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

AGENDA
PUBLIC WORKS BOARD MEETING
August 17, 2012 – 8:30 A.M.

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

Agenda Item	Action	Page	Time
Welcome and Introductions			**8:30**
a) Call to Order			
b) Introduction: Board Members, Staff, and Guests			
a. New Member: JC Baldwin			
HIGHLIGHT MEETING MATERIALS: Janea Eddy			**8:40**
a) Board Packet			
b) Handouts			
a. 2014 Construction Loan List Proposal			
b. Website Modification Proposal and Screen Shots			
1) ADMINISTRATION		**3**	**8:50**
a) Approve Agenda: Janea Eddy	**Action**	**1**	
b) June 1 Meeting Minutes: Janea Eddy	**Action**	**5**	
c) July 13 Meeting Minutes: Janea Eddy	**Action**	**33**	
d) August 3 Meeting Minutes: Janea Eddy	**Action**	**49**	
e) Approve Committee Structure & Membership: Cecilia Gardener	**Action**	**65**	
f) Approve Website Modification Proposal: Kathryn Gardow/Rodney Orr/Karen Larkin	**Action**		
g) GMA Future Funding Discussion: Karen Larkin		69	
2) FINANCING OPPORTUNITIES		**71**	**9:50**
2014 Public Works Trust Fund Construction Loan List Proposal			
i. Overview: Cecilia Gardener			
ii. Operating Allocations	**Action**		
iii. Program and Policy Allocations	**Action**		
BREAK			**10:25**
iv. Resources-ALCM Amount	**Action**		
v. Loan List	**Action**		
LUNCH			**11:40**
3) INFORMATION AND OTHER ITEMS		**75**	**12:10**
a) 2012 DWSRF Recommended Loan List Batch 3: Myra Baldini/Karen Klocke	**Action**	**77**	
b) 2013 Policy Bill – Revisions to RCW 43.155: Dawn Eychaner	**Action**	**81**	

Note: ***Anticipated time of Adjournment is 12:30 p.m.***

NEXT MEETING SCHEDULED: September 7, 2012, at 8:30 a.m.– Department of Commerce, 1011 Plum Street SE Olympia, WA 98504-2525. Contact the Public Works Board at (360) 725-3151 for further information.

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TAB 1

Administration

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

PUBLIC WORKS BOARD MEETING NOTES
June 1, 2012

Department of Commerce (Olympia, WA)

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

Guests Present:

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

ADMINISTRATION

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

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

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

COMMITTEE REPORT

2013 Policy Bill

- Kathryn Gardow reviewed the policy changes on the page summary on attachment 1 and the policy bill.
- Steve Stuart asked that staff bring forward to a future meeting a flow chart regarding non-traditional systems, projects and jurisdictions.
- Kathryn Gardow stated that the Board wants to be sustaining, the Board doesn't want to start giving money away, but with the WSARP program there is a chance for a grant program.
- John Kounts commented that WSARP is in DOH's statute.
- Doug Quinn asked in a situation when a growth management decision is challenged, does that jeopardize funding.
- Steve Stuart answered yes if a jurisdiction is not incompliance with the Growth Management Board then they are not eligible for funding.
- John LaRocque stated that the Growth Management office reviewed these documents and agreed with the language that it conforms with the statute. John LaRocque commented that the Board may have a sub-group meet with the Growth Management office.
- Steve Stuart and Darwin Smith volunteered to meet with the Growth Management office.
- Tom Fitzsimmons mentioned that the Board shouldn't be the leverage requiring the jurisdictions to have updates to receive money from the Board.
- Steve Stuart commented that the policy change is only changing the timing instead of being in compliance at the time of application it would be at the time of contract.
- John LaRocque mentioned that the Policy Bill states that the non-traditional projects are only to be funded after all of the traditional projects have been funded/considered.

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

Break 10:04-10:15.

CONTRACTING

Consent Agenda

Jacquie Andresen presented the consent agenda.

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
DWSRF	**Camano Cooperative Water & Power Company**	06-96300-002	Spring Source Reservoir	199,556	103,413.94	8/29/10	**8/29/12**	**8/29/13**
Reason for Extension Request: Meeting Environmental/Section 106 requirements and easement rights for installation of water mains took longer than anticipated. All issues have been resolved and the project is proceeding. Project is 35% complete.								
DWSRF	**Cedarwood Association Inc.**	DP09-952-045	Cedarwood Water System Upgrade	563,176	453,848.74	7/14/12	**7/14/12**	**5/31/13**
Reason for Extension Request: This project includes CDBG funds. Environmental review to comply with CDBG requirements took longer than anticipated. In order to complete permitting, a franchise agreement was needed to work in the County Right of Way. Approval of the franchise agreement is anticipated to be granted in May of 2012. Project is 40% complete.								
DWSRF	**Marion Water Company**	DP09-952-046	New Well and Reservoir	811,030	749,229.53	8/17/12	**8/17/12**	**8/17/13**
Reason for Extension Request: Delays due to difficulties in obtaining permits and approvals from Pierce County. Project is 30% complete.								
Program	**Client**	**Contract No.**	**Project**	**Loan/Grant Amount**	**Available to Draw**	**Original Closeout Date**	**Current Closeout Date**	**Proposed Closeout Date**
DWSRF	**Thurston County PUD #1**	DM09-952-027	Tanglewilde Thompson Place Reservoir Replacement	2,109,660.73	612,680.60	8/17/12	**8/17/12**	**3/31/13**
Reason for Extension Request: The reservoir failed the water tightness test, which delayed the project. These repairs have now been completed. Additional time is needed to complete the booster pump station, remove the existing reservoir and complete site restoration. Project is 90% complete.								
PWTF Pre-Construction	**Ferndale**	PR08-951-090	Church Road Improvements	1,000,000	250,000	7/2/10	**7/2/12**	**1/2/13**
Reason for Extension Request: Experienced challenges in acquiring right-of-way acquisitions with property owners. Working to implement a condemnation ordinance. Project is 75% complete.								

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

City of Lake Stevens

Bruce Lund presented the Lake Stevens materials on attachment 2.

Tom Fitzsimmons moved to approve the staff recommendation to extend the project completion by six months to February 28, 2013. Steve Stuart seconded. Darwin Smith recused himself. **ACTION: Motion Approved (7-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Stuart, Waters)

City of Snohomish

Terry Dale presented the materials on attachment 3. City of Snohomish presented a powerpoint presentation.

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

Steve Stuart moved to approve the staff recommendation to revise the scope of work and close out the contract. Darwin Smith seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

City of Kettle Falls Loan Restructure

Myra Baldini presented the City of Kettle Falls loan restructure materials on attachment 4.

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

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

Okanogan County Loan Restructure

Isaac Huang presented the materials for the Okanogan Loan Restructure on attachment 5.

- Kathryn Gardow asked which of the 3 options would staff recommend.
- Isaac Huang answered the third option, 30-Year Term for Construction Loan PW-06-692-032. No Deferral. No changes to pre-construction loan PWTF Loan # PW-04-691-PRE-127.
- Tom Fitzsimmons stated that he couldn't support this without seeing a plan from the County forcing the failing systems to hook-up to the new system.
- Ed Hildreth asked what the revenue source from the County is to repay their percentage of the loan in the future.
- Myra Baldini answered they are using sales tax and excise tax revenue to supplement their payments.

- Steve Stuart stated that he would like see a plan to get the failing systems hooked-up and how they are going to get them hooked-up and a plan with the County on the rate structures on how to repay the loans.
- Doug Quinn stated that he believes if there is no action by the Board it is penalizing the County. Doug Quinn can support that the County took a risk, but is not continuing the risk. There are so many opportunities that go sideways and the Board doesn't need to be the hammer and regulate them.
- Tom Fitzsimmons asked what their plan was, do they have a plan, and if so did the Board not receive it.
- Myra Baldini answered they do have a plan, depending on what happens at this meeting, they will access their customers (the 146 that are connected). Myra Baldini suggested that staff bring a new report to the board.
- Kathryn Gardow asked if the Board could do an interim approval, until staff can get some of the questions answered.

Doug Quinn moved to approve option 3: 30-year loan term for construction Loan #PW-06-692-032, no deferral, no changes to the pre-construction PWTF loan #PW-04-691-PRE-127, with the condition that the County submits a plan to review that helps solidify future improvements to the land. Larry Guenther seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

City of Spokane/Sundance Water System

Steve Dunk presented the materials for the Spokane/Sundance Water System on attachment 6. Steve Stuart moved to approve the staff recommendation to extend the deadline for the City of Spokane to execute a 2011 Drinking Water State Revolving Fund contract from June 30th to December 31, 2012. Larry Waters seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

FINANCING OPPORTUNITIES

DWSRF 2012 Low Risk List Approval

Kirsten Bettridge presented the materials for the DWSRF 2012 low risk list on attachment 7. Larry Guenther moved to approve the low risk DWSRF list. Steve Stuart seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

Doug Quinn requested that staff bring back an update of the projects on the low-risk list that actually moved forward due to being approved sooner.

PWTF 2014 Application Pool Update

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

2013-15 Budget Update

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

Lunch 12:00 pm

PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES

Energy/Water Efficiency Loan Criteria

Steve Dunk presented the materials for the Energy/Water Efficiency Loan Criteria on attachment 8.

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

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

PWTF Pre-Construction Program Criteria

Terry Dale presented the hand-out on the PWTF Pre-Construction program criteria on attachment 9.

- Tom Fitzsimmons asked if a local jurisdiction, pays for all of the pre-construction costs, can they bundle those costs when they get a PWB loan – can they repay themselves.
  John LaRocque answered there is a narrow window, for the current cycle if they were accruing costs now, no. Any costs accrued after September 2012, yes.
- Cathi Read asked about the feasibility study being eligible for funding, but plans are not.
- John LaRocque answered a capital facilities plan could not be funded, but a water system plan could apply but they wouldn't score well.

Larry Guenther motioned to approve to the extent feasible, the PCLP align with the 2014 Construction Program, to include: use of web portal for project submission; and, same process for review of threshold, financial and managerial capacity. Darwin Smith seconded. **ACTION: Motion Approved (8-0)** (Fitzsimmons, Gardow, Guenther, Hildreth, Quinn, Smith, Stuart, Waters)

WSARP Program

John LaRocque presented the materials for the WSARP program on attachment 10.

Direct Appropriation Update

Chris Gagnon presented the materials for the direct appropriation on attachment 11.

<u>POLICY ADJUSTMENT</u>

Cecilia Gardener presented the materials for the deferral policy on attachment 12.

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

- Steve Stuart stated he would be happy with them coming in front of the Board on a case by case basis, if it was a situation as stated.

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

Meeting adjourned at 1:02 pm.

Washington State Public Works Board

June 1, 2012 Board Meeting

DATE: May 30, 2012

TO: Public Works Board

FROM: Dawn Eychaner, Program and Policy Development Coordinator

SUBJECT: 2013 Proposed Policy Bill – Summary of Changes

BACKGROUND

In 2012 the Public Works Board (Board) proposed legislation to modernize the Board's authorizing statute, RCW 43.155. Bills were introduced in the House and the Senate (HB 2768 and SB 6586) but did not pass out of the legislature during the 2012 session.

