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

AGENDA
PUBLIC WORKS BOARD MEETING
August 2, 2013 – 9:00 A.M.

Meeting Location: Department of Commerce, 1011 Plum ST SE, Olympia, WA 98504

Agenda Item	Action	Page	Time
Committee Meetings			7:30-8:30
A) ADMINISTRATION		3	9:00
1. Call to Order			
2. Welcome and Introductions			
3. Approve Agenda: Janea Eddy	**Action**	1	
4. June 7 Meeting Minutes: Janea Eddy	**Action**	5	
5. Board Member Appointment Updates: Cecilia Gardener		verbal	
6. Legislative Impacts: Cecilia Gardener		**25**	
7. Executive Director Hiring Status: Stan Finkelstein		verbal	
B) **COMMITTEE REPORT**		27	9:25
1. Executive Committee: Stan Finkelstein		verbal	
2. Communication Committee: Kathryn Gardow		verbal	
3. Policy Committee: Don Montfort		verbal	
4. TA Committee: Steve Stuart		verbal	
C) CONTRACTING		29	9:45
1. Notice to Proceed Extension Request: Mark Barkley	**Action**	**31**	
2. Project Completion Extension Request: Mark Barkley	**Action**	**33**	
3. CAU Contract Status Report		35	
4. Jefferson County Reassignment Update: Bruce Lund		verbal	
D) POLICY & PROGRAM DEVELOPMENT		37	10:00
1. DWSRF 101: Denise Clifford, DOH, Myra Baldini, Board Staff		39	
2. 2013 DWSRF 2nd Tier Projects for Approval: Denise Clifford, DOH, Myra Baldini, Board Staff	**Action**	45	
3. 2013-15 Proviso Implementation Proposal: Ann Campbell	**Action**	47	
4. Proposed Supplemental Request Decision Packages:		57	
a. PWTF Pre-Construction Loan Program Capital Request: Cecilia Gardener	**Action**	59	
b. Statewide Summary of Capital Needs Capital Request: Bruce Lund	**Action**	61	
5. Retreat Development: Cecilia Gardener		verbal	
6. Retreat Dates: Cecilia Gardener	**Action**	verbal	
E) TECHNICAL & IMPACT ASSISTANCE		63	11:15
1. Assisting 2014 PWTF Unfunded Applicants: Bruce Lund		65	
2. Budget Impacts on Technical Assistance: Bruce Lund		67	
F) INFORMATION AND OTHER ITEMS		69	11:30
1. Predictive Model Update: Myra Baldini		71	
LUNCH			11:45
Note: ***Anticipated time of Adjournment is 11:40 a.m.***			

NEXT BUSINESS MEETING SCHEDULED: September 6, 2013, at 9:00 a.m.
Department of Commerce, 1011 Plum Street SE, Olympia, WA 98504-2525.
Contact the Public Works Board at (360) 725-3151 for further information.
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) 725-3151.

TAB A

ADMINISTRATION

PUBLIC WORKS BOARD MEETING
June 7, 2013
Department of Commerce (Olympia, WA)

Board Members		Guests Present:	Staff Present:
Present:	Absent:		
Stan Finkelstein, Chair		Mark Barkley, Dept. of Commerce	John LaRocque, Executive Director
Kathryn Gardow, Vice Chair		Joe Crossland, Dept. of Health	Ann Campbell
JC Baldwin		David Dunn, Dept. of Ecology	Cindy Chavez
Jerry Cummins		Dawn Eychaner, CERB Staff	Terry Dale
Tom Fitzsimmons		Karen Klocke, Dept. of Health	Steve Dunk
Ed Hildreth		Karin Larkin, Dept. of Commerce	Chris Gagnon
Scott Hutsell		Missy Lipparelli, Dept. of Commerce	Cecilia Gardener
Don Montfort		Dan McConnon, Dept. of Commerce	Isaac Huang
Mark "Bubba" Scott		Chris McCord, Dept. of Health	Lynn Kohn
Steve Stuart		Mark Urdahl, CERB Chair	Jennifer Motteler
		Lisa Wellman, CERB Vice-Chair	Matt Ojennus
			Jacki Skaught

Administration

1) Call to order: Chair Finkelstein called the meeting to order at 9:02 a.m.
2) Introductions were made.
3) **ACTION: Jerry Cummins moved to approve the agenda, Scott Hutsell seconded. MOTION APPROVED 9-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Stuart**)**
4) **ACTION: Ed Hildreth moved to approve the May 3rd meeting minutes as published. Kathryn Gardow seconded. MOTION APPROVED 9-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Stuart**)**
5) Legislative Updates: John LaRocque explained that the current House budget redirects the Board's cash balance except operating funds and matching fund transfers for the State Revolving Fund programs. This removes the possibility of funding the 2014 Construction Loan list or of having a 2015 Construction loan cycle. It includes the possibility of terminating current contracts. Steve Stuart asked about the Board's legal liability; John answered that there is a clause in every contract allowing the Board to terminate contracts, but there will be local legal ramifications. Kathryn Gardow asked about the reality of the situation; John explained that Senator Hargrove has put a Striker bill on the Senate budget to match this piece, so with two of the three budgets aligned this may be reality.
   - Dan McConnon explained he had spoken with the Office of Financial Management; it does not appear as though the Board would receive anything in the Capital budget; the Board is looking

at two variances, the worst being losing all money and re-appropriation, but the Governor understands the impacts of such a loss and there is still a chance that this can be avoided.

- John added that the $16 million for the Community Economic Revitalization Board (CERB) is also swept, which decimates the infrastructure for local governments. The Legislature will be going into a second special session.
- Kathryn Gardow asked if they should be calling their legislators; Ann Campbell provided the 2014 Construction Loan List (*see attachments page 1*).

6) Membership Update: John LaRocque explained that the Board is three members short. Frank Abart has opted out, Larry Waters retired, and Darwin Smith has vacated his position as general manager at Lake Stevens. The Board has three members not returning that need to be replaced, as well as two members that have reached the end of their term: Kathryn Gardow and Don Montfort. Staff is working at getting an official extension for Kathryn and Don to continue serving for at least the next six months to allow time for new appointments. There are three other members that are coming to the end of their first term and Stan Finkelstein needs to be reappointed as chair. Staff has been working with the governor's office on the appointments; the Governor's office has a high volume of appointments through which it is working. It may be a couple of months before appointment decisions for the Board are made. Cities and Counties have submitted names to the Governor that are needed for appointments; now Board staff will be working with the Districts to find three candidates to send up to the appointment secretary.
    - Stan Finkelstein asked if it affected quorum with only 10 appointed members. Does the Board require 7, or 6? John answered that 7 is in the bylaws. Stan questioned about those members whose terms are up in June. John answered that they will carry on until they hear otherwise, and that the agency's attorney has confirmed this.

Stan Finkelstein digressed from the agenda to recognize John LaRocque's services to the Board, and presented him with gifts and a plaque. He was recognized by the Board, by Dan McConnon, Deputy Director of Commerce, as well as by Mark Urdahl, CERB Chair, and Lisa Wellman, the CERB Vice-Chair.

Committee Reports

1) Executive Committee: Stan Finkelstein reported that the executive committee has not met.
2) Communications Committee: Kathryn Gardow provided a handout with the proposed social media policy (*see attachments page 2*). The Policy committee completed it, and will be reviewing it biennially in accordance with state law and Commerce policies. **ACTION: Steve Stuart moved to approve the social media policy. Scott Hutsell seconded. MOTION APPROVED 9-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Stuart**)**
3) Policy Committee: Don Montfort explained that they passed the Policy Committee charter, finalized small revisions to bylaws (*see attachments page 3-5*) and passed them out for review prior to the action being taken on them at the July Board meeting. He reviewed the process for managing the bylaws. They will be reviewing the WAC to see if adjustments need to be made there as well. Kathryn Gardow asked where to direct comments; Don directed her to Ann Campbell.

4) Technical Assistance: Steve Stuart reported that the Technical Assistance (TA) committee met that morning. They debriefed the Southeast Washington academy in Walla Walla in the meeting, and Steve gave a report to the Board about how well it went. He provided fliers on the table (*see attachments page 6*) to promote the next academy, and expressed hope that the Board would attend it. John LaRocque reviewed input from the Public Utility Districts, Cities, and Counties.
    - Steve Stuart explained that the State Auditor's Office was looking to partner with the TA committee, as well as the Department of Ecology and others, to assist local jurisdictional partners when they start to decline, what can be done, to help them succeed and shorten the list of financially distressed jurisdictions.

There was further discussion on the budget circumstances.

Contracting

1) Drinking Water State Revolving Fund
    a. 2013 Boilerplate Approval: Cecilia Gardener explained that there were minor adjustments made to the boilerplate (*see attachments page 7*); in form and format the contract is the same as in prior years. Staff recommends the boilerplate be approved. **ACTION: Ed Hildreth motioned to approve boilerplate as is. JC Baldwin seconded. MOTION APPROVED 9-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Stuart**)**
    b. Cedarwood Association Extension Request: Mark Barkley provided an overview of the situation with Cedarwood having issues with its contractor (*see attachments page 8*). They are requesting a six-month extension. **ACTION: Kathryn Gardow moved to approve a six month extension. Jerry Cummins seconded. Ed Hildreth recused himself from the vote. MOTION APPROVED 8-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hutsell, Montfort, Scott, Stuart**)**

    Kathryn Gardow would like more information regarding why they still need to draw $279,000 with the project 95% complete.

Break taken from 10:12 to 10:30.

Upon resumption of meeting, there was discussion about the process to find the replacement for John LaRocque. John detailed the process to the Board.

Financing Opportunities

1) DWSRF 101: Chris McCord deferred this to the July meeting due to multiple Board vacancies.
2) DWSRF Ready-to-Proceed/Financial Review Overview: Steve Dunk outlined what Myra Baldini intended to explain at the meeting was that there are two lists; there are "low-risk" clients and "high–risk" clients. The "low-risk" clients have gone through financial and managerial reviews, and it has been determined that the jurisdictions have the capacity to assume the debt and

manage the project. Myra is comfortable with these clients. Staff is recommending that the Board approve the "low-risk" clients. The clients on the "high-risk" list are receiving site visits whereby staff review these clients one-on-one, providing presentations and information about the way the program works and its requirements. Those visits will continue until all 26"high-risk" clients have been visited.

