about 12 years, was the Capital Facilities Specialist with Growth Management Services and was formerly an analyst with AWC. She has a wide range of experiences in infrastructure planning and development and with developing information and training sessions for IACC and AWC.

**Proposed Academy**
Staff proposes to develop a series of "Academy's" to be conducted in the various regions of the state, bringing together representatives from local governments, special districts, ports, school districts and junior taxing districts, to network, become informed and share information.

**Status**
The first Academy will take place in late November or early December 2012, and will focus on local governments located in the counties of Clark, Cowlitz, Skamania, and Wahkiakum. Staff is in the process of locating a venue large enough to accommodate a large audience in a morning session as well as several break-out sessions in the afternoon. The idea for the morning session is to have presenters discuss how state and local funding flows through the county to the various taxing districts and how decisions are made in regards to allocations and potential impacts. The afternoon sessions will address specific topics of concern to the regional participants. Staff will be speaking with individuals from each county in regards to issues of concern and will propose several topics to the Board for training.

**Proposed Training and Technical Assistance**
Staff will be talking to local governments around the state to identify technical assistance needs and will contact agencies and associations that provide assistance to their clients for ideas on issues and ways to coordinate training.

DATE: June 28, 2012

TO: Public Works Board

FROM: Chris Gagnon, Infrastructure Finance Specialist

SUBJECT: Update on Low-Risk Clients - 2012 Drinking Water State Revolving Fund Program

**BACKGROUND**

The Departments of Health, the Department of Commerce, and the Public Works Board, went through a LEAN process this year. The goal of the LEAN event was to expedite contracting for the 2012 DWSRF borrowers. This resulted in a tiered process, with 26 communities receiving loans four to six months earlier than in past years, so they can start construction sooner. Staff provided program training to the clients via a webinar in late June. Contracts will be issued to clients in early July.

While these projects can move forward, staff will be assessing other applicants whose ability to repay loans is less certain. Staff is now meeting with the applicants that need further review, to determine their capacity to repay a loan as well as manage a project. Staff will present their funding recommendations to the Board for consideration at the August 3rd board meeting.

DATE: June 27, 2012

TO: Public Works Board

FROM: Chris Gagnon, Infrastructure Financing Specialist

SUBJECT: Update on 2012 Capital Budget – Direct Appropriation Projects

**BACKGROUND**

The 2012 Capital Budget appropriated funds for Public Works Board and Commerce staff to administer. The funding was directly appropriated to projects categorized as CERB-like, Main Street Improvements, Port and Export Related Infrastructure, and Innovation Partnership Zone Facilities and Infrastructure. Legislation was signed into law on April 23, 2012.

The Board may allocate up to 25% of the amounts for specified projects to other specified projects or to competitive grants if the cost of the projects is less than originally assumed or other non-state funds become available. If specified projects have not met requirements for executing a contract by April 2013, the Board may allocate that amount to competitive grants.

Activities completed by staff during the month of May include:

- Met with Legislative staff to gain a better understanding of their intent on how the projects should be carried out.
- Updated program material (contract readiness survey, LEED guidance, Governor's Executive Order 05-05) and the contract boilerplate.
- Contacted grant recipients to discuss their projects and next steps in the process.
- Sent award letters to grant recipients, and copied associated Legislators.
- Sent Governor's Executive Order 05-05 material to grant recipients.

Activities completed by staff during the month of June include:

- Received and reviewed material submitted by clients for:
  - Contracting purposes
  - Compliance with Governor's Executive Order 05-05
  - Compliance with LEED
- Updated the contract boilerplates
- Prepared PWeB system for contracting

Next steps:

- Issue contracts

# 2012 CAPITAL BUDGET - DIRECT APPROPRIATION PROJECTS - JULY 2012

| Client | Project | Amount | Initial Contact Made | Award Letter Sent | Project Proposal Received | Readiness Survey Received | LEED Declaration Received | 05-05 Status* |
|---|---|---|---|---|---|---|---|---|
| | | | (Date) | (Date) | (Y/N) | (Y/N) | (Y/N) | (Not Started, In-Process, Complete) |
| CERB | | | | | | | | |
| City of Burien | NE Redevelopment Area_Storm Water Facilities | $ 3,500,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| City of Camas | Infrastructure for NW Friberg Development | $ 3,000,000 | 4/21/12 | 5/10/12 | Y | N | N | Sent 5/17/12 |
| Clark County | Chelatchee Prairie RR Project | $ 500,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| East Lewis County PDA | Trans Alta Industrial Park | $ 998,000 | 4/21/12 | 5/10/12 | N | N | N | Sent 5/17/12 |
| Edmonds Community Colleg | WA Aerospace | $ 1,500,000 | 4/21/12 | 5/10/12 | Y | N | Y | COMPLETE |
| City of Federal Way | Federal Way Sewer Line | $ 1,500,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| Lakehaven Utility District | Lakehaven UD/Federal Way Sewer Line | $ 1,000,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| Port of Quincy | Port of Quincy Industrial Park #6 Infrastructure | $ 1,100,000 | 4/21/12 | 5/10/12 | Y | Y | Y | In Process |
| City of Renton | Renton Aerospace Center | $ 2,500,000 | 4/21/12 | 5/10/12 | N | N | N | Sent 5/17/12 |
| City of Vancouver | Vancouver Waterfront Park Development | $ 1,000,000 | 4/21/12 | 5/10/12 | N | Y | N | Sent 5/17/12 |
| | | | | | | | | |
| OTHER | | | | | | | | |
| City of Connell | Klindworth Water Main | $ 540,000 | 4/21/12 | 5/10/12 | Y | Y | Y | In Process |
| Grays Harbor PDA | Satsop | $ 4,000,000 | 4/21/12 | 5/10/12 | N | N | N | Sent 5/17/12 |
| | | | | | | | | |
| MAIN STREET | | | | | | | | |
| City of Brier | Scriber Creek Project | $ 800,000 | 4/21/12 | 5/10/12 | N | Y | Y | Sent 5/17/12 |
| City of Edmonds | Edmonds Main Street Project | $ 500,000 | 4/21/12 | 5/10/12 | N | Y | Y | Sent 5/17/12 |
| City of Everett | Everett Parks Roofs | $ 400,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| City of Gig Harbor | Cushman Phase 4 | $ 1,200,000 | 4/21/12 | 5/10/12 | N | Y | Y | Sent 5/17/12 |
| City of Kirkland | Bridge Design_Acquisition Cross Kirkland Corridor | $ 2,000,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| City of La Conner | La Conner Boardwalk | $ 750,000 | 4/21/12 | 5/10/12 | Y | Y | Y | In Process |
| City of Longview | Downtown Longview Corridor Project | $ 500,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| City of Port Orchard | Bay Street Pedestrian Path | $ 500,000 | 4/21/12 | 5/10/12 | N | Y | Y | In Process |
| City of Tacoma | Pacific Avenue Streetscape Improvements | $ 3,000,000 | 4/21/12 | 5/10/12 | Y | N | N | COMPLETE |
| City of Spokane | Kendall Yards Public Infrastructure | $ 2,000,000 | 4/21/12 | 5/10/12 | Y | N | N | In Process |
| City of Spokane | University District Pedestrian Bike | $ 3,200,000 | 4/21/12 | 5/10/12 | Y | Y | Y | Sent 5/17/12 |
| | | | | | | | | |
| PORTS | | | | | | | | |
| City of Tacoma | Puyallup River Bridge Replacement | $ 7,000,000 | 5/9/12 | 5/17/12 | N | Y | Y | Sent 5/21/12 |
| Port of Benton | Railroad Bridge Replacement | $ 2,200,000 | 5/9/12 | 5/17/12 | N | Y | Y | In Process |
| Port of Camas-Washougal | Steigerwald Commerce Center Development | $ 1,500,000 | 5/9/12 | 5/17/12 | N | Y | Y | In Process |
| Port of Columbia | Blue Mountain Station Site | $ 750,000 | 5/9/12 | 5/17/12 | N | Y | Y | In Process |
| Port of Pasco | Heritage Industrial Rail Extension | $ 1,800,000 | 5/9/12 | 5/17/12 | N | Y | Y | Sent 5/21/12 |
| Port of Pasco | Rail Hub Development - Phase 5 | $ 1,400,000 | 5/9/12 | 5/17/12 | N | Y | Y | Sent 5/21/12 |
| Port of Skamania | Access Road | $ 650,000 | 5/9/12 | 5/17/12 | N | Y | Y | In Process |
| Port of Skamania | Water & Wastewater System | $ 350,000 | 5/9/12 | 5/17/12 | N | N | N | Sent 5/21/12 |
| Port of Tacoma | South Lead Rail | $ 5,000,000 | 5/9/12 | 5/17/12 | N | Y | Y | Sent 5/21/12 |
| Port of Vancouver | Centennial Industrial Park Infrastructure | $ 5,750,000 | 5/9/12 | 5/17/12 | N | Y | Y | Sent 5/21/12 |
| Port of Walla Walla | Infrastructure for Warehouse Project | $ 2,750,000 | 5/9/12 | 5/17/12 | N | N | N | Sent 5/21/12 |
| WSDOT | Speed Improvements for Short Line Rail | $ 4,000,000 | 5/9/12 | 5/16/12 | N/A | N | N | In Process |
| | | | | | | | | |
| IPZ | | | | | | | | |
| City of Bothell | Bothell IPZ / MedTech Discovery Center | $ 500,000 | 4/24/12 | 5/21/12 | Y | Y | N | Sent 5/24/12 |
| Port of Grays Harbor | GH IPZ / Phase II Dev of R&D Fac/Incubator | $ 750,000 | 4/24/12 | 5/21/12 | Y | Y | Y | Sent 5/24/12 |
| City of Richland | Tri-cities IPZ / Wine Science Center | $ 5,000,000 | 4/24/12 | 5/21/12 | Y | Y | Y | Sent 5/24/12 |
| UW Tacoma | Tacoma IPZ / Center for Urban Waters | $ 2,800,000 | 4/24/12 | 5/21/12 | Y | Y | Y | Sent 5/24/12 |
| WSU-Puyallup | Tacoma IPZ / Clean Water Tech Aquatic Lab | $ 800,000 | 4/24/12 | 5/21/12 | Y | Y | Y | Sent 5/24/12 |
| Walla Walla Comm College | WW IPZ / Alternate Energy-Training & Innovation | $ 3,670,000 | 4/24/12 | 5/21/12 | Y | Y | N | Sent 5/24/12 |

# TAB 6

# Information and Other Items