At the Board's May 2012 Policy Retreat and Business Meeting, the Board discussed proposing similar policy changes during the 2013 legislative session.

The Board's Executive Committee met on May 21 to review and adjust the draft policy bill. The adjusted draft bill is included on pages 42-65 of the June 2012 Board meeting packet.

ANALYSIS

The Executive Committee made the following adjustments to the 2012 policy bill:

Bill Section	Description	Page Number
Section 2	Definition of "Construction" added	43
Section 2	Definition of "Local Government" was refined	44
Section 4	(b) Programs for which the Board is authorized to obligate funds are listed (d) Limits construction and contingent loan agreements to traditional eligible jurisdictions, traditional systems, and traditional projects only. (d) (ii) Clarifies that non-traditional jurisdictions, systems, and projects may only receive funding after requests for eligible traditional jurisdictions, systems, and projects have been satisfied. (e) Adds grant authority for Water System Acquisition and Rehabilitation projects (g) Allows the refinance of short-term debt associated with construction projects approved by the Board	48-49
Section 5	Clarifies that the Board shall authorize the provision of technical assistance to local governments.	50
Section 6	(1) Adjusts the due date for the first needs assessment to June 2015	51
Section 9	(1) Simplifies the purposes allowed for use of the Public Works Assistance Account	54

Attachment 1

Bill Section	Description	Page Number
	(2) Establishes a minimum of 85% of the capital budget appropriation be used for construction loans.	
Section 10	(2) Corrects Growth Management conformance requirement to be in place at time of contract execution instead of at the time of application	56
Section 11	(6) Adds the consideration of whether the project promotes the sustainable use of resources and environmental quality	63
Not shown	Forgivable loans were removed from definitions and authorities.	Not shown

PWTF LOAN EXTENSION REQUEST

Name of Jurisdiction: **Lake Stevens**
County: **Snohomish**
Address: **1812 Main Street P.O.Box 257**
Lake Stevens, WA 98258

Board Action Date: **June 1, 2012**

Public Works Trust Fund Loan Proposed Extension Information

Loan Number:	**PE10-951-003**	**STAFF RECOMMENDATION:** To extend the project completion date by 6 months.
Loan Execution Date:	**7/27/2010**	
Current Project Completion Date:	**8/31/2012**	
Proposed Extension Completion Date:	**2/28/2013**	
Loan Amount:	**$80,300.00**	

Project Title: **36th Street NE Approach West of Bridge No 563**

Brief Project Description:
Repair and restore the westbound lane roadway prism on 36th Street NE, adjacent to the Catherine Creek, which will include bank reconstruction/restoration, bridge foundation armoring, roadway reconstruction and resurfacing, stream mitigation measures, and potential wetland mitigations.

Background

In the spring of 2010, a roadway washout occurred at 36th St NE. This resulted in a two lane road being closed to a single lane. This roadway services the Lake Steven's Post Office distribution center, a residential area, and the City's industrial zone. This PWTF Emergency Loan was funded to avoid roadway and bridge foundation failure from continual erosion caused by the flooding of a fish-bearing stream during periods of high runoff.

Analysis

The project was initially planned for completion in 2011, but the environmental review process was more extensive than originally estimated. In the fall of 2010 the Dept. of Fish & Wildlife required a full Hydraulic Project Approval (HPA) causing the City to miss the 2010 fish/stream working window. It was also determined that the project was in a wetland buffer. Due to this determination, the City was required to perform a Critical Area Study. The City also experienced a delay in acquiring an easement from property owned by the US Postal Service. This was granted, but was unexpectedly delayed from the USPS due to internal issues, resulting in the loss of the 2011 fish/stream working window. This easement is now in hand.

A contract with a Geotechnical/Design Engineer has been executed and early prep work is scheduled to begin in June. The City expects the physical work to begin in August and be completed in late fall.

Timeline:

Key Tasks Completed	Completion Date (M/Yr)
1. Engineering Design/Report	10/2010
2. Historical/Cultural Review	8/2010
3. Environmental Review	4/2011
4. Land Right of Way/Easement	12/2011
5. US Corps Permit	4/2012

Key Tasks Remaining to Complete	Anticipated Completion Date (M/Yr)
1. DOE Water Quality Certification Permit	06/2012
2. Construction In-Stream Work	9/2012
3. Pavement Work	11/2012
4. Project Completion	12/2012
5.	

PWTF LOAN AMENNDMENT REQUEST

Name of Jurisdiction: ***Snohomish***
County: ***Snohomish***
Address: ***116 Union Ave***
Snohomish
WA 98201

Public Works Trust Fund Loan Proposed Extension Information

Loan Number:	**PW-07-962-016**	**STAFF RECOMMENDATION:** Staff recommends that the Board approve revising the scope of work and closing out the contract.
Loan Execution Date:	**6/13/2007**	
Current Project Completion Date:	**6/13/2012**	
Loan Amount:	**$7,000,000.00**	
Project Title:	**Cemetery Creek Trunk Sewer**	

Brief Project Description:

The project will provide the backbone to a sanitary sewer system for areas within the City of Snohomish and areas within its GMA boundary that currently do not have sanitary sewer service. The lack of sanitary sewers is limiting development as planned in accordance with the City's and Snohomish County's Comprehensive Plans.

Background

The City of Snohomish has two contracts for this Project. The first of these contracts #PW-04-691-062 secured $6,934,300 in funding, which has been spent and is closed out. The second contract #PW-07-962-016 has drawn $1,400,000. The City of Snohomish is petitioning the Public Works Board to revise the scope of work so that their 2nd loan can be closed out.

Both of the loans have the same scope and similar legislative language which led the Assistant Attorney General to impose a condition on the 2007 loan. This allowed the 2004 loan to close on the condition that the remaining sections, Segments 2 & 3, be constructed in the 2007 loan.

The City intended to complete these last two segments until early 2012 when it became apparent that it was no longer economically viable to continue the project.

To date, the City of Snohomish has installed nearly three miles, or 77% of the sanitary sewer main it initially planned on constructing through the Public Works Trust Fund Loan Program. This has involved two contracts with scopes identifying four distinct sections (Segments 1, 2, 3, & 4) of the Cemetery Creek Sanitary Sewer Trunk line for construction. Only four thousand six hundred (4,600) feet, or 0.8 miles of the sanitary sewer main remains unconstructed.

The City is now proposing a scope change that coincides with the work completed with the Public Works Trust Fund (PWTF), the return of $5.6 million of unused loans and the closeout of the contract. City of Snohomish staff will be presenting to the Board a complete project recap of the progress made, issues encountered and next steps at the June meeting.

Analysis

As of January 2012, the City of Snohomish's principal balance was approximately $5.5 million for both loans. Initially, the PWTF loans payments were made with the City's Special Project Development Fees. These fees are assessed to all new residential and commercial development within the project area in order to build the Trunkline. These Development Fee collections have dropped off significantly with the weakened economy.

With the current unstable period and lack of future development proposals, the City of Snohomish does not consider it fiscally responsible to obligate more debt by completing the remaining 0.8 miles of sanitary sewer main (Segments 2 & 3) at this time. Doing so would cost approximately another $5.6 million in design and construction costs to complete.

Although a condition was imposed that stipulated the remaining segments of the 2004 loan were to be completed in the 2007 loan, completing this project as originally envisioned would seriously undermine the City's financial condition. Therefore, staff has determined this issue best be resolved through a technical fix by the legislature to revise the scope of work reflecting the work that has been completed. This would then allow the project to be closed out immediately rather than approving another extension.

The City of Snohomish has been able to construct the majority of the sewer trunkline which allowed significant commercial facilities to be connected to the north. The project also allowed for the elimination of seven septic systems, with the potential for many more now that a connection source exists. Constructing Segments 1 & 4 also alleviated some capacity pressure which helped to reduced Combined System Overflows (CSO's) into the Snohomish River. This winter, the City had zero CSO overflows into the River. This is believed to be the first time in its long history that overflows, including untreated sanitary sewer, were not discharged into the River, but instead treated at the City's wastewater treatment plant.

Timeline:

Key Tasks	Completion Date (M/Yr)
1. *Completion Construction of Segments 1 & 4*	9/2007
2. *Contracted with Perteet Engineering for design of Segments 2 & 3*	2/2009
3. *Engineering Contract placed on hold with 10% design completed*	9/2009
4. *Extended Project Completion Date by one year*	5/2011
5. *Communicated with Commerce staff the need to close project*	2/2012

DATE: May 18, 2010

TO: Public Works Board

FROM: Myra Baldini, Fund Manager and Underwriter

SUBJECT: City of Kettle Falls Interest Rate Reduction Request for PR08-951-060

RECOMMENDATION
Based on the findings and analysis described below, Public Works Board (Board) staff recommends two options for the Board:

Option 1: 2% interest rate and 20 years loan repayment (No Change)

Option 2: 0.5% interest rate and 20 years loan repayment (City's Request)

BACKGROUND
The City of Kettle Falls (City) is located in Stevens County. The City was awarded with Pre-construction loan # PR08-954-060 in 2008 for a 5-year term loan, with a possibility for up to 20-year term with proof of construction financing, per the 2007-2009 biennium pre-construction loan term policy by the Board. In 2010, the term was extended to 20 years as a result of the City securing construction contract with Department of Ecology in July of that year.

The City's pre-construction loan funds were used to finance all pre-construction activities related to design, engineering, and permitting of the wastewater treatment facility. The pre-construction project was completed in November of 2010, 25 months after contract execution.

On May 08, 2012, the City notified the Board staff that the City is respectfully requesting for an interest rate reduction from 2.0 percent to 0.5 percent. The City intends to capitalize on reduced interest rate available to *Distressed Jurisdiction (0.5 percent)* during the 2009-2011 biennia.

Board staff review findings and analysis are provided as follows.

FINDINGS
The City's financial status for FY 2011 does not show risk of loan default. The 2011 rate structure does not support debt repayments schedule. The October 2011 and the proposed July 2012 rate increases are necessary to meet future loan obligations, maintenance and operations, and unanticipated repair costs.

ANALYSIS
Board staff's analysis focused on the following:

- City's demography and system Information;
- City's operating, expenses, rate structure and affordability index (AI);
- City's repayment schedule;
- Review of the Board's pre-construction loan terms; and,
- Impact of the City's request on the Public Works Assistance Account (PWAA).

The City has 475 active residential accounts and 81 active commercial and industrial accounts, totaling to 556 active accounts. There are 851 Equivalent Residential Units (ERU) as of 2011. Total population of the City is 1,595 based on the United States Census Bureau, 2010 Census.

DATE: March 21, 2012

TO: Public Works Board

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

SUBJECT: Public Works Trust Fund: Construction Loan Program
Okanogan County – Loan Repayment Options
PWTF Loan # PW-04-691-PRE-127
PWTF Loan # PW-06-692 - 032

RECOMMENDATION
Based on the findings and analysis described below, Public Works Board (Board) staff recommends three (3) options for the Board:

OPTIONS AND IMPACTS

Option (1) – No Changes

Option (2) – 35-Year Term for Construction Loan PW-06-692-032 and 4-year Deferral. No changes to pre-construction loan PWTF Loan # PW-04-691-PRE-127
Under this option, there will be no principal and interest payments for four (4) years beginning 2012 through 2015. This option gives the County loan repayments relief for 4 years. This option extends the construction loan term from 20 to 35 years.