3) 2013 DWSRF Recommended Funding List – Low Risk: Chris McCord explained that he was presenting the "low-risk" list (*see attachments pages 9-13*) for approval; the other list will be presented in August. **ACTION: Kathryn Gardow moved to approve the low risk list. Scott Hutsell seconded. Don Montfort recused himself. MOTION APPROVED 8-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Scott, Stuart**)**

   There was discussion on the language used for projects, "low-risk"/"high-risk". There was also discussion on the scoring process from the Environmental Protection Agency (EPA); Kathryn Gardow would like more information on the EPA's scoring process.

Program Development/Implementation Updates

1) Energy Water Efficiency (EWE) Funding Recommendations: Steve Dunk reviewed page 185 in the Board packet (*see attachments pages 14-15*) and recalled Bruce Lund's presentation from the previous meeting. **ACTION: Jerry Cummins moved to approve funding for the three projects noted on the handout. Kathryn Gardow seconded. Motion amended to award projects contingent on there being money. MOTION APPROVED 9-0. (**Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Stuart**)** Discussion of the nature of churn with these projects and why it happens, relating to the uncertainty of the energy efficiency savings.

Information and Other Items

1) Predictive Model Update: John LaRocque explained that Myra now has five different models she is working on based on the current circumstances.
2) Update was given on Bruce Lund's condition.
3) Lynn Kohn pointed out that the update was given earlier on the academy; there were no further questions.

ACTION: Ed Hildreth moved to adjourn. JC Baldwin seconded. MOTION APPROVED 9-0. (Gardow, Baldwin, Cummins, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott, Stuart**)**

Meeting adjourned at 11:26 a.m.

2014 Public Works Board Construction Loan Request Pool *as of June 7, 2013*

	Domestic Water	Sanitary Sewer	Storm Water	Solid Waste & Recycling	Roads, Streets, & Bridges	TOTALS
Cities & Towns	43 Apps / $78.8m	26 Apps / $58.6m	7 Apps / $12.3m		35 Apps / $66.4m	111 Apps / $216.1m
Counties	1 App / $2.8m	4 Apps / $23.2m	2 Apps / $3.2 M	4 Apps / $4.3m	3 Apps / $8.3m	14 Apps / $41.8m
Public Utility Districts	13 Apps / $8.6m					13 Apps / $8.6m
Water & Sewer Districts	23 Apps / $37.2m	14 Apps / $28.7m				37 Apps / $65.9m
Quasi-Municipal Corporations		1 App / $6.3m				1 Apps / $6.3m
Flood Control District			1 App / $4.6M			1 App / $4.6m
TOTALS	80 Apps / $127.4m	45 Apps / $116.8m	10 Apps / $20.1m	4 Apps / $4.3m	38 Apps / $74.7m	177 Apps / $343.3M

Public Works Board Social Media Policy

Purpose:

The Public Works Board will use social media to supplement its existing methods of public outreach. Social media will enable the Board to educate and inform its clients and the public of its activities, successes, and the importance of infrastructure funding.

Messaging intervals:

The Board directs staff to publish to social media outlets at least weekly, as appropriate and feasible.

Oversight:

The Board, through its Communications Committee, will periodically review social media postings. The Board may recommend changes in the use of social media including, but not limited to, change in tenor of messages, change in frequency of messages, and breadth of scope for messages being posted.

Policy Precedence:

This policy supersedes any policy previously adopted by the Board and is effective until superseded. The policy will be reviewed at the end of each biennium with a report to either the Board or the Communication Committee.

Related Resources:

RCW 42.56 Public Records Act

Commerce Related Policies

POL 3.3	Telecommunications
POL 5.1.4	Anti-Discrimination
POL 5.1.9.1	Ethics in the Workplace
POL 5.3.5	Sexual Harassment
POL 5.3.7	Telework
POL 7.4	IT Security
POL 7.9	Use of Commerce Information Technology

PUBLIC WORKS BOARD
BYLAWS
June 7, 2013

Article I - Purpose

The Washington State Public Works Board will carry out the provisions of RCW 43.155 (Public Works Board Enabling Legislation), RCW 70.119A.170 (Drinking Water State Revolving Fund), Title 399 WAC and Chapter 42.30 RCW (Open Public Meetings Act) as now or hereafter amended, and will perform the duties and functions as therein prescribed.

Article II – Officers, Duties, and Committees

A. The officers of the Board will consist of the Chair and the Vice-Chair.

B. The office of Chair shall be appointed by the governor as one of the general public members of the Board, as prescribed in RCW 43.155.030 and WAC 399-10-010(2). The term of the chair will coincide with the term of the governor. The duties of the chair will consist of convening and overseeing all Board meetings, conferring with staff on administrative and programmatic matters, providing reports or information to various organizations, representing the Board at functions and events, and carrying out tasks and functions as assigned by the Board, including, but not limited to, those responsibilities specifically assigned or implied in the Memorandum of Understanding with the Department of Commerce, The Board may, by adopted Resolution, delegate authority to sign legal instruments approved by the Board.

C. The Vice-Chair will be a member of the Board from the general public, elected to the office by members of the Board. The Vice-Chair will replace the Chair whenever the Chair is unavailable to perform one or more duties.

D. The Executive Committee will be a standing committee of the Board. The Executive Committee will be selected by Board members and will be comprised of the Board Chair, Vice-Chair, a member representing cities, a member representing counties and a member representing special purpose districts. The specific duties and responsibilities of the Executive Committee will be developed and affirmed by the Board. The Committee will make a report to the Board at the next following Regular Meeting on all matters that come before it. The Committee will not take action beyond that which is assigned to it by the Board, and Committee action will be deemed final only when ratified by action of the Board. Selected members will serve on the Executive Committee until their Board terms expire, or as otherwise determined by action of the Board.

E. The Board may create additional Committees to meet specific needs of the Board. The membership and duties of sub-committees will be specified through a motion passed by the Board during a Regular or Special Meeting meeting. Sub-committees will be authorized to carry out only those duties and functions expressly authorized by official action of the Board. Sub-committees shall make recommendations for consideration by the Board. Action taken by a sub-committee will not be construed as a Board action until approved or ratified by the Board in a Regular or Special Meeting.

F. Members of the Board are appointed in accordance with RCW 43.155 and carry out the duties and functions outlined in that statute and in other statutes that specifically impact the Public Works Board.

G. The Board may enact Board policies to govern Board affairs. Board policies will be kept for reference under separate cover at the offices of the Board. Board Policies will continue in full force and effect until amended, revised, or repealed by an affirmative majority vote of Board.

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Article III – Meetings

A. The Public Works Board will conduct its affairs in general accordance with Robert's Rules of Order, 11th Edition, or as hereafter amended.

B. Board meetings will be scheduled and held in accordance with WAC 399-10-020, or as otherwise scheduled in accordance with Washington State administrative requirements. The schedule of Regular Meetings, Special Meetings, Executive Sessions, continuances, and adjournments will be conducted in accordance with Chapter 42.30 RCW.

C. An agenda for each meeting will be published and distributed to Board members and interested parties one week before the meeting. It will also be available on the Board website.

D. The Vice Chair will conduct the meeting in the absence of the Chair. In the absence of both the Chair and Vice-Chair, an Acting Chair will be designated from among the attending Board members.

E. In conformance with Roberts Rules of Order, if there is a tie, the chair may vote in the affirmative to cause the motion to prevail; if there is one more yay than nay, the chair may vote in the negative creating a tie thus causing the motion to fail; (11th edition, pp. 405-6; see also Table A, p. 190 of Robert's Rules of Order Newly Revised in Brief)

Article IV – Quorums

A. A quorum of the Board will be comprised of seven Board members. No votes will be taken on Board business unless a quorum is present. The quorum refers to the number of Board members *present*, including those attending via electronic means, not to the number actually voting on a particular question. Should a voting member choose to recuse him or she, the quorum is not affected. For purposes of establishing a quorum, the Chair will be counted as a voting member.

B. A quorum of the Executive Committee will be comprised of any three Executive Committee members.

Article V – Minutes

All actions of the Board will be recorded and transcribed in a summary as minutes for submittal to the Board for approval at the next meeting. After approval by the Board, the minutes will be kept at the office of the Board and posted on the Board website. The public record for the meeting will be the recording.

Article VI – Ethics

A. Board members will abide by rules of conduct as outlined in RCW 42.52, Ethics in Public Service, and WAC 399-50, Ethics Standards for Public Works Board Members.

B. When testifying before legislators on the record, or in intergovernmental communication outside formal proceedings, Board members must clearly state whether or not they are representing the Board. In order to ensure that an accurate record is kept in compliance with Public Disclosure requirements, Board members must inform the Executive Director when and where they appeared *as a representative of the Board*, and what position they took. Nothing in this section is intended to prevent or restrict a Board member from expressing individual views when clearly stated as such.

Article VII – Reimbursement for Expenses

Board members are entitled to receive full per diem reimbursement for the county in which Board business is conducted. This reimbursement includes lodging, meal and transportation expenses.

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Article VIII – Amendments

These bylaws may be amended, revised, or repealed by an affirmative majority vote of Board members at any Regular or Special Meeting of the Board.

Adopted on _____

_____
Stan Finkelstein, Chair

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Department of Commerce
Innovation is in our nature.

ECONOMIC REVITALIZATION
CERB
INVESTING IN WASHINGTON'S ECONOMIC FUTURE

Save the Date - August 28!

Washington State Department of Commerce
Public Works Board
Community Economic Revitalization Board

Central Washington Regional Academy

You are invited to a one-day workshop at the Yakima Valley Museum sponsored by the Department of Commerce, the Public Works Board and the Community Economic Revitalization Board. Potential topics for this no-cost workshop:

* Regional Issues Facing Local Governments
* Infrastructure Funding Resources & Tips for Application Development
* Sustainable Public Works Financing at the Local Level
* Economic Development

Who is invited: Leaders, managers and staff from counties, cities, towns, special purpose districts, ports, PUD's, and Tribes. Five CML credits will be available to City Municipal Leaders and four CPO credits to County Public Officials.

Register at www.pwb.wa.gov
Contact: Lynn Kohn 360-725-3042;
lynn.kohn@commerce.wa.gov
Jacki Skaught 360-725-3161;
jacki.skaught@commerce.wa.gov

Date: May 30, 2013

To: Public Works Board

From: Cecilia Gardener, Policy and Program Development Manager

Subject: 2013 Drinking Water State Revolving Fund (DWSRF)
Contract Boilerplate for Municipals and Non-Municipals

RECOMMENDATION: Staff recommendation is for the Board to approve the 2013 DWSRF contract boilerplates for both Municipals and Non-Municipals as presented.