Option (3) – 30-Year Term for Construction Loan PW-06-692-032. No Deferral. No changes to pre-construction loan PWTF Loan # PW-04-691-PRE-127
This option extends the loan term from 20 to 30 years.

ISSUE
The Okanogan County (County) has requested the Public Works Board (PWB) for a relief or alteration to the repayment schedules for its two (2) Public Works Trust Fund loans: PWTF Loan # PW-04-691-PRE-127 and PWTF Loan # PW-06-692 - 032.

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

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

Date: May 21, 2012

To: Public Works Board

From: Steve Dunk, Infrastructure Finance Specialist

Subject: Spokane-Sundance Estates Water System 2011 DWSRF Consolidation Project

RECOMMENDATION:
Staff requests extending the deadline for City of Spokane to execute a 2011 Drinking Water State Revolving Fund (DWSRF) contract from June 30th to December 31, 2012.

BACKGROUND
For consolidation projects, DOH policy requires transfer of ownership to take place prior to executing a DWSRF loan contract. The Board approved, at their August 26, 2011 meeting, to impose pre-contract conditions for projects that will result in system consolidation and / or involved obtaining site control. Due to a misunderstanding among most clients about this requirement, many did not initiate this work until August, so their timeline was actually quite short, making the December 21st deadline unworkable. The Board approved extending the deadline to June 30th.

The Sundance Estates Water System Consolidation Project is moving forward, however, receiving a DWSRF contract is contingent upon the City entering into a consolidation agreement with Sundance Estates. The project will be administered through the City of Spokane Local Improvement District (LID) process as governed in Title 35 RCW to allow assessment to the property for repayment. The LID formation is currently under way which requires City Council action and public hearing. The initial requirements for the LID formation including the initial notification and engineering estimates are completed. The preliminary windshield assessments are being prepared in anticipation of scheduling the formation hearing. The LID formation approval by City Council occurs following the formation hearing and requisite public comment period. Hearing formation dates are subject to availability of the City of Spokane Hearing Examiner and the hearing date for the subject project is not yet known. The City anticipates the formation hearing to be processed within six weeks.

Preliminary engineering was completed during the water system assessment and was required to produce a realistic budgetary engineering estimate. Plans, Specifications and Engineering (PS&E) requirements for this project will be completed by City of Spokane Licensed Professional Engineers and staff and publicly bid through the City of Spokane in accordance with all applicable laws and regulations.

The City will continue to provide status updates as required which will include timelines of when hearings and City Council actions are scheduled and when engineering, bidding and construction benchmarks are reached.

DATE: May 18, 2012

TO: Public Works Board

FROM: Kristin Bettridge, DWSRF Program Manager, Department of Health
Myra Baldini, Fund Manager and Underwriter, Public Works Board

SUBJECT: The 2012 DWSRF Recommended Funding List

RECOMMENDATION:

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

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

Stan Finkelstein	None
Jerry Cummins	None
Tom Fitzsimmons	None
Kathryn Gardow PE	None
Ed Hildreth	None
Larry Guenther	None
Don Montfort	None
Doug Quinn	None
Darwin Smith	None
Steve Stuart	None
Larry Waters	None

2. **Review of Staff Recommendation.**
   Attachments 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-six (26) 2012 Drinking Water State Revolving Fund (DWSRF) loan application requests totaling **$84,200,861**. 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 105 applications requesting more than $218 million. DOH staff has reviewed all applications based on public health issues and supplemental subsidy designation.

DOH anticipates receiving $22,914,000 from the Environmental Protection Agency (EPA). The calculated 20 percent state match is $4,582,800. 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. Not more than 30 percent will provide a subsidy to consolidation and "disadvantaged" applicants (applicants with Affordability Index (AI) of more than 2%).

A number of recent developments have occurred since the 2012 Drinking Water State Revolving Fund (DWSRF) Preliminary Draft List was created. East Wenatchee Water District, Snohomish County PUD 1, and the City of Anacortes have withdrawn their loan applications.

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 2012 DWSRF loan contracts.

Table 2 - 2012 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

Date: May 21, 2012

To: Public Works Board

From: Energy Ad Hoc Committee

Subject: **Energy Efficiency Loan Criteria & Eligibility**
Board Action Needed

Background

The 2012 legislature approved $5,000,000 for the Public Works Board to administer an energy efficiency program. The language written in the law "Financing Energy/Water Efficiency" allows the Public Works Board wide discretion in how they choose to manage the fund.

After meeting with stakeholders and energy experts, Board staff and the Energy Ad Hoc Committee met to finalize the loan criteria and eligibility requirements. The Ad Hoc Committee provided an overall direction for the new program and approved the final draft criteria listed on the following pages.

Highlights of the new Energy Efficiency Loan program are:

Maximum Loan Amount	$1,000,000
Loan Term	Up to 20 years
Interest Rate	(0% or .5%) 1% or 1.5% 0-5yrs. 5-10yrs. 11-20yrs. depending on term
Construction	Three years to complete
Payment	Will begin one year after completion of construction
Timeframe	Application Cycle August – Mid-September 2012
Project Selection	October 2012
Projects to Contract	December 2012
No Legislative Approval Needed	Open Cycle

Recommendation

The Energy Ad Hoc Committee would like the Board to approve the Energy Efficiency Loan program and the eligibility/loan criteria, upon discussion and any revisions necessary. Board staff will then proceed with the workplan and timeline included below.

Date: May 21, 2012

To: Public Works Board

From: Terry Dale, Client Services Representative

Subject: 2013 Pre-Construction Loan Program

Background:

Initiated in 1996 by the Public Works Board (Board), the Pre-Construction Loan Program (PCLP) provides loans for pre-construction activities in order to prepare projects for future construction loan cycles. Eligible activities include, but are not limited to:

- pre-design
- final design
- feasibility studies
- purchase of land/right-of-way/easements
- permits
- bid documents

In the past, pre-construction loans were available year-round and approved by the Board at monthly meetings. Legislative approval was not required. The Board has statutory authority to allocate up to fifteen percent of the Board's biennial capital budget appropriation to pre-construction, emergency and planning loans.

The financial and administrative requirements for the PCLP are very similar to the construction loan program. Loans carried an initial term of six years with a one-year deferral and 5 years of repayment. If construction funding was secured by time the first principal payment was due, loan repayments could be extended by the Board for up to a 20 years.

From 1996 – 2009, PCLP loans used the basic construction application and were scored similarly. The process was not typically competitive as there was adequate funding for all of the applications submitted. A minimum score of 75 was required. If this score wasn't achieved, Client Service Representatives worked with the client to improve the application and often that application was resubmitted for the following board meeting.

Historically, the PCLP has had a $1 million limit per jurisdiction per biennium.

The following table shows PCLP funds awarded from 1996-2009:

1996	$	8,506,524.00
1997	$	5,334,684.00
1998	$	2,852,240.00
1999	$	3,446,860.00
2000	$	4,024,895.00
2001	$	14,789,632.00
2002	$	10,218,044.00
2003	$	12,366,000.00
2004	$	12,378,892.00
2005	$	22,730,003.00
2006	$	12,405,487.00
2007	$	11,036,815.00
2008	$	18,239,114.00
2009	$	4,840,601.00
Total Loans - open, complete, closed	**$**	**143,169,791.00**

Proposed Pre-Construction Loan Program for 2013

The Board received $3,000,000 in the 2012 Supplemental Capital Budget for the PCLP.

Basic Assumptions

- Simplicity in program delivery and process
- Short time frame for selecting projects and obligating funds
    - Application cycle open for one month (July 2012)
    - Contracts signed by October 2012
- Align to extent possible with current construction program
- Legislative approval not needed
- 2014 PWTF Construction Loan recipients are not eligible to apply
- Program could be substantially over-subscribed
- Projects will be reviewed for financial and managerial capacity, consistent with the 2014 Construction Loan Program

Staff Recommendation

Staff recommends that, to the extent feasible, the PCLP align with the 2014 Construction Program, to include:

- use of web portal for project submission; and,
- same process for review of threshold, financial and managerial capacity.

In addition, staff will rate and rank individual projects using the same process that was previously used for pre-construction and construction projects. Staff will present the ranked list* with balancing factors to the Board in September 2012.

*Staff expects that rating and ranking of projects will be required due to the small amount of funds available and the perception that there is a greater demand for than supply of funds.

Schedule

June	Obtain Board approval, prepare application process, test portal, launch program
July	Applications available.
August	Staff reviews applications, prepares recommendations for Board
September	Staff submit rated and ranked list to Board for final decisions
October	Prepare and execute contracts

The program will be available local governments for the following systems: Water, Wastewater, Solid Waste, Storm Water, Roads, Bridges.

Threshold (same as for 2014 construction application)

- Jurisdiction and project are eligible
- Project is for one of the Board's priorities
    - Health and Safety
    - Environmental
    - System Performance
    - Economic Development

- Jurisdiction is in compliance with Growth Management Act by application deadline
- Jurisdiction is sound financially, and has the managerial capacity to take on a loan and carry out the project as determined during Board staff review (risk assessment).

Ranking (applications to be categorized by these designations)

- Severe – systems in violation of regulations
- Moderate – systems currently in compliance but required to meet new standards
- Preventative – systems currently in compliance.

Readiness

- Applicant certifies that project will get permits approved
- Applicant certifies that project will complete engineering and design
- Applicant certifies that project will complete cultural and historic review
- Applicant certifies that project will start engineering and design
- Applicant certifies that project is in a current and adopted plan
- Applicant commits to construction funding by 2015.

Balancing Factors

Per RCW 43.155.070(4), the Board has a variety of factors to use when selecting projects for funding:

- Puget Sound Partner parameters, as applicable
- County unemployment rate
- Cost of the project in comparison to the size of the local government and the amount of loan money available
- Number of communities served by, or contributing to the project's funding
- Benefit of the project to the communities in context of the existing level of economic activity and local capacity to increase economic activity
- (# of users to be benefitted by the end product – construction)
- Other criteria that the Board considers advisable.

Options (give rationale for interest rate, maximum loan limit)

A: 1% for loan term (1% over 20 years is consistent with the 2014 Construction Loan Program).
B: 10 projects at approximately $300,000 per jurisdiction, allowing reduction for administrative costs.

Water System Acquisition and Rehabilitation Program (WSARP)

The Water System Acquisition and Rehabilitation Program (WSARP) was created in 2003 by the Legislature, at the request of Governor Locke. It was appropriated $4 million to assist municipal water systems in acquiring and rehabilitating water systems that have water quality problems or deteriorated infrastructure. The grant program was intended to maintain safe and reliable drinking water systems throughout the state.