BACKGROUND: Staff is revising the boilerplate for the 2013 DWSRF contracts. The principal purpose is to produce a more streamlined, less error-prone version of the existing contractual language. This boilerplate has been approved-as-to-form by the Attorney General's Office.

A summary of the changes are as follows:

The 2013 contract content is identical to our existing, approved 2012 DWSRF contract with the exceptions listed below:

a. Variable values have been further defined and clarified on a revised **Declarations Page**, which is to be included with each contract and amendment issued. The change added items (H – Contract End Date) and (I – Deferral Period). These changes introduced to clarify the intent of when the contract Term Period commenced.

b. **Part 1: Special Terms and Conditions** - **Section 1.9** has been modified to allow for electronic voucher submittal. The 3rd paragraph has been modified to remove references to drawing up to 90% of contract upon formal execution. Intent was to keep processes in line with reimbursement-based fund disbursements.

c. **Part 1: Special Terms and Conditions** - **Section 1.12 Repayment** expanded stipulations on implementation of Deferral Period and the inserting of a caveat regarding maximum total length to loan.

d. **Part 1: Special Terms and Conditions** - **Section 1.21 Registration with Central Contractor Registration (CCR)** updated references to Systems for Awards Management (SAM).

e. No additional subject material has been added to either the contract or amendments. Contract section **Part 2: General Terms and Conditions** remains unchanged.

DATE: May 20, 2013

TO: Public Works Board

FROM: Mark Barkley, CAU Managing Director

SUBJECT: Project Completion Extension Request

STAFF RECOMMENDATION

Staff recommends extending the contract project completion date as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
DWSRF	**Cedarwood Association, Inc.**	DP09-952-045	Cedarwood Water System Upgrade	$563,176	$279,114.32	07/14/12	**05/31/13**	**11/30/13**
Reason for Extension Request: The well pump is pumping 50% of the expected volume. Thurston County PUD is working with the contractor to resolve issues. Project is 95% complete.								

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

DATE: May 28, 2013

TO: Public Works Board

FROM: Chris McCord, Manager, Department of Health
Public Works Board Staff

SUBJECT: The 2013 DWSRF Recommended Funding List – Low Risk

RECOMMENDATION:

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

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

Stan Finkelstein	None
Frank Abart	None
Janet (JC) Baldwin	None
Jerry Cummins	None
Tom Fitzsimmons	None
Kathryn Gardow PE	None
Ed Hildreth	None
Scott Hutsell	None
Don Montfort	Birch Bay Water and Sewer District
Mark Scott	None
Darwin Smith	None
Steve Stuart	None
Larry Waters	None

2. **Review of Staff Recommendation.**
   An ATTACHMENT A is included in this memo.

3. **Adoption of the June Batch list of low-risk and ready-to-proceed applications to recommend for funding.**

   PWB and Department of Health (DOH) Staff recommend approval of twenty-three (23) 2013 Drinking Water State Revolving Fund (DWSRF) loan application requests totaling **$69,964,126**. Please refer to **Attachment A** for the list of projects.

PWB and DOH staffs have discussed this recommendation and support an approval action from the Board.

BACKGROUND

DOH received 50 applications requesting more than $88 million. DOH staff has reviewed all applications based on public health issues and supplemental subsidy designation. Four of the 2013 applications were not eligible to be funded, and one water system withdrew their application. Because DOH had additional money available, they funded the remaining 15 unfunded projects from 2012. Currently DOH is funding 49 projects for a total of $99,679,845.

DOH anticipates receiving $20,871,500 from the Environmental Protection Agency (EPA). The calculated 20 percent state match is $4,174,300. State match is funded by the Public Works Assistance Account. The rest of the funding is funded using interest earnings, de-obligations and repayments. 90 percent of the funding will finance capital projects. Between 20 to 30 percent will provide a subsidy to consolidation and "disadvantaged" applicants (applicants with Affordability Index (AI) of more than 2%).

Allocation of subsidy and interest rate designation were completed by DOH, with the help of the Affordability Index (AI) conducted by PWB staff. Below are loan terms for the 2013 DWSRF loan contracts.

Table 2 - 2013 DWSRF Loan Parameters

Affordability Level of Households	Principal Forgiveness	Interest Rate	Loan Fee	Term in Years
Affordability Index less than 1.5%	0%	1.5%	1%	24
Affordability Index between 1.5% and 2.0%	0%	1.0%	1%	24
Affordability Index between 2.01% and 3.5%	30%	1.5%	0%	24
Affordability Index above 3.5%	50%	1.0%	0%	24
Eligible restructuring/consolidation projects	50%	1.0%	0%	24

Attachment A

JUNE 7, 2013 BOARD MEETING
RECOMMENDED FOR FUNDING– Municipal Applicants
2013 DRINKING WATER STATE REVOLVING FUND (DWSRF)
(Passed Financial, Managerial, and Readiness-To-Proceed Reviews)

#	APP #	APPLICANT NAME	PROJECT NAME	COUNTY	SCORE	LOAN REQUEST	LOAN FEE	TOTAL LOAN AMOUNT	% OF SUBSIDY	INT. RATE
1	2013-013	City of Tacoma	Green River Treatment Facility	Pierce	136	$12,000,000	$120,000.00	$12,120,000.00	0%	1.5%
2	2013-006	City of Seattle	Morse Lake Pump Plant Project	King	45	$12,000,000	$120,000.00	$12,120,000.00	0%	1.5%
3	2013-014	City of Enumclaw*	2014 Water System Improvements	King	40	$3,465,006	$34,650	$3,499,656.00	0%	1.5%
4	2013-031	Lake Whatcom Water and Sewer District	Division 22 Reservoir	Whatcom	40	$985,000	$9,850.00	$994,850.00	0%	1.5%
5	2013-026	Public Utility District No. 1 of Skagit County	Division Street Tank and Booster Station	Skagit	40	$9,905,000	$99,050.00	$10,004,050.00	0%	1.5%
6	2013-034	City of Prosser	Zone 2.5 Water Supply Improvements	Benton	35	$881,500	$8,815.00	$890,315.00	0%	1.5%
7	2013-047	City of Selah	Third Street Water Main Replacement	Yakima	35	$707,750	$7,077.50	$ 714,827.50	0%	1.5%
8	2013-021	City of Spokane	Steel Transmission Main Replacements	Spokane	35	$3,324,000	$33,240.00	$3,357,240.00	0%	1.5%
9	2013-036	City of Spokane	Central Avenue Wells 1 and 2 Rehabilitation	Spokane	35	$1,209,000	$12,090.00	$1,221,090.00	0%	1.5%
10	2013-040	City of Union Gap	Main Street Water Improvements	Yakima	35	$1,209,450	$12,094.50	$1,221,544.50	0%	1.5%
11	2013-023	King County Water District No. 90	SE 149th St Water main Replacement Project	King	35	$1,370,200	$ 13,702.00	$1,383,902.00	0%	1.5%
12	2013-043	Lake Whatcom Water and Sewer District	Geneva Area AC Main Replacement	Whatcom	35	$2,375,000	$ 23,750.00	$2,398,750.00	0%	1.5%
13	2013-003	Rocky Point Community Club*	RPCC-Water Pipeline Replacement, Source Improvements and Increased Reliability	Island	35	$1,440,830	$14,408.30	$1,455,238.30	0%	1.5%
14	2012-034	Birch Bay Water & Sewer District	Blaine Road Water Main Replacement	Whatcom	30	$1,125,000	$11,250.00	$1,136,250.00	0%	1.5%
15	2012-028	Public Utility District #1 of Stevens County	Addy Water system Improvements	Stevens	30	$49,000	$490.00	$49,490.00	0%	1.5%

- ***Contract conditions recommended: Dedicated Account for Loan Repayment and/or Establishment of Adequate Rates and Reserves Requirement.***

Attachment A (CONTINUED…)

JUNE 7, 2013 BOARD MEETING
RECOMMENDED FOR FUNDING– Municipal Applicants
2013 DRINKING WATER STATE REVOLVING FUND (DWSRF)
(Passed Financial, Managerial, and Readiness-To-Proceed Reviews)

#	APP #	APPLICANT NAME	PROJECT NAME	COUNTY	SCORE	LOAN REQUEST	LOAN FEE	TOTAL LOAN AMOUNT	% OF SUBSIDY	INT. RATE
16	2012-032	Public Utility District #1 of Stevens County	Waitts Lake WS Improvements	Stevens	30	$39,500	$395.00	$39,895.00	0%	1.5%
17	2012-035	Public Utility District #1 of Stevens County	Westshore WS Improvements	Stevens	30	$49,000	$490.00	$49,490.00	0%	1.5%
18	2012-039	Public Utility District #1 of Stevens County	Deer Lake WS Improvements	Stevens	30	$54,000	$540.00	$54,540.00	0%	1.5%
19	2012-055	City of Spokane	Top System Transmission Main Replacement.	Spokane	30	$5,549,000	$55,490.00	$5,604,490.00	0%	1.5%
20	2012-065	Whitworth Water District #2	16 inch main/Bernhill Road	Spokane	30	$1,593,800	$15,938.00	$1,609,738.00	0%	1.5%
21	2012-077	Town of Coupeville*	Water main installation, Madrona Way West of Capt. Whidbey Inn Road	Island	30	$153,590	$1,535.90	$155,125.90	0%	1.5%
22	2012-078	Town of Coupeville*	Water main installation, Madrona Way, Broadway to	Island	30	$178,500	$1,785.00	$180,285.00	0%	1.5%
23	2012-129	Alderwood Water & Wastewater District	660/520/310 Water Pressure Zones	Snohomish	30	$10,300,000	$103,000.00	$10,403,000.00	0%	1.5%
JUNE 7, 2013 RECOMMENDED LOAN LIST						**$69,964,126**	**$699,641**	**$70,663,767**		

- ***Contract conditions recommended: Dedicated Account for Loan Repayment and/or Establishment of Adequate Rates and Reserves Requirement.***

Attachment B - FOR AUGUST BOARD MEETING
NO ACTION NEEDED AT THIS TIME
(Needs Further Review by Board and DOH Staff)

#	APP #	APPLICANT NAME	PROJECT NAME	COUNTY	SCORE	LOAN REQUEST
1	2013-054	Delta Water Association	Nitrate Mitigation of Water System Supply	Whatcom	150	$1,975,300
2	2013-009	Fall City Water District	Spring Hill Arsenic Treatment, Watermain Installations, Watermain Repairs and Services	King	145	$910,000
3	2013-001	North Lopez Service	North Lopez Service Consolidation, Upgrade & Expansion	San Juan	71	$1,625,000
4	2013-025	Beacon Hill Water and Sewer District	Grandview Reservoir and Pump Station Project	Cowlitz	45	$1,132,000
5	2013-010	Rumbolz Sunset Water Association	Booster Pump System and Storage Tank	King	42	$167,038
6	2013-039	Town of Coulee City	Water System Improvements	Grant	42	$1,226,000
7	2013-015	Town of Lind	Reservoir 2 Replacement	Adams	40	$622,200
8	2013-058	City of Brewster	City of Brewster Water Efficiency Report	Okanogan	37	$727,545
9	2013-055	Town of LaCrosse	LaCrosse Water System Improvements	Whitman	37	$1,530,700
10	2013-060	Bayview Beach Water District	Main Replacement Shore & McDonald	Island	35	$495,000
11	2013-038	City of Grandview	Old Inland Empire Water Improvements	Yakima	35	$900,900
12	2013-037	City of Millwood	Buckeye Water Main Replacement Project	Spokane	35	$443,770
13	2013-050	City of Toppenish	2014 Water System Improvements	Yakima	35	$1,667,310
14	2013-052	Public Utility District #1 of Thurston County	Tanglewilde Total Main Line Replacement/Leak Reduction Project	Thurston	35	$9,749,377
15	2013-011	Public Utility District #1 of Thurston County	Tanglewilde Main Line Replacement/Leak Reduction Project	Thurston	35	$2,250,623
16	2013-041	Three Lakes Water Association, Inc.	Mero Road/195th Avenue Water Main Replacement	Snohomish	35	$435,000
17	2013-004	Town of Lind	Town of Lind 6th Street Waterline Replacement	Adams	35	$126,720
18	2013-045	Town of Naches	2014 Water Valve Improvements	Yakima	35	$95,000
19	2013-046	Town of South Cle Elum	Reservoir Inlet/Outlet Main Replacement	Kittitas	35	$116,550
20	2013-048	Town of Winthrop	Winthrop Water Plan Improvement Project	Okanogan	35	$1,681,506
21	2012-075	City of Bingen	Old Line and Steuben St Water Line Replacements	Klickitat	31	$554,400
22	2013-044	Town of Naches	2014 Reservoir Improvements	Yakima	30	$144,920
23	2012-041	Public Utility District #1 of Stevens County	Echo Estates WE Improvements	Stevens	30	$27,500
24	2012-122	Whatcom County Water District #2	2012 Water System Improvements	Whatcom	30	$806,000
25	2012-134	Copalis Rocks Mutual Ben.	Copalis Rocks 2012 Capita Improvement Project	Grays Harbor	30	$287,360
26	2012-036	Public Utility District #1 of Stevens County	River Park Estates WS Improvements	Stevens	10	$18,000
					Total	**$29,715,719**

Date: May 30, 2013

To: Public Works Board
From: Steve Dunk, Regional Services Coordinator (RSC)
Subject: **Energy/Water Efficiency Loan Final Update**

STAFF RECOMMENDATION

Staff recommends that the Public Works Board approve funding for the following three projects

Projects Recommended for Funded			
King County	WWTP Energy Upgrade	Boiler, Chiller, Hot Water	Increase to original loan amount approved by Board in November 2012 by $47,051 to a new total of: $331,785
Spokane County	Public Buildings	HVAC & Insulation	$380,356
City of Spokane	Water Efficiency	Garden Park Booster Station Rehabilitation	$921,990

BACKGROUND:

At the November 2012, Board meeting, the Board approved an Energy/Water Efficiency Loan list totaling $4,850,000. In May, the Board made approved adjustments to the list. Since the Board's May approval, two applicants declined their loan. Below is an explanation along with an attachment demonstrating the changes and how Board met project-funding requests and obligated the entire $4,850,000 for this program.

The two projects declining their loan were:

1. Black Diamond Water Dist. ($680,000)
2. Mason County Transit ($650,000)

Total Sum of Declined Loans: $1,330,000

Two new projects added to loan list:

1. Spokane County ($380,356)
2. City of Spokane ($921,990)

Total Sum of Added Loans: $1,302,346
Difference $1,330,000 - $1,302,346 = $27,654 which is available to commit.

The remaining loan amount ($27,654) is accounted as follows:

- A previously approved Spokane County project was reduced by $19,397 due to energy savings
- A previously approved King County project was increased by $47,051

$47,051 - $19,397 **= $27,654.**

Results

Staff has assessed these projects and completed a managerial and financial review for each. These projects meet the criteria and goals of the EWE program and are being recommended to the Board for funding. If the Board approves these projects, the EWE program will commit all of its available resources and expend the full $4,850,000 appropriated.

Date: July 25, 2013

To: Public Works Board

From: Cecilia Gardener, Policy and Program Development Manager

Subject: 2013-15 Biennial Public Works Board Operating and Capital Budget Impacts
ESHB 2051

BACKGROUND:

The Public Works Board receives biennial authority from the legislature through appropriations from the public works assistance account (PWAA), Fund 058, a dedicated account. Two distinct appropriations are made by the legislature in the Operating and Capital Budgets. The PWAA historically receives revenue from loan repayments and three dedicated tax revenue sources.

Engrossed Substitute House Bill (ESHB 2051) was passed on June 28, 2013. This bill authorizes the re-direction of most of the three tax revenue streams that provide funds to the PWAA.

OVERVIEW:
The following are the appropriations to the Board in the Operating and Capital Budgets:

Budget:	Fund Source	Appropriation to the Board
Operating	PWAA	$3,036,000
Operating	Drinking Water Assistance Administrative Account	$445,000
Capital	Washington State Bond Sales*	$158,000,000

*PWAA's cash balance was transferred to other accounts, so resources for reappropriations were funded from bonds.

The legislature directed that a one-time transfer of the PWAA's cash balance be moved to the General Fund – State account. That amount is $277,200,000. There are no new capital appropriations.

The following table illustrates the tax revenue transfers authorized in Engrossed Substitute House Bill (ESHB) 2051: **Fund Source:**	**Biennial Resources (estimated)**		**Fund Recipient**
	2013-15	**2015-17**	
Solid Waste Tax		$42.0	General Fund & Education Legacy Trust Account
Portion of Real Estate Excise Tax (The Board retains 2%)	$44	$53.5	Education Legacy Trust Account
Public Utility Tax	$34	$34.0	Education Legacy Trust Account

The Capital Budget also includes selection, ranking, and submission process changes for the awarding of construction loan funds. These changes are listed in Section 7032 of Engrossed Substitute Senate Bill 5035 (ESSB 5035). A report is due to the Legislature by December 1, 2013.

IMPACTS:

The impacts of the operational shortfall are a reduction in staff of four full time employees (FTEs).

In order to understand the impacts of that the operating appropriation has on the Board, we need to review decisions made over the past two biennia.

2009-11 Biennium - Change in operational organization:

The Contracts Administration Unit (CAU) was created in the 2009-11 biennium
Purpose: Streamline functions and generate efficiency and cost savings.

- The PWAA funds 2 FTEs for contract management
- The CAU was created in the Local Government Infrastructure Division
- No additional resources or FTEs were requested from the Legislature

2011-13 Biennium - Change in Roles and Responsibilities for the Drinking Water State Revolving Fund (DWSRF) Program

- DWSRF responsibilities filled by Board staff were reduced and returned to the Department of Health. As the responsibilities were returned to DOH so were the resources ($).
- Staff was re-focused on expanded technical assistance efforts.
- Funding gaps were filled by applying a 3% administrative fee to legislatively directed projects administered by the Division.

2013-15 Biennium –

- The Board received the same operating budget of approximately $3.4 million. This is insufficient to cover all Board related expenditures including staff.
- Fewer legislatively directed projects in this biennium means fewer administrative dollars are available to supplement the Board's operating budget to meet current funding needs.

TAB B

COMMITTEE REPORTS

TAB C

CONTRACTING

DATE: June 24, 2013

TO: Public Works Board

FROM: Mark Barkley, CAU Managing Director

SUBJECT: Notice to Proceed Extension Requests

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

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Current NTP Date	Proposed NTP Date
DWSRF	**Juniper Beach Water District**	DM10-952-032	Land's Hill Water Rehabilitation and Consolidation	$591,585	$422,996	**7/10/13**	**1/10/14**
Reason for Extension Request: Client negotiating with the Dept. of Health, Island County and Dept. of Ecology to obtain approval of additional Equivalent Residential Units (ERU's). Once approved, they will go to bid for construction and finish this project by the completion date.							
DWSRF	**Marion Water Company**	DP09-952-046	New Well and Reservoir	$811,030	$661,928	**3/1/12**	**8/17/13**
Reason for Extension Request: There were considerable delays in the permitting process. Additional time needed to complete construction. Project is ready to go to start construction and the Bid Opening occurred June 19th.							

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

DATE: June 24, 2013

TO: Public Works Board

FROM: Mark Barkley, 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	**Marion Water Company**	DP09-952-046	New Well and Reservoir	$811,030	$661,928	8/17/12	**8/17/13**	**8/17/14**
Reason for Extension Request: There were considerable delays in the permitting process. Additional time is needed to complete construction. Project is 35% complete.								
PWTF	**City of Shelton**	PC08-951-040	Basin 5 Infiltration & Inflow Reduction	$5,737,500	$286,875	7/14/12	**7/14/13**	**4/30/14**
Reason for Extension Request: Discovery of an aged water line that was replaced and moved due to conflict with sewer line caused additional work via change order. Additional time is needed for construction and completion of the City closeout process. Project is 78**%** complete.								
PWTF	**Spokane County**	PG08-951-122	Regional Water Reclamation Facility	$3,700,000	$185,000	8/17/13	**8/17/13**	**2/17/14**
Reason for Extension Request: Additional time is needed to complete testing to confirm the Facility is optimized for treatment of Total Nitrogen. Final testing has to be completed during summer months when the weather is warmer. Project is 97% complete.								