The Washington Department of Health (DOH), the Public Works Board (Board), and the Department of Community, Trade and Economic Development (CTED) jointly administered the WSARP program, using the Drinking Water State Revolving Fund (DWSRF) loan program as a model.

The following are the program elements used in 2003:

Eligible Applicants:

Eligibility is confined to Local Governments that have a demonstrated track record of sound drinking water utility management:

- Own at least one Group "A" public water system
- Have a minimum of five years as a Group "A" water system
- Have an approved water system plan for the applicant system or be an approved satellite management agency
- Have had no state or federal civil penalties in the past five years
- Have received no unilateral enforcement orders from EPA or DOH in the past five years
- Have not had a system's operator license suspended or revoked in the past five years
- Are current with DOH fee payment schedule

Eligible Projects:

Municipal Group "A" water systems with projects that will acquire other Group "A" water systems that have water quality problems or deteriorated drinking water infrastructure may be eligible for WSARP grants.

Municipal Group "A" water systems include those owned by:

- City governments
- County governments
- Public Utility Districts
- Special Purpose Districts (such as school districts, port districts, water & sewer districts, fire districts)

Federal, state, privately-owned, and tribal-owned water systems are not eligible for WSARP assistance.

Examples of eligible projects:

- Acquire real property from a willing seller if it is an integral part of the capital construction project being funded;
- Address existing water system problems that may cause a drinking water system to exceed health standards;
- Prevent future violations of the SDWA or state rules;
- Replace aging infrastructure to maintain compliance or to further public health protection goals of the SDWA;
- Are categorized as treatment, transmission, distribution, source, or storage projects;
- Pre-acquisition feasibility study costs directly related to an eligible project;
- Planning and design costs directly related to an eligible project;
- Include installation of source meters;
- Include installation of service meters as part of a capital construction project;
- Include reservoirs (clear wells) that are part of the treatment process and are co-located with the treatment facility;
- Include distribution reservoirs (finished water);
- Include security measures that are directly related to the primary project;

Eligible Costs:

Eligible costs include:

- Pre-acquisition,
- Acquisition,
- Connection charges,

- Pre-construction, and
- Construction.

The percentage of grant allowed within these categories are as follows:

25% - acquisition / purchase costs;

75% - connection charges;

50% - pre-acquisition / pre-construction / construction costs

Projects must be designed to accommodate the acquired Group A system(s)' existing services and may be designed to accommodate existing lots of record within the acquired system(s)' existing service area.

Please note that projects that also have benefits to customers other than the acquired system(s)' customers may be sized based upon the 20-year projection included in the acquiring system's (applicant) water system plan. In these cases, the level of grant subsidy will be based upon the Group A acquired system(s)' proportional share of the new facilities.

What are <u>ineligible</u> projects and activities?

- Restructuring/consolidation projects that do not include capital construction;
- Point of use treatment devices for community systems and most noncommunity systems;
- Conservation projects that are not part of a larger, eligible project;
- Dams, or rehabilitation of dams;
- Raw water reservoirs;
- Water rights, except if the water rights are owned by a public water system that is being purchased through consolidation;
- Laboratory fees for monitoring;
- Operation and maintenance expenses (for example: reservoir cleaning, coating, painting);
- Projects needed mainly for fire protection;
- Projects primarily intended to serve future growth;
- Projects for Group B systems or individual water supply systems;
- Studies or assessments not part of a capital construction project;
- Retroactive financing for connection charges and construction costs.

DATE: May 21, 2012

TO: Public Works Board

FROM: Chris Gagnon, Infrastructure Financing Specialist, Public Works Board

SUBJECT: Update on 2012 Capital Budget – Direct Appropriation Projects

BACKGROUND

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

During the month of May, staff:

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

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

DATE: May 25, 2012

TO: Public Works Board

FROM: Cecilia Gardener, Policy and Program Development Manager

SUBJECT: 5-Year Deferral Policy - Revision

BACKGROUND:

In October 2008, the Board approved a 5-Year deferral policy as stated below:

CURRENT POLICY:
The intent of the five year deferment language is to provide local jurisdictions an opportunity to undertake completely new infrastructure systems such as water and wastewater treatment plants. Deferred loan repayment is to assist systems that otherwise would not be fiscally feasible if loan repayments were to start before the system could begin generating revenue.

The vast majority of jurisdictions cannot afford the repayment of loans and the enormous upfront expense of a brand new system without the revenues that are generated from hook-ups, connection charges and/or utility rates.

A "new system" can be defined as ***any system that delivers previously unavailable services to a new customer base that repays debt incurred with the revenues generated by the new system.*** It would **not** include the replacement, expansion, or rehabilitation of an existing system or a system that already has existing revenues for that service.

Eligibility Requirements:
1. Any system that delivers previously unavailable services to a new customer base that repays debt incurred with the revenues generated by the new system. It would not include the replacement, expansion, or rehabilitation of an existing system or a system that already has existing revenues for that service.
2. Only jurisdictions with Public Works Trust Fund loans awards are eligible
3. Jurisdiction must meet all the standard PWTF threshold requirements such as REET, GMA compliance, etc.
4. The final decision rests solely with the Board

Loan Terms:
1. No loan payment for first five years
2. Interest would accrue the first 5 years of the loan, in the 6th year; the client payment would consist of the accrued interest. Beginning the 7th year the client would begin both interest and principal payments.
3. Jurisdiction will have 20 years to repay the interest and 14 years to repay the principal after the five year loan deferment

PROPOSED POLICY:

Any "*new system*" is eligible for a five year loan payment deferral as defined below:

Eligibility Requirements:

1. "*New system*" - Any system that delivers previously unavailable services to a new customer base that repays debt incurred with the revenues generated by the new system. It would not include the replacement, expansion, or rehabilitation of an existing system or a system that already has existing revenues for that service.
2. Only Public Works Trust Fund (PWTF) Construction loans
3. Jurisdiction must meet all the standard PWTF threshold requirements such as REET, GMA compliance, etc.

Loan Terms:

1. Five years will be added to the term of the loan (example: 20 year loan will increase to 25 years, 30 year loan will increase to a 35 years)
2. No loan (principle or interest) payment for first five years
3. Interest on amount drawn would accrue the first 5 years of the loan
4. In the 6th year, the first payment would consist of the accrued interest
5. Beginning the 7th year the client would begin both interest and principal payments.
6. Jurisdiction will have up to a maximum of 30 years to repay the interest and up to a maximum of 29 years to repay the principal after the five year loan deferment

STAFF RECOMMENDATION:

Staff recommends removing the fourth eligibility requirement of current policy (The final decision rests solely on the Board) and allowing the deferment based on the eligibility and loan terms described above upon client request.

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

PUBLIC WORKS BOARD MEETING NOTES
July 13, 2012

Department of Commerce (Olympia, WA)

Board Members Present:	Board Members Absent:	Staff Members:
Frank Abart Jerry Cummins Stan Finkelstein - Chair Tom Fitzsimmons Kathryn Gardow Ed Hildreth Don Montfort Doug Quinn Darwin Smith Steve Stuart Larry Waters		Janea Eddy Ann Campbell Dawn Eychaner John LaRocque Cecilia Gardener Myra Baldini Chris Gagnon Steve Dunk Matt Ojennus Jennifer Motteler Cindy Chavez Jeff Hinckle Lynn Kohn Isaac Huang

Guests Present:

- **Eric Baker,**
  Kitsap County
- **John Brand,**
  Kitsap County
- **John Kounts,**
  WPUDA
- **Karen Larkin,**
  Department of Commerce
- **Bruce Lund,**
  Department of Commerce
- **Steve Lindstrom,**
  Sno-King Water District Coalition
- **Jeff Nejedley,**
  Department of Ecology
- **Cathi Read,**
  Department of Commerce
- **Barbra Zerr,**
  Kitsap County

ADMINISTRATION

a) Call to order: Stan Finkelstein called the meeting to order at 8:34 am.
b) Approve the Agenda: Ed Hildreth moved to approve the agenda. Tom Fitzsimmons seconded. **ACTION: Motion Approved (10-0)** (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Montfort, Quinn, Smith, Stuart, Waters)
c) June 1 Meeting Minutes: Kathryn moved to remove the minutes from the agenda, to have staff revise them so they are a standalone document. Jerry Cummins seconded. **ACTION: Motion Approved (10-0)** (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Montfort, Quinn, Smith, Stuart, Waters)
d) August 17 meeting: John LaRocque explained that the August 3 meeting will set the stage for what is expected from the Board and staff regarding the 2014 loan list. August 17 meeting will be needed to have the loan list approved. Kathryn Gardow moved to approve the second August meeting. Jerry Cummins seconded. **ACTION: Motion Approved (10-0)** (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Montfort, Quinn, Smith, Stuart, Waters)
e) PWB Executive Director Hiring Process: John LaRocque reviewed the process for the hiring a new Executive Director for the Public Works Board. There is processed sketched out in the MOU, the Board and Agency will recruit an applicant together and the agency will hire the applicant. The new Governor and future change, may make a difference. In the past a head hunter has been hired, but the Exec Committee should work with Karen Larkin to put together a hiring process. Also, Don Montfort and Kathryn Gardow will be leaving in June 2013; the Board should tap into their history with the Board in the hiring process.
f) Membership Update: John LaRocque updated the Board regarding the member status of the Board. Kim Tanaka has applications for the 3 open positions. At this time we have had no response from her or her office on the status of Board member appointments.

CONTRACTING

a) Consent Agenda: Kathryn Gardow asked that the Hoh Indian Tribe off of the consent agenda. Ed Hildreth recused himself from the consent agenda, due to being a rate payer to Thurston County PUD #1. Tom Fitzsimmons moved to approve the consent agenda. Steve Stuart seconded. **ACTION: Motion Approved (9-0)** (Abart, Cummins, Fitzsimmons, Gardow, Montfort, Quinn, Smith, Stuart, Waters)
   - Kathryn Gardow asked when the Hoh Tribe Indian project was approved.
     Bruce Lund answered that the Hoh Tribe Indian was approved in 2009-2011 biennium.

Steve Stuart moved to approve the Hoh Indian Tribe. Kathryn Gardow seconded. **ACTION: Motion Approved (10-0)** (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Montfort, Quinn, Smith, Stuart, Waters)

FINANCING OPPORTUNITIES

Ann presented an updated 2014 Application list on attachment 1. The list showed who applied, how the list has changed and who is out of the funding pool and why. Ann Campbell mentioned that many applicants were not incompliance with GMA; however they had received letters from Health and Ecology noting that they were projects that were emergent and necessary.

Applicants have been in discussion with staff regarding their debt service amounts for the project. Some have lowered their amount that they are asking for and some are looking at withdrawing and possibly applying in a later cycle.

Ann Campbell reviewed the application timeline, 335 applications were received, 159 applicants and the breakdown of the kind of jurisdictions that applied and that the average application $3.08 million. The vetting process, removed ineligible applicants, removal of withdrawn projects, removal of ineligible projects, removal of non-conformant of GMA application. The financial, project and managerial reviews are still happening. The goal is to reach a loan list of no more $677 million.

- Don Montfort commented that staff had said that they are still in the process in narrowing the amount of applications. Don Montfort asked what is the process.
  Ann Campbell answered that the financial review has to happen for every applicant. Some applicants are surprised at how much the debt service amount would be. The managerial review is happening as well, this has showed that some projects aren't ready to go to construction anytime soon. There is also the project review, where staff is working with Health and Ecology.
- Stan Finkelstein asked if there was any duplication on the Health, Ecology and PWTF lists.
  Ann Campbell answered that there is one that is under contract with Ecology for the same project and that they are requesting funds from the PWTF. Also there are some projects that have declined Health's loan and come to PWTF. There isn't a Board policy or law against this happening.
- John Kountz asked what drove the higher number of applications.
  John LaRocque answered a combination of things, pent up project demand, the fact that the PWTF is really back in business and the ease of the application. Ecology stated that they haven't had as many applications as they had in the past. Health had more than double of what they expected. The price of money is right. It is the combination of all those factors.
- Jerry Cummins commented that the regulatory requirements are forcing jurisdictions to go forward with projects.
- John LaRocque stated that Myra Baldini had handed out a document that has the 2013-15 available resources for PWTF.
- Myra Baldini mentioned that since May 4, staff had found an additional $5 million. This is only the first year of the biennium. So that projects $30 million versus $12 million. Staff has looked at the draws; jurisdictions are drawing more money, so in 2013-15 we will be receiving more repayments. Adjustments have been made 110% ACLM will not put the cash in the red, staff is still being conservative. Myra Baldini has put some cushions in the model, every billing cycle clients are doing repayments of an average of $2-3 million, but that is not in this data.
- John LaRocque stated that staff is not looking for an action today. Staff is looking at not financing some activities. If the Board did not finance the $5 million for contingent loan that would put $25m into the loan list. Also, staff is looking at not financing WSARP, but would like to still keep the funding for CERB. Ann Campbell is looking at how to get the amount of the loan list down, as Myra Baldini is looking at how to get the amount to loan out, up. Staff will be looking at doing higher level loan negotiations. The fewer decisions that have to exclude projects the better. Staff is trying to get to yes for everyone who is eligible and has a quality project.
- Jerry Cummins stated that he really appreciates thinking outside of the box and working this process to meet the needs. Jerry Cummins asked with staff working with dual programs for the applicant, has the administration costs been taken into consideration.
  John LaRocque stated that there isn't a system to manage both programs easily. They will have 2 contracts. Staff will be looking at sophisticated jurisdictions that have had contracts from both programs before.
- Kathryn Gardow commented that the Board has been pushing the needs assessment, working with the Treasurer's office regarding contingent loans and WSARP. Kathryn Gardow asked if there was some political implications if we don't move forward.
  John LaRocque answered that Stan Finkelstein has been in conversation with the Treasurer's Office and it would be okay if we didn't fund the contingent loans. WSARP may be done in the second

year. The needs assessment may be able to be done at a lower cost and be automated; the $2 million is what we paid 10 years ago.

- Kathryn Gardow asked that at the August meeting to be shown the risk of funding a $677 million loan list, she wants to make sure that the house of cards doesn't come down.
  John LaRocque stated that this will be a living list; the changes can be made on a daily basis. The Legislature will be given the list, including the projects that are out of GMA compliance. If the PWB policy bill gets approved those projects may have 10+ months to become compliant. The listing that will be proposed will be by the date the projects are ready to go construction.
- Kathryn Gardow asked how the blending of the funds will affect the PWTF.
  John LaRocque commented that Ecology won't know their application pool until November. Ecology is considering our applications as pre-applications. Staff will be marketing Ecology programs and USDA program. Staff doesn't want them to have money on the table to send back to DC. Health isn't involved because there cycle won't start until the end of the session.
- Darwin Smith commented that in the late 80's they had "creative financing", trying to blend the funding sources and getting best packages for the client.
- Tom Fitzsimmons commented that Stan Finkelstein had stated that the list was almost down to the $677, but he assumed that the list was closer to $900+ million with the gray boxes.
  John LaRocque mentioned that the numbers are changing every day, but the list is closer to $900+ million. The numbers that will be brought to the August 3rd meeting will be a lot firmer.
- Tom Fitzsimmons stated that the goal is $677 million and the Board approved $500 million at the retreat. Staff has brought the Board a package on how to increase the funding for projects by reducing funding for other programs. Tom Fitzsimmons asked staff to bring the tools forward that can be used if the Board stays at $500 m, let the Board have choices to work with.
  John LaRocque answered that it is a target of $677 million this could minimize or eliminate a second loan list in the biennium. The goal for staff is to get under $677 million, closer to $500 million, however staff is trying to get all the good projects and applications funded. This is why staff is working with Ecology and USDA prior to going the Legislature. Staff is trying to balance this and not have extra money for the Legislature to reallocate to places such as DSHS and the like. Staff will be bringing options to the August 3 meeting.
- Tom Fitzsimmons stated that he thought the Board had set a funding level, though staff is trying to fund everybody. It looks like the Board will have to say no, he would like some logic and plans around why and how we say no.
  John LaRocque agreed. This is why staff is looking at blending sources, list projects by construction start date. The Board can give us other criteria at the August 3 meeting.
- Steve Stuart mentioned that in the past the Board had criteria and the cut line to deny projects, once staff whittled down the list. He assumed that there will be scoring criteria and cut lines.
  John LaRocque stated staff didn't collect that data this time around, so staff would need different criteria to do that. It is staff's goal to not have to say no, if the Board wants to go the other route of criteria of how to say no. The information that was collected in the past had lost its meaning at the Board level and the Legislative level. For example one applicant came forward because they had been denied since their application wasn't signed. The Board decided to accept their application. The Legislature last year didn't except the priority list of the PWB, they alphabetized the list and went forward with.
- Don Montfort stated that he hopes that the Board can understand that it is a changing world and that the Board directed staff to take a different direction. He appreciates knowing what the view is and it is foggy, the Board needs to conform to the needs of the Board, the applicant and it is a huge amount of money. Don Montfort asked John LaRocque about a statement he made, that the Board cannot lose the Federal money, where did that mandate come from.

John LaRocque answered that it isn't a mandate, it is desirability. USDA in the past because of the PWTF loan list gave back $8 million to the Feds. They had to prove the need the next year to get that money back.

- Don Montfort stated that he was not sure that the blending won't have a negative effect on the PWTF. It is desirable to blend the packages, but at what cost? He is concerned about dropping WSARP, it is a good program. The Board is mandated to work with Commerce, Health to administer the grant program, this needs to be a part of the Board's plan.
- Stan Finkelstein commented that at the PWB retreat, the Board asked to increase training and outreach. Stan Finkelstein asked does the budget take in account an increase in admin.
  John LaRocque answered yes, not just staffing but the upgrade to the computer system and update of the website.
- Stan Finkelstein stated that the Board used to have a $12 million limit, now we are at $15 million. Stan Finkelstein asked if the Board could drop it down to $12 million, then the Board would be the heavy and not staff.
  John LaRocque answered we could bring that forward, staff could look at if the Board dropped the funding limit staff will need to look at if it keeps the project vital. Staff can bring that forward to the August 3 meeting. Some of these jurisdictions it could be more than 1 project that got them to the $15 million limit, so maybe they could drop one of the projects.

Break 10:15 – 10:30

- Don Montfort asked for a consensus of the Board if they were willing to go higher than the $500 million for the 2014 loan list.
  The Board was in consensus.
- John LaRocque asked for authorization to reduce interest rates and/or increase repayment periods to jurisdictions that are willing to use at least 50% Federal financing for their 2014 projects.
  Kathryn Gardow stated that the Board typically has a minimum rate, .25%...she didn't want a 0%.
- Steve Stuart asked the in regards to leveraging of Federal Funds, is that loans or all funds.
  John LaRocque stated that they are looking to maximize the Federal loan funds, but they sometimes come with subsidize.

Darwin Smith moved to approve staff recommendation to reduce interest rates and/or increase repayment periods to jurisdictions that are willing to use at least 50 percent federal financing for their 2014 projects (within the context of current policies), with a full report of negotiations. Larry Waters seconded. **ACTION: Motion Approved (10-0)** (Abart, Cummins, Fitzsimmons, Gardow, Hildreth, Montfort, Quinn, Smith, Stuart, Waters)

Kitsap County

Eric Baker, from Kitsap County, spoke to the Board regarding the non-compliance of GMA of Kitsap County. Their comprehension plan is only partially non-compliance. The land-use element is out of compliance, the other 19 elements are in compliance. The County has a hearing on August 31st and is hoping to have this taken care of by October 2012. The County is requesting an exception to the rule of non-compliance, being that they are only partially non-compliant and this is not in a part that would affect the PWB projects.

- Ed Hildreth asked where they were in the projects, if the Board did not approve their request what would happen.
  Eric Baker answered that they were moving forward to construction in 2014. The cost will impact the rate payers. It is necessary to move forward, the capital needs are still valid.
- Stan Finkelstein asked how much was requested from PWB.

Ann Campbell answered a combined amount of $42 million.

- Steve Stuart asked if the policy bill passed that has the compliance at the time of contract not application, how would the Board deal with these kinds of projects.
  John LaRocque answered we have to disqualify them this year, since that is the policy that the Board has. Staff has asked Legislative staff how they would feel if they received a list with projects on a second list, if the policy changed and the Board had additional money. Staff has not received a response back.
- Leonard Bauer commented that they have been working very closely with Kitsap County and they are hoping the next steps are successful for them. Unfortunately, the way the policy is currently written there isn't any room for an adjustment. Leonard Bauer believes that the compliance at time of contract is a stronger incentive for the jurisdiction to become compliance verses at the time at application.
- Steve Stuart stated that they could get into the policy discussion once they are at that point in the agenda. Steve Stuart stated that he would like to see Kitsap and the other GMA non-compliant projects moved to a second list, so that the Legislature could see what kinds of projects could get funded if the policy bill was approved.
- John LaRocque stated the list of non-compliant GMA projects will be brought forward to the August 17 meeting.

POLICY ADJUSTMENT

John LaRocque stated that it might be more practical to talk about the updated policy bill on the August 3rd meeting.

The Board agreed to table the policy bill discussion until the August 3 meeting.

GMA UPDATE

Steve Stuart talked about the meeting that staff, Stan Finkelstein, Darwin Smith, and Steve Stuart had with Karen Larkin, Leonard Bauer and Dave Anderson. He spoke to the confusion regarding what rcw 36.70A.040 applies to, this speaks to who must plan…but this one line encapsulates the whole act…

Three options:

1. Path of least resistance, go the path of Ecology. Let the WAC do the interpretation. If you are out of compliance, you are not eligible.
2. Modification to provide clarity. Take out the rcw 36.70A.040, you must be in compliance with 36.70A. The WAC is not needed for interpretation.
3. The other end of the spectrum. Have it only apply to capital facility plan/comprehensive plan. This way they don't get held up on items that are not affected by PWB projects.

Steve Stuart commented that it had been talked about being in compliance at the time of contract. There is the reverse side of it, that the jurisdiction is in compliance at the time of application…then they are appealed and not in compliance at the time of contract.