BACKGROUND

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

DATE: July 23, 2013

TO: Public Works Board

FROM: Mark Barkley, CAU Managing Director

SUBJECT: CAU Contract Status Report

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

Number of Contracts Received from PWB from 4/1/2013 – 6/30/2013

PWTF	15
DWSRF	2
Other PWB Programs	0
Total	17

Number of Contracts in Open Status as of 6/30/2013

PWTF	164
DWSRF	108
Other PWB Programs	16
Total	288

Number of Projects Completed 4/1/2013 - 6/30/2013

PWTF	5
DWSRF	5
Other PWB Programs	0
Total	10

Dollars distributed to Clients 4/1/2013 - 6/30/2013

PWTF	$32,199,582
DWSRF	$ 8,078,104
Other PWB Programs	$ 1,023,170
Total	$41,300,856

TAB D

POLICY AND PROGRAM DEVELOPMENT

DATE: July 24, 2012

TO: Public Works Board

FROM: Myra Baldini, Fund Manager and Underwriter

SUBJECT: Financial and Managerial Review Criteria for the 2012 DWSRF Municipal and Non-Municipal Loan Applicants

BACKGROUND

The 2012 Drinking Water State Revolving Fund (DWSRF financial and managerial review are based on the kaizen recommended revised process for the program. The initial step the Public Works Board (Board) staff used to implement this new process was to identify municipal from private water systems. Private water systems were automatically put to Needs-Further-Review (NFR for Level 2 Review) pool of applicants, to be recommended for Board's action in August 2012. High level financial and managerial review (Level 1 review) is then conducted on municipal applicants. Level 1 review aims to identify low-risk municipal clients for June 2012 Board meeting.

The main goal of the financial and managerial review criteria, described on the following page is for the Board staff to establish a consistent method for evaluating the DWSRF loan applicant's ability to repay a loan and to make a timely determination for loan approval. DWSRF Municipal and Non-Municipal applicants are assessed based on two (2) risk categories: Low-Risk and NFR. Any 2012 DWSRF loan applicants who meet at least one of the NFR criteria during Level 1 review may be considered for Level 2 review.

Level 1

- Past contract performance
- Audit findings
- Median Household Income level
- Unemployment rate
- Loan security
- Affordability index
- Managerial and operation record

Level 2

- Annual budget and reserves
- Depreciation
- Ratio analysis
- Rate review
- Cash flow analysis
- Revenue sources
- Debt Service capacity

2013 DWSRF Supplemental Financial Assessment Form

FINANCIAL AND MANAGERIAL CAPACITY SUMMARY

Name of the Borrower:

☐ Municipal ☐ Non-Muni, Proceed to Level 2 Rev.

Level 1 Reviewer:

Level 1 Review started:

Level 1 Review Complete:

Level 2 Review Needed? ☐ Yes ☐ No

Level 2 Reviewer: N/A

Level 2 Review started: N/A

Level 1 Review Complete: N/A

Recommend for Funding **WITHOUT** Conditions? ☐

Recommend for Funding **WITH** Conditions? ☐

Recommend for **Bypass/Not-Funding**? ☐

List of Special Pre-Contract Conditions:

- ☐ NONE
- ☐ Approved Local Improvement District (LID)
- ☐ Adopted Rate Increase/Resolution
- ☐ Amended B-Laws/Articles of Incorporation

List of Contract Conditions:

- ☐ Annual Submittal of Financial Statements
- ☐ Reserve Requirement/Staffing: #of FTEs/Project Staff
- ☐ Inter-Local Agreement/ Purchase of Loan Insurance
- ☐ Dedicated Account for Loan Repayment

LEVEL 1 FINANCIAL REVIEW: (Municipal Applicants)

#	Description	Low-Risk		With Concerns Needs Further Review	
PAST CONTRACT and AUDIT PERFORMANCE					
1	Past Contract Performance: BILLING	✓ Applicant pays bills on time ✓ N/A		✓ Restructured payment schedule due to financial hardship ✓ Record of non-payment or Default ✓ "Unknown" new applicant	
	PWB	Pweb Database	☐	_____	☐
	All Commerce	CMS Database	☐	_____	☐
2	Past Contract Performance: PROJECT COMPLETION Past Contract history indicates issues/ delays with project completion.	✓ No issues ✓ Reasonable delay ✓ In the process of resolving.	☐	✓ Yes – unreasonable delay ✓ Recurring problem. ✓ No Solution.	☐
3	Past Contract Performance: OVERALL PERFORMANCE Feedback from Contracts Administration Unit	✓ Positive ✓ Applicant submits all requirements	☐	✓ Negative/With issues (details attached) ✓ Incomplete submittal of requirements and delay	☐
4	Record of Audit Findings: According to Commerce Audit Database or State Auditor's Office (SAO), have there been any audit findings or exception in the last three (3) years?	✓ NO audit findings in the past 3 years.	☐	✓ Audit indicates that the contractor did not successfully resolve findings/ exceptions AND/OR Resulted in loss of funds or non-compliance with Feds or State contracts.	☐

RISK ASSESSMENT *Continued…*

#	Description	Low-Risk		With Concerns Needs Further Review	
ECONOMIC CONDITIONS					
5	Median Household Income (MHI): Based on Census survey or the American Community Survey (ACS), what is the applicant's income level compared to State's MHI?	✓ Above 80% of State's MHI	☐	✓ Below 80% of State's MHI	☐
6	Has the applicant experienced severe fiscal distress resulting from a natural disaster (e.g., Gov. declared emergency) or emergency public works need in the past 12 months?	✓ NO	☐	✓ YES	☐
7	Unemployment Rate	✓ Moderate to Low	☐	✓ Severe	☐
8	Distressed Area: Click Here	✓ NOT located in a distressed Area	☐	✓ YES, located in a distressed Area	☐
DEMOGRAPHY					
9	Population	✓ Private: 2,000 or more ✓ Municipal: 5,000 or more	☐	✓ Private: 1,999 or less ✓ Municipal: 4,999 or less	☐
10	Population Change since April 1, 2010	✓ Strong to Moderate	☐	✓ Negative Growth	☐
11	Median Age above WA State	✓ ☐Above or ☐Below			
RATES and FEES					
12	Number of Connections/ERUs	✓ Private: 1,000 or more ✓ Municipal: 2,000 or more	☐	✓ Private: 999 or less ✓ Municipal: 1,999 or less	☐
13	Current Mo. Ave. Rate per ERU	✓ $50.00 or less per month	☐	✓ $51 or more per month ✓ No rate structure	☐
14	Current Affordability Index (AI) (average for all system)	✓ AI is at or less than 2.0%	☐	✓ AI is more than 2.0%	☐
15	Affordability Index (AI) after DWSRF Loan	✓ AI is at or less than 2.0%	☐	✓ AI is more than 2.0%	☐
16	New Monthly Average Ave. Water Rate per ERU	✓ $50.00 or less per month	☐	✓ ____per month ✓ No rate structure	☐
17	Does the applicant regularly review their rates? How often?	✓ Yearly	☐	✓ More than 1 year	☐
INANCIAL POSITION					
18	Loan Security: Has the applicant identify the revenue source(s) the system will use to repay this loan? What is the historical revenue stream used for this system?	✓ YES: Approved LID, GO, Rev. Obligation	☐	✓ LID formation-in-progress ✓ LID is a proposal. ✓ Failed LID, NO source of revenue	☐
19	Does the applicant have an annual budget and have provision for deposits to reserve accounts for operating, emergency and capital improvements?	✓ Yes with Reserves	☐	✓ No and no reserves	☐

RISK ASSESSMENT *Continued…*

#	Description	Low-Risk		With Concerns Needs Further Review	
20	Does the applicant have a depreciation schedule? Does the applicant keep records to substantiate depreciation of fixed assets and accounting for reserve funds?	✓ YES ✓ NA/Cash Basis/BARS Manual	☐	✓ NO	☐
21	Were there major changes to the hist. rev. stream in the last 12 mo. and planned changes that may impact the system finance?	✓ Positive Change ✓ None	☐	✓ Negative change	☐
22	Operating Ratio (3 years) consistent	✓ OR is at or >1.25	☐	✓ OR is < 1.25	☐
23	Debt Service Coverage Ratio (3 years) consistent	✓ DSCR is at or > 1.0	☐	✓ DSCR is < 1.0	☐
24	Overall Financial Capacity Assessment. Does the system presently operate on a break-even basis?	✓ Positive Cash Flows and established reserves	☐	✓ Cash Flow is near breakeven or negative and little set aside for reserves	☐
25	Consolidation Projects: Does the applicant have evidence (i.e. in the form of an inter-local agreement) that guarantees annual debt repayment will be made for the term of the loan?	✓ YES ✓ N/A	☐	✓ NO	☐
AUTHORITY AND MANAGERIAL CAPACITY					
26	Applicant's Authority to Borrow, Increase Rates and/or do CIP projects	✓ N/A (Municipal Client) ✓ The By-Laws, Articles of Incorporation, Contracts or other loan agreements authorize the Applicant to borrow, increase rates and/or do CIP projects	☐	✓ At least one among the By-Laws, Articles of Incorporation, Contracts or other loan agreements restricts the Applicant's ability to borrow, increase rates and/or do CIP projects	☐
27	Has the applicant previously managed a capital project of similar size?	✓ Yes	☐	✓ No	☐
28	Applicant responds to underwriting inquiries in less than one week.	✓ Yes ✓ N/A	☐	✓ No ✓ No Response	☐
29	Registered corporation with (with Sec. of State) required officers and more than 5 years of operations	✓ Yes	☐	✓ No	☐
30	Number of FTEs.	✓ 3 or more	☐	✓ Less than 3	☐
31	Will the jurisdiction be using volunteers to manage any portion of the project?	✓ No	☐	✓ Yes	☐
32	Is the Jurisdiction receiving ongoing technical assistance (RCAC, SCI, etc)?	✓ No ✓ Yes-TA provider feels that applicant has the capacity to manage project	☐	✓ Yes- TA Provided has concerns about applicant capacity to manage project	☐

Verified by: Myra Baldini, Lead Underwriter	*General Rating:*	**Financial:** *Applicant meets factors evidencing* ☐ **Low Risk - PASS** ☐ **Medium to High Risk**	**Managerial:** *Applicant meets factors evidencing* ☐ **Low Risk** ☐ **Medium to High Risk**
Date:			
Borrower:			
Note for PWB Staff: **Ex. Borrower's Handbook one-on-one meeting, giving emphasis on SEFA and federal requirements**		**FINAL PWB Recommendation:** **Recommend for FUNDING W/O Conditions** ☐ **Recommend for FUNDING W/ Conditions** ☐ **Recommend for BYPASS/NOT-FUNDING** ☐	

Attachments: EXCEL WORKSHEETS:

- ☐ **Ratios, Demography and Debt Load Analysis**
- ☐ **Cash Flow Projections - PWB Financial Capacity Assessment Spreadsheet Version 5.0**
- ☐ **"What If" Analysis: Before and after the loan.**
- ☐ **Financial Review and Orientation Meeting Required**

Reasons for Bypass/Not-Funding:

1. _____

Contract Condition Language:

☐ DEDICATED ACCOUNT FOR LOAN REPAYMENT. The Contractor shall establish a sub-account or dedicated account or subaccount at an FDIC or NCAA-insured institution for loan repayment. During the term of the loan, the Contractor shall make regular deposit into the loan repayment account such that by June 1st of the repayment years, the funds in this account covers the annual debt service payment. All interest earned on funds deposited in this account shall accrue to the benefit of the Contractor and be applied toward reducing the amount of the PWAA loan. The funds in this account shall be used solely to make debt service payments.