- Kathryn Gardow asked if the Board deleted .040, how does the effect Ecology.
  Steve Stuart stated that it is more clarity; it shouldn't have any effect on Ecology.
- Karen Larkin commented that if the policy bill does change, in the future the Board may have the issue that if the Board has projects that are non-compliant, the money is allocated and it will sit there until the contract is signed.

Jeff Nejedly stated with Ecology that there is generally 7-12 months to get into compliant. Once the next list is published, then the applicant has missed out on a chance to contract if they aren't in compliance.

Steve Lindstrom with Sno-King Water District gave a brief presentation on a couple typos of the policy bill.

DECISION SYSTEM FOR NON-TRADITIONAL

John LaRocque presented the decision system for non-traditional on attachment 2.

- Steve Stuart commented that the handout is pretty close to what he was looking for. Though this shows that non-traditional jurisdictions are treated the same as traditional jurisdiction. The legislature says traditional jurisdictions go first and then the non-traditional go in. Ports can only get in if everything else has been met, if there is anything left over.
  John LaRocque said that staff would re-draft the handout.
- Kathryn Gardow asked where the pressure to serve the Ports was coming from or is the Board just trying to be good guys.
  John LaRocque answered that it was in the modernization collaboration, basically being good guys.

10 YEAR ACTION PLAN

John LaRocque asked the Board for direction to go forward with a 10-year action plan for the Board and for volunteers to work on it.

- Stan asked for a general consensus from the Board to go this direction.
  The Board was in consensus
- Ed Hildreth asked what kind of timeline staff was looking at.
  John LaRocque answered November-December.

PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES

Technical Assistance Update

Lynn Kohn presented the TA academy on attachment 3.

John LaRocque commented that the idea is to look at funding all levels and the confliction between jurisdictions, bring them together and talk about how intertwined they are. Have Stan Finkelstein (current chair), Glenn Olson, CFO for King County (past chair), Dennis Heshion, Bond Attorney (past chair) come and talk about need and the PWB, also reach out to other agencies as it is needed. Hone in on 4 or 5 topics, take this on as a regional issue. This is new way to conduct TA for jurisdictions; there is something great to tap into for the Board members.

- Stan Finkelstein stated this brings to the forefront the need for TA. This seems to be a bottom-up assessment of need; the Board needs to address behavioral changes. Stan Finkelstein asked how the jurisdiction can increase their managerial skills. Staff needs input from all the Board members and others. Maybe address structural changes and managerial efficiencies.
- Ed Hildreth stated that elected officials need to be brought up to speed. Maybe have two tracks one for staff and elected officials.

- Don Montfort commented that the associations should be brought into help get these communities involved, they could be tapped for help - maybe outreach, scheduling and such, get them to co-sponsor.
- Doug Quinn asked if this would be focused for the Trust Fund or is it like a mini IACC.
- Chris Gagnon answered this would be more broad than IACC. Schools and such would be invited; staff wants to hear all of the issues.
- Steve Stuart stated that he would like to know what the desired outcomes of the morning and afternoon sessions are.

DWSRF Low Risk Update

Chris Gagnon gave an update to the Board about the DWSRF low-risk applications. Staff is on track for the low-risk contracts. All but 1 low-risk contract has been issued; that one will go out first of next week. Department of Health and Myra Baldini are working on second batch of applications. The recommendations for those applications will be brought forward to the August 3rd meeting.

- Ed Hildreth asked regarding the second batch of applications, are they being pushed to get to yes. Chris Gagnon answered it is all laid out for them the conditions, timelines and requirements. Myra stated staff tries to encourage them to scale down their scope or to withdraw, if staff cannot recommend them to the board.

2013 PWTF Loan List

Cecilia Gardener presented the 2013 Loan list handout. Contracts should be issued by the first of August.

Direct Appropriations

Chris Gagnon gave an update on the direct appropriation on attachment 4. There are 41 projects total and staff is working on getting those projects to contract.

- John LaRocque stated that the Legislature finds PWB as an efficient arm to get some different programs and projects out the door. In lean times that was great, now that we are this busy it is a little more difficult, however we take this seriously and keep the bar high.

Adjourned at 12:55pm

Date: July 12, 2012

To: Public Works Board

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

Subject: 2014 Construction Loan Applicant Selection

Overview:

The attached DRAFT table framework is what staff is proposing for the Board's review of the 2014 Construction Loan Applications. It contains the following information:

- Applicant name
- Project title
- Loan request
- Proposed interest rate
- Total project cost
- CUMULATIVE LOAN AMOUNT (this is the running total of all funding requests)
- Applicant County
- Client type
- Project type
- East/West applicant location
- Priority of project per applicant's funding request submission (High, Low, Medium)
- Whether or not the project is in the applicant's Capital Facilities Plan (CFP), or equivalent (Board policy requires that the project be in the CFP at contract execution)
- Applicant's identified construction start date
- Project review results
- Managerial review results
- Financial review results

The list will be divided into two groups:

1. Applicants with no special terms or conditions to be considered
2. Applicants who have special terms or conditions to be considered

Next Steps:

1. Identify any changes to the above framework.
2. Recusals:
   WAC 399-50 requires Board members to recuse themselves from voting on a project's loan request if they have an interest in a project.

   Because the 2014 Construction Loan applicant list is 302 projects (403% increase from 2013; 261% increase from 2012), staff respectfully asks for Board members to do the following between now and August 3, 2012:

   - Review the list of projects (An excel spreadsheet list of projects is available upon request)
   - Notify Ann Campbell of any project(s) from which the Board member may need to recuse themselves: ann.campbell@commere.wa.gov

Staff will verify the recusal status of each Board member at the August 17, 2012 meeting.

The Board will then vote on the Construction List as a whole.

Summary of All Applications Received			
Project Type	**# of Apps**	**Funds Requested**	**Total Project Costs**
Domestic Water	128	$325,825,423	$747,722,318
Sanitary Sewer	97	$402,736,590	$970,404,719
Roads/Streets/Bridges	74	$241,442,730	$427,005,275
Storm Water	30	$56,119,658	$74,901,254
Solid Waste/Recycling	5	$5,551,000	$6,301,000
Undeclared	1	$300,000	$300,000
TOTALS	335	$1,031,975,401	$2,226,634,566
Client Type	**# of Apps**	**Funds Requested**	**Total Project Costs**
Cities/Towns	199	$571,995,146	$1,060,373,695
Counties	30	$222,323,609	$666,362,294
Water/Sewer Districts	42	$120,427,830	$367,381,600
Water Districts	25	$55,201,370	$57,690,601
Sewer Districts	9	$13,555,000	$15,055,000
Public Utility Districts	24	$23,552,326	$25,672,326
Flood/Public Development Authority/Quasi-Municipal	3	$21,410,800	$30,389,730
Ineligible Applicant(s)*	3	$3,509,320	$3,709,320
TOTALS	335	$1,031,975,401	$2,226,634,566

Applications Eligible for Funding		
Project Type	**# of Apps**	**Funds Requested**
Domestic Water	120	$317,448,103
Sanitary Sewer	86	$328,151,240
Roads/Streets/Bridges	64	$200,811,730
Storm Water	27	$48,827,658
Solid Waste/Recycling	5	$5,551,000
TOTALS	302*	$900,789,731
Client Type	**# of Apps**	**Funds Requested**
Cities/Towns	184	$553,873,396
Counties	19	$136,942,609
Water/Sewer Districts	41	$105,427,830
Water Districts	23	$52,027,770
Sewer Districts	8	$7,555,000
Public Utility Districts	24	$23,552,326
Flood/Public Development Authority/Quasi-Municipal	3	$21,410,800
TOTALS	302	$900,789,731

Applications no longer under consideration:

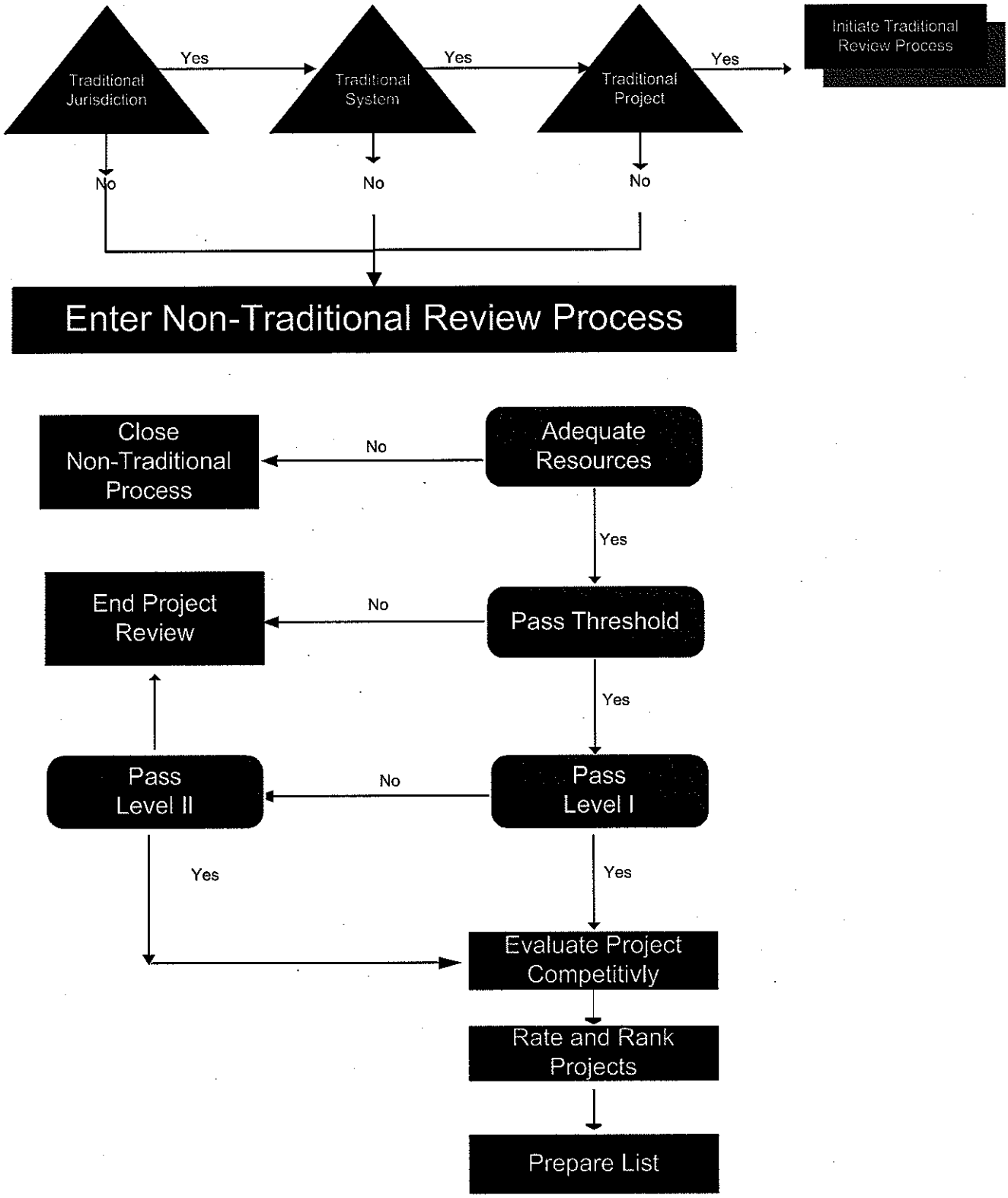
Applicant		Loan Request	System Type	Reason for Exclusion
Belfair Water District 1	Water Distribution System Improvements	$1,000,000	Water	Withdrawn
Centralia	LID - Special Benefit District Rd Improvement Loans	$3,000,000	Rd/St/Bridge	No Construction
Delta Water Association	Benson/Depot Water Main Improvement and Tank Site Repair	$509,320	Water	Ineligible Client
Freeland Water and Sewer District	Freeland Sewer System	$15,000,000	Sewer	Withdrawn
Grandview	Wastewater Pumping Facility Improvements	$1,968,000	Sewer	GMA
Kitsap County	Central Kitsap Treatment Plant Reclamation and Reuse	$29,500,000	Sewer	GMA
Kitsap County	Bucklin Hill Rd. Estuary Enhancement & Bridge Construction Project	$13,000,000	Rd/St/Bridge	GMA
Kittitas County	Storm Water Infiltration System	$250,000	Storm Water	GMA
Lynden	Street Shop Acquisition	$2,000,000	Rd/St/Bridge	No Construction
Moxee	Charron Well & Transmission Main Project	$811,000	Water	GMA
Pierce County	Sewer & Traffic Operations Center	$15,000,000	Sewer	No Construction
Port Orchard	Tremont Avenue SR16 to Port Orchard Blvd	$2,000,000	Rd/St/Bridge	Withdrawn
Roosevelt Water Association	Roosevelt Water Association Tank 2	$2,000,000	Water	Ineligible Client
Roosevelt Water Association	Roosevelt Pump Station 2	$1,000,000	Water	Ineligible Client
Selah	2014 Water System Improvements	$1,307,000	Water	GMA
Snohomish County	52nd Ave W (Lynnwood City limits to 148th St SW)	$7,646,000	Rd/St/Bridge	GMA
Snohomish County	Bridge 603 (Trout Creek) Replacement	$1,270,000	Rd/St/Bridge	GMA
Snohomish County	North Road Corridor Improvements: SR 524 to 164th Street SW	$6,450,000	Rd/St/Bridge	GMA
Snohomish County	Bridge 311 (Portage Creek) Replacement	$1,755,000	Rd/St/Bridge	GMA
Snohomish County	Bridge 604 (Giles Road) Replacement	$1,755,000	Rd/St/Bridge	GMA
Snohomish County	Bridge 565 (Everett Creek) Replacement	$1,755,000	Rd/St/Bridge	GMA
Snohomish County	Smith Island Setback Levee	$7,000,000	Storm	GMA
Snoqualmie	Water Reclamation Standby Generator	$1,345,000	Sewer	GMA
Snoqualmie	Water Reclamation Facility Ultraviolet Disinfection System Upgrades	$1,114,000	Sewer	GMA
Snoqualmie	Sewage Lift Station 2 Upgrades	$858,750	Sewer	GMA
Snoqualmie	Water Facility Generators	$1,434,000	Sewer	GMA