☐ ANNUAL SUBMITTAL OF FINANCIAL STATEMENTS. The Contractor shall furnish the Board, on an annual basis, copy of the financial statements and a report regarding the collection and distribution of funds dedicated for loan repayment, beginning with the fiscal year reporting period the Contractor receives the loan and continuing until the term of the loan, or until such time the Board is satisfied with the Contractor's finances and notifies the Contractor that this condition no longer applies. Submittal of financial statements and report is due every first (1st) day of February of each year.

☐ ESTABLISHMENT OF ADEQUATE RATES AND RESERVES. The Contractor agrees to provide a resolution when adopting new rate increases, new capital assessments, or both, for the services of the system that shall be sufficient to provide funds which, along with other revenues of the system, will pay all operating expenses and debt repayments during the term of the loan. In addition, the Contractor shall create, fund and maintain a minimum 12.5% Operating Reserve, and Capital and Emergency reserves at least as required by the Water System Plan or Small Water System Management Plan. The Board reserves the right, at anytime, to request proof of compliance of these requirements from the Contractor.

☐ If needed – PRE-DRAW CONDITION

ADOPT NEW RATE STRUCTURE. The Contractor shall conduct a rate study and certify to the Board that the new rate structure will provide funds which, along with other revenues of the system, will pay all operating expenses and debt repayments during the term of the loan, has been adopted. The rate study and certification must be delivered to the Board on or before the following date: _____

2013 DWSRF 2nd Tier Projects for Approval

Denise Clifford, DOH

Will be distributed at the meeting

Date: July 15, 2013

To: Public Works Board

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

Subject: 2013-15 Biennial Proviso Language for Public Works Assistance Account Project Selection Process

BACKGROUND:

The Capital Budget for the 2013-2015 biennium includes selection, ranking, and submission process changes for the awarding of construction loan funds. These changes are listed in Section 7032 of Engrossed Substitute Senate Bill 5035 (ESSB 5035).

OVERVIEW:

ESSB 5035 requires the Public Works Board (Board) to do the following:

- Jointly with the Departments of Health and Ecology, develop evaluation criteria and application procedures that will increase access of eligible drinking water and wastewater projects to the public works assistance account for short-term preconstruction financing and to the federally funded state revolving funds for construction financing. [ESSB 5035, Section 7032(14)(a)].
- Update the Public Works Trust Fund (PWTF) Construction Loan application to reflect the selection criteria laid out in Section 7032 (see attached document for details). Plus the following influential items:
  - Numerically ranked list.
  - Growth Management Act (GMA) conformance at time of *contract* rather than at time of application.
  - Maximum loan amount per jurisdiction per biennium is $10 Million.
  - Investment grade efficiency audits (IGEA) are required for any project in which such an audit is obtainable.
  - IGEA costs are specifically identified as eligible expenses under PWTF loan funding.
  - Interest rate of PWTF loan is tied to the loan repayment period and the average daily market interest rate (ADMR) for tax-exempt municipal bonds as published in the bond buyer's index for a period of 30 – 60 days prior to the application cycle:

Loan Repayment period	**Interest rate:**
5 – 20 years	60% of ADMR
< 5 years	30% of ADMR
The Board is to adopt policies and procedures enabling applicants who meet financial hardship criteria to receive extended repayment periods, reduced interest rates, or forgivable principal loans [ESSB 5035, Section 7032 (14)(b)]	

- By December 1, 2013, recommend [to the Legislature] statutory language to make the new criteria, procedures, and financing policies permanent [ESSB 5035, Section 7032(14)(c)].
- By November 1, 2014, develop and submit a ranked list of qualified public works projects which have been evaluated by the Board and are recommended for funding by the legislature (e.g., a Construction Loan list stemming from the new criteria, policies, and procedures). This list of potential Construction Loan recipients would be funded in State Fiscal Year 2016, which starts on July 1, 2015. [ESSB 5035, Section 7032(5)(b)].

ACTION:
Board staff ask the Board to establish an ad-hoc committee to develop policies and procedures for the Board to enact the requirements outlined in ESSB 5035, Section 7032.

Duties:

- Develop policies and procedures for full Board consideration to manifest ESSB 5035, Section 7032. The final policies and procedures to be voted on by the entire Board at the November 1, 2013, meeting.
- Meet monthly from August through October -
  ~An all-day meeting the week of August 19th to establish roles and responsibilities
  ~Subsequent meetings could occur prior to existing Board meetings and/or via the internet using webinar technology – To Be Determined by the committee.
- Draft a bill for submission to the House and Senate that would make the newly adopted policies and procedures permanent.
- Develop jointly with Department of Health and Department of Ecology evaluation criteria and applications to increase access of eligible drinking water and wastewater projects to the public works assistance account for short-term preconstruction funding.
- Presentation of proposals at the Infrastructure Assistance Coordinating Council (IACC) during the last week of October 2013.

PROPOSED TIMELINE:

August 2, 2013	**Regular Board Meeting** • Request creation and population of ad-hoc committee • Receive additional direction from Board
Week of August 19	**Board Committee Meeting #1** • Establish Board/Committee/Staff roles and responsibilities • Identify decision points • Identify future meeting timeframes (dates, meeting methods, etc.)
September 6, 2013	**Regular Board Meeting** • Possible AM sub-committee meeting • Progress report (on-going) • Input from the Board (if decision/direction necessary)
Week of September 16th	**Board Committee Meeting #2** • Threshold criteria • Financial hardship criteria • Selection criteria
October 4, 2013	**Regular Board Meeting** • Possible AM sub-committee meeting • Progress report (on-going) • Input from the Board (if decision/direction necessary)
Week of October 14	**Board Committee Meeting #3** • Finalize criteria recommendations • Finalize policy concept recommendations • Final, draft legislation proposal language
Week of October 28	**IACC** Introduce proposed changes at IACC conference.
November 1, 2013	1. Final Board approval of proposal 2. Recommended draft legislative language due to Office of Financial Management *OFM must review and approve the proposal prior to submission to the appropriate committees of the legislature as per statute.*

appear that the amount certified by the college board is insufficient to pay and secure the payment of the principal of and interest on the outstanding building bonds, the state treasurer shall notify the college board and such board shall adjust its certificate so that all requirements of moneys to pay and secure the payment of the principal and interest on all such bonds then outstanding shall be fully met at all times.

(2) The community and technical college capital projects account is hereby created in the state treasury. The sums deposited in the capital projects account shall be appropriated and expended to pay and secure the payment of the principal of and interest on bonds payable out of the building fees and for the construction, reconstruction, erection, equipping, maintenance, demolition and major alteration of buildings and other capital assets owned by the state board for community and technical colleges in the name of the state of Washington, and the acquisition of sites, rights-of-way, easements, improvements or appurtenances in relation thereto, engineering and architectural services provided by the department of ((~~general administration~~)) enterprise services, and for the payment of principal of and interest on any bonds issued for such purposes. During the 2011-2013 biennium, sums in the capital projects account shall also be used for routine facility maintenance and utility costs. During the 2013-2015 biennium, sums in the capital projects account shall also be used for routine facility maintenance and utility costs.

(3) Funds available in the community and technical college capital projects account may also be used for certificates of participation under chapter 39.94 RCW.

Sec. 7032. RCW 43.155.070 and 2013 c 275 s 3 are each amended to read as follows:

(1) To qualify for 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 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 may apply for and receive 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 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 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 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 must attempt to assure a geographical balance in assigning priorities to projects. The board 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;

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

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

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

(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;

(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;

(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

(m) Other criteria that the board considers advisable.

(5) <u>For the 2013-2015 fiscal biennium, in place of the criteria, ranking, and submission processes for construction loan lists provided in subsections (4) and (7) of this section:</u>

<u>(a) The board must develop a process for numerically ranking applications for construction loans submitted by local governments. The board must consider, at a minimum and in any order, the following factors in assigning a numerical ranking to a project:</u>

(i) Whether the project is critical in nature and would affect the health and safety of many people;

(ii) The extent to which the project leverages nonstate funds;

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

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

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

(vi) Whether the project consolidates or regionalizes systems;

(vii) Whether the project encourages economic development through mixed-use and mixed income development consistent with chapter 36.70A RCW;

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

(ix) Achieving equitable distribution of funds by geography and population;

(x) The extent to which the project meets the following state policy objectives:

(A) Efficient use of state resources;

(B) Preservation and enhancement of health and safety;

(C) Abatement of pollution and protection of the environment;

(D) Creation of new, family wage jobs, and avoidance of shifting existing jobs from one Washington state community to another;

(E) Fostering economic development consistent with chapter 36.70A RCW;

(F) Efficiency in delivery of goods and services, public transit, and transportation;

(G) Avoidance of additional costs to state and local governments that adversely impact local residents and small businesses; and

(H) Reduction of the overall cost of public infrastructure; and

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

(b) Before November 1, 2014, the board must develop and submit to the appropriate fiscal committees of the senate and house of representatives a ranked list of qualified public works projects which have been evaluated by the board and are recommended for funding by the legislature. The maximum amount of funding that the board may

recommend for any jurisdiction is ten million dollars per biennium. For each project on the ranked list, as well as for eligible projects not recommended for funding, the board must document the numerical ranking that was assigned.

(6) Existing debt or financial obligations of local governments may not be refinanced under this chapter. Each local government applicant 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.

((~~(6)~~)) (7) Before November 1st of each even-numbered year, the board 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)~~)) (10) 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 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 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)~~)) (8) The board 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 may not change the order of the priorities recommended for funding by the board.

((~~(8)~~)) (9) Subsection ((~~(7)~~)) (8) of this section does not apply to loans made under RCW 43.155.065, 43.155.068, and subsection ((~~(9)~~)) (10) of this section.

((~~(9)~~)) (10) Loans made for the purpose of capital facilities plans are exempted from subsection ((~~(7)~~)) (8) of this section.

((~~(10)~~)) (11) 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)~~)) (12) 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.