Applicant		Loan Request	System Type	Reason for Exclusion
Southwest Suburban Sewer District	New Administration and Sewer Department Facility	$6,000,000	Sewer	No Construction
SunLand Water District	Water Reclamation Facility Improvements	$2,173,600	Sewer	No Construction
Twisp	Wastewater Operation Facility	$192,000	Sewer	Withdrawn
Union Gap	2014 Water Meter Improvements	$750,000	Water	GMA
Winthrop	New Town Shop	$300,000	Unknown	No Construction
Woodland	Ranney Well Improvements	$1,000,000	Water	Withdrawn
Yarrow Point	CIP 1, 2, and 4 Design and Engineering	$42,000	Storm	No Construction

Total amount of ineligible Projects: $131,185,670

Process to Review Public Works Trust Fund Construction Projects Traditional and Non-Traditional

Tuesday, July 10, 2012



Attachment 2

DATE: June 25, 2012

TO: Public Works Board

FROM: Chris Gagnon & Lynn Kohn
Infrastructure Financing Specialists

SUBJECT: Training, Technical Assistance and Academy Update

BACKGROUND:

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

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

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

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

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

DATE: June 27, 2012

TO: Public Works Board

FROM: Chris Gagnon, Infrastructure Financing Specialist

SUBJECT: Update on 2012 Capital Budget – Direct Appropriation Projects

BACKGROUND

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

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

Activities completed by staff during the month of May include:

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

Activities completed by staff during the month of June include:

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

Next steps:

- Issue contracts

2012 CAPITAL BUDGET - DIRECT APPROPRIATION PROJECTS - JULY 2012

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

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

PUBLIC WORKS BOARD MEETING NOTES
August 3, 2012

Department of Commerce (Olympia, WA)

Board Members Present:	Board Members Absent:	Staff Members:
Stan Finkelstein - Chair Frank Abart Jerry Cummins Kathryn Gardow Tom Fitzsimmons Ed Hildreth Scott Hutsell Don Montfort Mark "Bubba" Scott	JC Baldwin Darwin Smith Steve Stuart Larry Waters	Myra Baldini Ann Campbell Cindy Chavez Terry Dale Steve Dunk Janea Eddy Dawn Eychaner Christina Gagnon Cecilia Gardener Isaac Huang John LaRocque Matt Ojennus

Guests Present:

- **Denise Clifford,**
  Department of Health
- **John Kounts,**
  WPUDA
- **Karen Klocke,**
  Department of Health
- **Bruce Lund,**
  Department of Commerce
- **Chris McChord,**
  Department of Health

WELCOME AND INTRODUCTIONS

a) Call to order: Stan Finkelstein called the meeting to order at 8:35 am
b) Membership update: PWB had three new members appointed. At-Large Representative: JC Baldwin, PUD Representative: Mark "Bubba" Scott, County Representative: Scott Hutsell.

HIGHLIGHT MEETING PACKET

Janea Eddy went through the handouts, listed below.

a. Update on 2014 Construction Loan Requests
b. Update on 2014 Construction Loan Resources
c. Proposed Action plan to Close the Gap Between Requests/Resources
d. Updated 2012 DWSRF recommended loan list batch 2
e. 2012 DWSRF low risk modifications
f. 10-Year Action Plan

ADMINISTRATION

a) Approve the agenda: Jerry Cummins moved to approve the agenda. Ed Hildreth seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)
b) Update from the Chair: Stan Finkelstein met with Rogers Weed, Department of Commerce on July 31. The indirect rate was discussed. It is not Rogers Weed's intent to pursue any changes in the indirect fee. He indicated that there will be a modest rebate to the programs. They also discussed the recruitment of the PWB Executive Director. Rogers Weed will start a joint recruitment between the Department of Commerce and the Public Works Board. The Board recognized Doug Quinn for all of his work and contribution to the Board.
c) Update from the Department of Commerce: Karen Larkin gave an update from the Department of Commerce. The rebate to the programs agency wide from the indirect is about $500,000. The agency is moving towards SharePoint for the Commerce Website, the agency believes that there are some components on the PWB website that can be brought over to Commerce's website. Karen Larkin stated that the Board has $250,000 in the budget package to help upgrade the CMS system with SharePoint.
    - Don Montfort shared his concern about the Board paying to eliminate PWEB which works for staff and the Board. Don Montfort asked if the Board agreed to that, is the Board folding into the Commerce website and is the Board paying for that.
      Karen Larkin answered that she understood that the Board wants to maintain its identity on the internet; clients/applicants won't have to go through commerce to get to www.pwb.wa.gov. The Board has not committed to this; staff will bring something forward to the August 17 meeting. This is a way for the Board to leverage off the indirect already being paid, to get a better functionality. The Board has talked about updating or replacing PWEB.
    - Kathryn Gardow commented that the Board needed to look at these issues; she thought there would be more interaction with the Board on the website update.
      Karen Larkin answered that this just came up last week; she will be getting information to the Board over the next couple of weeks.
d) Update from the Department of Health: Denise Clifford gave an update from the Department of Health. She mentioned that Kristin Bettridge had taken another position within the Department of Health. Chris McChord has agreed to fill Kristin Bettridge's position on an interim bases.

REVIEW AND APPROVE AMENDEMENTS

a) Public Works Trust Fund: Bruce Lund gave an overview of the following amendments:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
PWTF Construction	**Regional Board Of Mayors**	PC08-951-035	Delano Landfill Cell 1 Closure	$856,900	$471,295	8/18/12	**8/18/12**	**2/18/13**
Reason for Extension Request: As part of the landscaping, the grass was seeded last fall and needs weed management before the contract can be signed off. The final monitoring system components need to be installed prior to close out of the contract. Project is 95% complete								
PWTF Construction	**City of Lake Stevens**	PW-06-962-020	Sunnyside WWTF	$7,000,000	$350,000	5/3/10	**6/30/12**	**12/30/12**
Reason for Extension Request: Operational issues discovered upon startup and need to be resolved before contract can be closed. Project 99 % complete.								
PWTF Construction	**Lake Stevens Sewer Dist**	PW-07-962-013	Sunnyside WWTF	$7,000,000	$350,000	4/24/11	**4/24/12**	**10/24/12**
Reason for Extension Request: Operational issues discovered upon startup and need to be resolved before contract can be closed. Project 99 % complete.								

Kathryn Gardow moved to approve the staff recommendations on the above amendments. Ed Hildreth seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

b) Drinking Water State Revolving Fund: John LaRocque presented the Everett Loan Waiver. Staff recommends that the Board waive the loan fee of $10,558.19. The Department of Health agrees with this action. The purpose of this request is to rescind all obligations and provisions contained in the Loan Agreement Number DM11-952-011. Don Montfort moved to approve the staff recommendation. Jerry Cummins seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

UPDATE ON PROGRAMS AND POLICIES

a) **Proposed Draft of 43.155 RCW:** Dawn Eychaner gave an overview of the draft policy bill 43.155RCW. Dawn Eychaner reviewed the memo on attachment 1. The Executive Committee and Staff recommend that the Board adopt the draft policy bill and approve its submission to the Governor for consideration during the 2013 legislative session.

- Kathryn asked if the Board should have in the statute that they will be rated and ranked. John LaRocque answered staff would recommend not to put that in statute, otherwise the only way to change it would be to do a statutory change. This way the Board is not tying their hands.
- Tom Fitzsimmons commented that staff has done an overall great job and he supports it. The way it is drafted, there is a lot of removal of language and re-insertion of language. This makes it hard to track, lots of places where the Board states shall and may. He suggested that it may

need to be tightened in the way it is written. Maybe a summary of the bill that follows it through the legislative process. So once it is redrafted into a bill, it will be more succinct.