(13) During the 2013-2015 fiscal biennium, for projects involving repair, replacement, or improvement of a wastewater treatment plant or other public works facility for which an investment grade efficiency audit is obtainable, the public works board must require as a contract condition that the project sponsor undertake an investment grade efficiency audit. The project sponsor may finance the costs of the audit as part of its public works assistance account program loan.

(14)(a) For public works assistance account application rounds conducted during the 2013-2015 fiscal biennium, the board must implement policies and procedures designed to maximize local government use of federally-funded drinking water and clean water state revolving funds operated by the state departments of health and ecology. The board, department of ecology, and department of health must jointly develop evaluation criteria and application procedures that will increase access of eligible drinking water and wastewater projects to the public works assistance account for short-term preconstruction financing and to the federally funded state revolving funds for construction financing. The procedures must also strengthen coordinated funding of preconstruction and construction projects.

(b) For all construction loan projects proposed to the legislature for funding during the 2013-2015 fiscal biennium, the board must base interest rates on the average daily market interest rate for tax-exempt municipal bonds as published in the bond buyer's index for the period from sixty to thirty days before the start of the application cycle. For projects with a repayment period between five and twenty years, the rate must be sixty percent of the market rate. For projects with a repayment period under five years, the rate must be thirty percent of the market rate. The board must also provide reduced interest rates,

extended repayment periods, or forgivable principal loans for projects that meet financial hardship criteria as measured by the affordability index or similar standard measure of financial hardship.

(c) By December 1, 2013, the board must recommend to the appropriate committees of the legislature statutory language to make permanent these new criteria, procedures, and financing policies.

Sec. 7033. RCW 70.105D.070 and 2013 2nd sp.s. c 1 s 9 are each amended to read as follows:

(1) The state toxics control account and the local toxics control account are hereby created in the state treasury.

(2)(a) Moneys collected under RCW 82.21.030 must be deposited as follows: Fifty-six percent to the state toxics control account under subsection (3) of this section and forty-four percent to the local toxics control account under subsection (4) of this section. When the cumulative amount of deposits made to the state and local toxics control accounts under this section reaches the limit during a fiscal year as established in (b) of this subsection, the remainder of the moneys collected under RCW 82.21.030 during that fiscal year must be deposited into the environmental legacy stewardship account created in RCW 70.105D.--- (section 10, chapter 1, Laws of 2013 2nd sp. sess.).

(b) The limit on distributions of moneys collected under RCW 82.21.030 to the state and local toxics control accounts for the fiscal year beginning July 1, 2013, is one hundred forty million dollars.

(c) In addition to the funds required under (a) of this subsection, the following moneys must be deposited into the state toxics control account: (i) The costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (ii) penalties collected or recovered under this chapter; and (iii) any other money appropriated or transferred to the account by the legislature.

(3) Moneys in the state toxics control account must be used only to carry out the purposes of this chapter, including but not limited to the following activities:

(a) The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW;

(b) The state's responsibility for solid waste planning,

DATE: July 26, 2013, 2013

TO: Public Works Board

FROM: Cecilia Gardener, Policy and Program Development Manager

SUBJECT: 2013-15 Proposed Decision Papers for Supplemental Budget Requests

RECOMMENDATION:
Staff recommends moving the two proposed decision packages forward as the supplemental budget request for State Fiscal Year (FY) 15.

Background:
Each year the Governor and Legislature allow agencies to submit formal requests for additional funds for specific purposes. These are called decision packages. The decision package process begins with the Board's approval to produce one. Commerce oversees the development of the packages to ensure they comply with the Office of Financial Management (OFM) requirements. Commerce then compiles and submits these packages to OFM. Decision packages are linked to the outcomes from the 2013 legislative session. Logistically, we need to proceed as if the resources would be available in order to accommodate the normal budget timelines and due dates despite its current absence. Below is a macro timeline for the process.

May/June	June/July	August	Early September
• Develop ideas for concept papers for 2014 policy and budget action	• Commerce begins screening concept papers • Board action on items to put forward	• Commerce decides which "Decision Packages" to put forward to the Governor	• Deadline for agencies to submit Decision Packages for consideration by the Governor

Staff has developed two proposed FY 15 supplemental budget requests for the Board's review and approval.

1. Capital Budget Request for Public Works Trust Fund Pre-Construction Loan Program of $10 million.
2. Capital Budget Request for Statewide Summary of Capital Needs $200,000 and 0.5 full time employee (FTE).

If the Board should choose to approve either, or both, of the two supplemental budget requests, staff will move them through the Commerce/OFM process based on the timeline above.

Department of Commerce
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2014 Agency Request Legislation / Decision Package Proposals

Division: Local Government Infrastructure Division
Contact and Phone Number: Cecilia Gardener, 725-3159
Request Title: Public Works Trust Fund Pre-Construction Loan Program Funding

Previously submitted?

No

Please limit your response to the following questions to less than 2 pages.

1. What is the problem the legislation / decision package is trying to fix?

During the 2013-15 budget development the Public Works Assistance Account resources were redirected to other state priorities, leaving local governments with no funding for pre-construction activities.

2. What is the solution? *Why this solution? Other ideas you considered? Why this year?*

In the 2013-15 Budgets, the Public Works Board was directed to work jointly with the Departments of Health and Ecology, to develop evaluation criteria and application procedures that will increase access of eligible drinking water and wastewater projects to the public works assistance account for short-term preconstruction financing and to the federally funded state revolving funds for construction financing. [ESSB 5035, Section 7032(14)(a)]. Federal funding programs are fully capitalized, and these resources will get local government infrastructure projects ready for construction funding through these federal programs.

The capital budget request of $10 million will enable the Board to implement the directive, and fund local government infrastructure projects pre-construction activities in anticipation of receiving federal funding for construction activities.

3. Estimated cost? *Dedicated or general funds?*

The Public Works Assistance Account (PWAA) Fund 058 is a dedicated account that is utilized to fund capital infrastructure projects recommended by the Public Works Board. The requested resources would be available from the PWAA based on an accelerated cash modeling system used in the past called “Accelerated Loan Commitment Model” (ALCM). The PWAA Predictive Model identifies up to $10 million is available in the account to accommodate this request.

4. If legislation is necessary, what would legislation look like? *Is this amending current statute or creating new? Why is legislation necessary? Will the bill be large or small?*

No legislation is required. The Board’s authorizing statute RCW 43.155.068 authorizes the Board to make loans for pre-construction activities for basic infrastructure.

5. Who are the stakeholders for the proposal? How are they likely to react?

Local Governments are the recipients of these resources, and are represented by their respective associations. Association of Washington Cities (AWC), Washington State Association of Counties (WSAC), Washington Association of Sewer and Water Districts (WASWD), Washington Public Utility District Associations (WPUDA), Associated General Contractors (AGC).

The Public Works Assistance Account resources were redirected to other state priorities for the biennium, and local governments are in dire need of these resources. These resources will set projects and the local government building them to prepare for construction, and make them eligible for other state and federal funding sources. We do not anticipate any negative reaction from our stakeholders.

Department of Commerce
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2014 Agency Request Legislation / Decision Package Proposals

Division: LGID, by request of the Public Works Board
Contact and Phone Number: Bruce Lund, 725-3017
Request Title: Statewide Summary of Capital Needs
Previously submitted? No

Please limit your response to the following questions to less than 2 pages.

1. What is the problem the legislation / decision package is trying to fix?
Decision makers and potential funders need current information about the infrastructure needs of local governments to target funding for the replacement of our aging infrastructure and to meet growth needs. The last attempt at collecting this data was 13 years ago and the data was outdated as soon as the report was completed.

2. What is the solution? *Why this solution? Other ideas you considered? Why this year?*
Commerce received a $50,000 grant from the West Coast Infrastructure Exchange (WCEX) in July 2013 to help develop a platform designed to collect capital needs data from local governments. Additional funding is essential to capitalize on this opportunity and keep the initial investment moving forward.

The data will be displayed using a cloud-based application that can be viewed by anyone and updated by the local government in order to keep the information current. The data could be displayed in a format similar to *Forward Washington [http://www.forwardwashington.net]*.

Other options considered were adopting the standard "picture in time" report format; however, this was rejected as the information becomes outdated virtually the day it is completed.

3. Estimated cost? *Dedicated or general funds?*
Cost is estimated at $200,000 from the Public Works Assistance Account (PWAA) to cover ½ FTE staffing, database development, and engaging local governments in the data collection activities.

4. If legislation is necessary, what would legislation look like? *Is this amending current statute or creating new? Why is legislation necessary? Will the bill be large or small?*
No legislation needed

5. Who are the stakeholders for the proposal? How are they likely to react?
This information will assist policy makers and local governments to make informed decisions using timely and accurate information. Local governments will support an initiative that will garner support for funding by clearly identifying priority needs.

TAB E

TECHNICAL & IMPACT ASSISTANCE

Date: July 24, 2013

To: Public Works Board

From: Bruce Lund, Manager, Technical Assistance Unit

Subject: Assisting unfunded 2014 PWTF Applicants

BACKGROUND:

The Public Works Trust Fund diversion left approximately 200 projects without anticipated funding. Staff has developed a plan to assist as many of these communities as possible to find alternative funding.

OVERVIEW:

The following activities will be occurring over the next several months:

Funding Webinar – The Public Works Board is sponsoring a webinar to present alternative funding options on August 1, 2013. Several state and federal funding programs will present the resources they have available. As of July 23rd, we have received 93 registrations. There is a limit of 100 registrants for the webinar. If necessary, we will schedule a second webinar. Staff will report on the Webinar at the August 2nd Board meeting.

Client Outreach – Staff are contacting each applicant to ensure that they fully understand the situation, to offer assistance searching for alternative sources of project funding, and to gain a full picture of client needs. At this point, we have had several requests for assistance.

Coordinating with other agency programs – Several programs, including USDA - Rural Development, the Department of Health Drinking Water State Revolving Fund, the Department of Ecology State Revolving Fund, and the Transportation Improvement Board are assessing the unfunded projects to determine which ones may be eligible for their funding. Staff will be available to work with these agencies to provide any additional information necessary.

Staff will be tracking unfunded projects in the future to determine how these projects are being funded.

Date: July 24, 2013

To: Public Works Board

From: Bruce Lund, Manager, Technical Assistance Unit

Subject: Budget Impacts to the Technical Assistance Unit

BACKGROUND:

Due to reductions in the 2013-2015 biennial budget, the Board's portion of staffing the Technical Assistance Unit will be reduced from eight FTEs to five.

OVERVIEW:

The reductions in unit staff affects the amount and type of technical assistance (TA) that the Board has available.

The Board, on an as-needed basis, offers three types of assistance:

1. **Program Technical Assistance** is specific assistance related to funding programs. This includes such activities as outreach to clients on Board specific programs and initiatives, working with clients on developing funding applications, pre-contract development, and cultural resource coordination and assistance.

2. **Project Development** is working with clients on specific projects, assisting with capacity development to assume a project, planning, pre-construction, and construction.

3. **Training and Education** is the providing of webinars, academies, scholarships to attend the Infrastructure Assistance Coordinating Council (IACC) conference, and information and referrals to funding and training opportunities.

TA staff also support program development activities. As the Program Policy and Development Unit staff has also been reduced, the two units will be working together on priority initiatives to ensure that the Board's work is sufficiently supported. These activities, critical to the Board's success, do reduce the amount of staff available for technical assistance. Both units will have staff working on the legislative reports due this fall.

Activities within the program technical assistance area are "must dos" that are essential for successful implementation of the Board's programs. The Board's current obligations within this area include providing pre-contract activities for direct appropriation projects that the Board has obtained through an agreement with Commerce; coordination of 05-05 activities for existing contracts; other areas of assistance are elective activities, which can be customized and provided with varying levels of scope and breadth depending on resources available.

NEXT STEPS:

Over the next six weeks, staff will be working with the Technical Assistance Committee and Executive Director to re-examine the Board's TA services and present a revised plan to the Board at its fall retreat.

TAB F

INFORMATION AND OTHER ITEMS

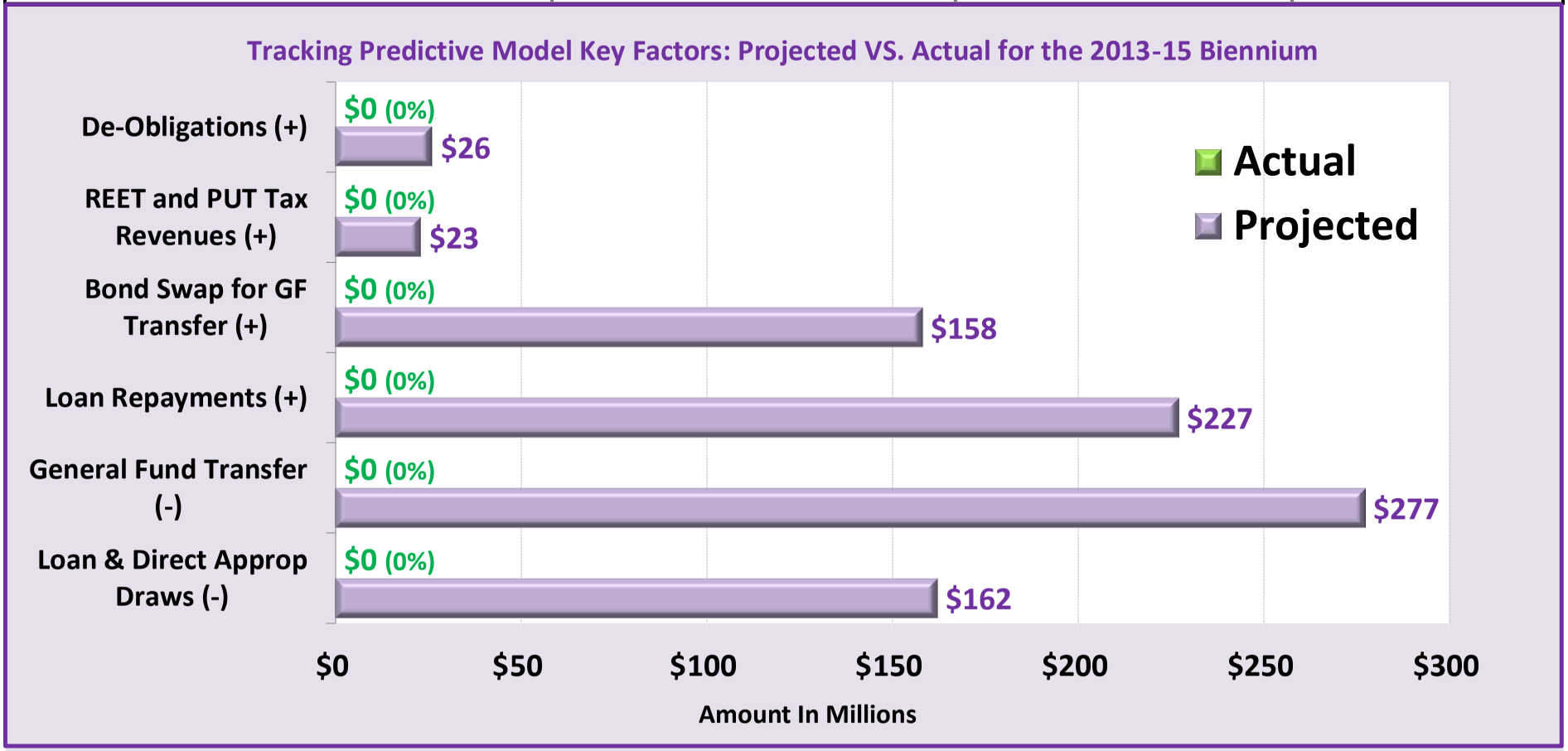
August 2, 2013 Public Works Board Meeting Report

Public Works Assistance Account Predictive Model Data for 2013-15 Biennium

(Fiscal Years Beginning July 1, 2013 through June 30, 2015)

Model Updated on July 15, 2013

BIENNIAL KEY FACTOR	PROJECTION	ACTUAL 07/01/2013	% (Actual VS Typical)
De-Obligations (+)	$26,000,000		0%
Tax Revenues (+)	$23,000,000		0%
Bond Swap for GF Transfer (+)	$158,000,000		0%
Loan Repayments (+)	$226,890,000		0%
General Fund Transfer (-)	$277,244,000		0%
Loan & Direct Approp Draws (-)	$162,000,000		0%



	PROJECTED
ESTIMATED CASH BALANCE AT THE END OF THE BIENNIUM:	$5,000,000

Prepared by: Myra Baldini, Board Staff 360.725.3152.

August 2, 2013 Public Works Board Meeting Report

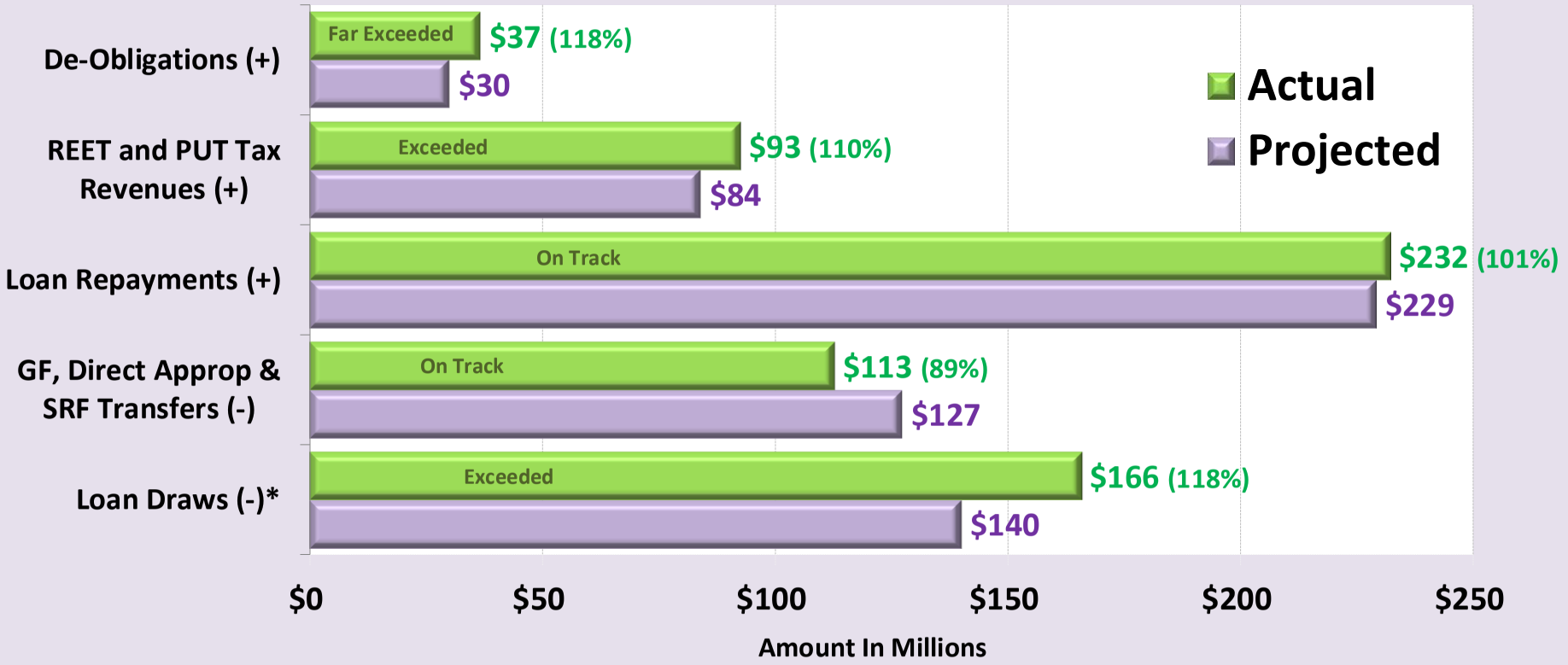
Public Works Assistance Account Predictive Model Data for 2011-13 Biennium

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

Model Updated on July 15, 2013

BIENNIAL KEY FACTOR	TYPICAL PROJECTION	OUR NUMBER	ACTUAL 06/30/2013	% (Actual VS Typical)
De-Obligations (+)	$30,000,000	$28,000,000	$36,656,860	122%
Tax Revenues (+)	$83,970,701	$79,186,335	$92,506,891	110%
Loan Repayments (+)	$229,122,222	$229,122,222	$232,139,402	101%
GF, Direct Approp & SRF Transfers (-)	$127,300,000	$127,300,000	$112,667,437	89%
Loan Draws (-)*	$140,000,000	$151,201,994	$165,741,690	118%

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



	PROJECTED	ACTUAL
ESTIMATED CASH BALANCE AT THE END OF THE BIENNIUM:	$10,000,000	$12,739,779

**The fear of losing existing loan funds prompted PWTF borrowers to "run on the bank", which resulted in higher actual draws than projected.*

Prepared by: Myra Baldini, Board Staff 360.725.3152.