- Frank Abart asked about GMA compliance needing to be at the contract execution not at application, is that in line with Ecology.
  Dawn Eychaner answered yes.
  Stan Finkelstein stated that it gives staff and the Board a little more flexibility; we don't know why they are out of compliance. If they can't get in compliance within the time before contract execution, then they won't go to contract.
  Cecilia Gardener stated that in Ecology's history they haven't had any contracts not get executed because of GMA compliance, they have all come through.
  Karen Larkin mentioned that the narrowing of the GMA language should be ran past the environmental groups, to get their support.
  Don Montfort stated this could be controversial and this should be discussed with the needed groups, but it has to be stated that the Board doesn't want infrastructure dollars held up due to issues that have nothing to do with the projects at hand.

Tom Fitzsimmons moved to approve the staff recommendation to adopt the draft policy bill and approve its submission to the Governor for consideration during the 2013 legislative session, with the possible revision to be clear on addition and deletion so that there is no ambiguity. Frank Abart seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

b) **2014 Construction Loan Requests:** Ann Campbell walked through attachment 2, the 2014 Construction Loan Request. Ann Campbell stated that there had been a change in the demand, current demand $774 million from 297 applicants.

- Stan Finkelstein stated that his understanding under WSDOT's policy for it to be a capital improvement it had to be of a certain size. Chip seal didn't work for WSDOT or CRAB, but it would work for PWB.
- John LaRocque answered yes; it is being marketed this year.
- Stan Finkelstein stated it would be helpful for not just the number of applications, but also, the number of jurisdictions and the type of jurisdictions.
  Ann Campbell stated that she would get those numbers for the Board.

c) **2014 Construction Loan Resources:** Myra Baldini walked through the available resources available, attachment 3.

- Tom Fitzsimmons asked about changing or taking money away, for example the needs assessment, how does that work, what is the math.
  John LaRocque answered the Board has one pot of money, if you take away $1 million from the needs assessment you will add $4 million to the construction dollars.
- Tom Fitzsimmons asked that those monies were set aside at the retreat, so now staff is asking the Board if we want to change our mind and change those dollar amounts.

John LaRocque answered yes, staff has more information now, the Board set aside $2 million for the needs assessment, we now know it won't cost that much. Staff would recommend $100,000.

- Kathryn Gardow suggested taking out the contingent loan money since that was taken out of the Board's policy bill. Kathryn Gardow stated that the Board should not reduce pre-construction or emergency pots. Smaller jurisdictions at times need to get pre-construction done without taking out a big construction loan.
- Frank Abart stated that he thought CERB was taboo to touch; he thought there was some kind of Legislative agreement.
  Stan Finkelstein stated that there is no agreement, but it is low level politics, to help them out and helping with the state's economic priority.
  John LaRocque stated this is the Board's budget, the Board wanted to step up and help CERB who doesn't have a dedicated source of funding. The Board could wait until the start of the biennium and do a supplemental budget, for example the Board could allocate $10 million to Energy & Water with a note that the Board could add another $5 million, later in the biennium.
- Cindy Chavez stated that the number in CERB's column is based on $20 million being a target number for them. They will have $9 million instead of $5 million, so they may not need the full $15 million to meet their $20 million goal.
- John LaRocque stated that Energy & Water is in its first year; this will incur water and energy savings. The $15 million is 3x of what it had this year.

Don Montfort moved to lower the Energy & Water amount to $5 million. Jerry Cummins seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

- John LaRocque commented that CERB should have $9 million instead of $5 million; the Board is on record as recommending $15 million.
- Ed Hildreth asked about the $15 million committed, how strong that commitment was. The Board shouldn't go back on that, if it was strong.
  John LaRocque said it was a strong commitment. He stated that if PWB can start at $11 million and if the in the second year of the biennium has more money, the Board could recommit the $4 million or more.
- Scott Hutsell commented that CERB is a tremendous program for small communities in Washington. He would like them to have more money in the second year if possible.
- Tom Fitzsimmons stated that CERB has the unique aspect of a private partnership; PWB could do that maybe, that could be discussed at the next retreat.
- Stan Finkelstein stated that CERB is quick and nimble and doesn't need legislative approval.
- Don Montfort stated that the environment of CERB is so different and what they do is very different then what PWB does. Don Montfort had no desire to step into their arena and step on what they do.

Kathryn Gardow moved to lower CERB from $15 million to $11 million. Jerry Cummins seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

- John LaRocque covered the needs assessment and what was done in 1999, this can be done in house with the systems we have and the Health's needs assessment. Staff recommends lowering the amount to $100,000.

Ed Hildreth moved to lower the needs assessment to $100,000. Frank Abart seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

Jerry Cummins moved to zero out the contingent loan. Frank Abart seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

- John LaRocque spoke to WASARP; there have been no funds for 5 years. This program targets terminally ill water systems, this serves the need for the healthy jurisdiction to take a grant and to not have to raise their rates, to make the system functional.
  Don Montfort stated he would like to see some funding; he wasn't sure the first year needed $15 million; he was thinking $5 million to get it started.

Don Montfort moved to lower WASARP to $5 million. Frank Abart seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

- John LaRocque commented that the operating costs could be reduced from $5.7 million to $5.2 million.
  Don Montfort stated that may not be enough to get construction dollars out the door. He was not comfortable in making a decision about the Commerce website project, he hasn't seen anything and he is not sure that it serves a purpose to PWB.

Don Montfort moved to postpone the budget motion until the August 17 meeting. Ed Hildreth seconded. **ACTION: Motion Approved (7-1)** (Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott – Opposed: Abart) The Board asked staff to bring back an overview of the budget to show what the Board gets for $5 million, $5.2 million, $5.7 million.

d) <u>Proposed Action Plan to Close the Gap</u>

- Tom Fitzsimmons stated if the Board has confidence in the predictive loan model, the Board should go with 100% funding to get more money out in construction dollars.
- Stan Finkelstein asked what is the risk at the different levels.
  John LaRocque stated that more money more risk, but he directed the Board back to Myra Baldini's cushions that are in the ACLM. Overdrawn on June 30 at midnight (last day of the biennium), there must be money in the account. Throughout the biennium the account can be in the red. If there is no money in the account, the Board can ask the Governor/Treasurer for a loan, the Board pays that back at 12%. This happened two times, once in the biennium that the account was swept, we had to take a loan; the loan was paid back by the end of that month.

Also, in 2003 $50 million was taken out for a new program in CERB, this was not in the ACLM. Refer to Attachment 4.

- Ed Hildreth asked staff if they were comfortable with the model that the account wouldn't be overdrawn and have to go to the other steps to balance out the fund.
  John LaRocque stated yes, and said that he would defer to Myra Baldini. Legislative staff has challenged her and she can prove that ACLM works and is reliable.
  Myra Baldini stated that there will be money left over for 2015; the higher the Board goes in this cycle the lower we will have more for 2015.
- Jerry Cummins stated he wants more money out the door and he wants the Board to fill its mission to help more communities.
- Kathryn Gardow stated she has a hard time going to 100% and a harder time 110%, there are projects that can be eliminated based on their late start dates. The application is so easy; they can come back next year. Kathryn Gardow doesn't know if she can't support 90%.
  John LaRocque stated that jurisdictions are being asked if they can voluntarily reduce their request.
- Tom Fitzsimmons mentioned to Kathryn Gardow even at 100% there is still a gap of $17 million. If the Board doesn't increase the loan model, the Board will have to reduce the loan list amount even more. That gets into a territory that he is not comfortable with.
- Don Montfort stated that he supports the 110% funding level, there is less money for the Legislature to sweep out, more projects and more jobs. The Board cannot leave money on the table in this environment, PWB is held in a high esteem. It is a good time to be aggressive.
- Ed Hildreth commented that he trusts staff and can support the 100% but not 110%.
- Kathryn Gardow stated at one time the Board didn't have a loan list because we used all of our money, the next year the Leg swept our money. Could there be a problem if the Board doesn't have a loan list the next fiscal year.
  John LaRocque stated staff is planning to have a list for the second year of the biennium it will not be a large list, if we go with the 100-110% acceleration. The list will be about $100 million.
- Scott Hutsell stated that he agreed with Ed Hildreth and Kathryn Gardow about being conservative. Scott Hutsell likes the idea of having money for the second year; he is not comfortable with the 110%.
- Tom Fitzsimmons stated what the Board is doing is giving them guidance; the guidance can be the 100-110% and come back to the August 17 meeting with all the moving parts.
- Stan Finkelstein asked staff to come to the August 17 meeting with everything that supports the 100%, 105%, 110%.
- Kathryn Gardow asked if the Board will have the list of projects by date at the August 17 meeting.
  John LaRocque answered yes.

LUNCH at 12:12pm

e) <u>Drinkwater State Revolving Fund:</u>

a. Readiness to Proceed and Financial Review Process: Myra Baldini presented the DWSRF review process and the DWSRF 2012 loan list batch 2.
b. Karen Klocke presented the readiness proceed review process; Department of Health made a ranked list from the high risk to others who just want a loan. Health reviewed their scopes of work and checked that their plans were current. Health spoke to all of the applicants to make sure that they could proceed to construction within 18 months of signing the contract. Health gave all of that information plus the scopes of work to Myra Baldini and Chris Gagnon.

   Myra Baldini presented the financial review process. All of the clients being presented today have had the level 2 review. Staff looked at the clients annual budget, reserves, ratio analysis and rates if are enough to cover operating, emergency and loan repayments. There are still three clients pending due to water rights issues, they will be presented in September. When staff needed to, they asked the client to withdraw the request verses having the Board bypass them.

- Kathryn Gardow asked about the Town of Hatton, do they have to adopt the rate increase before they execute the contract.
  Myra Baldini answered yes that is a pre-contract condition. They originally asked for almost $1 million, when Myra Baldini ran the numbers they could only afford $50,000. They also received a CDBG general purpose grant to help out with this project.
- Bubba Scott asked about maintaining adequate rates, what does that mean
  Stan Finkelstein answered that they may have structured rates…they go up a certain percent overtime. They have to actually adopt the rate increase, sometimes it doesn't happen and this can cause a major short fall.
  Myra Baldini commented they must maintain the payment of the loan and adequate rates to cover operating and maintenance.
- Kathryn Gardow asked if DWSRF loses money by not spending all of the money.
  Karen Klocke stated that it will roll over to next year; Health will be doing some outreach in 14 communities to get them ready for the next cycle. Board members and staff are invited to these meetings, as well of any water projects that fall off the PWB list.
- Kathryn Gardow asked is there a way in the future to make sure that money is not left on the table.
  Karen Klocke answered yes, she doesn't know if it will work. Getting the low risk list and this second list out 5-6 months earlier than normal. Also, they plan to have a contingency list next year. She doesn't know if EPA will take that list.
  Myra Baldini commented that there is a minimum score that they can fund, so they can only fund so far down the list.
  Karen Klocke stated that next year they will have $100 million, $12 million max unless it is a combined system, then the max is $24 million.

Kathryn Gardow moved to approve the DWSRF the list. Jerry Cummins seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

c. Chris Gagnon presented the DWSRF 2012 low risk list modification. City of Port Townsend reduced their loan amount. City of Camas will receive lowered amount of subsidies.

Jerry Cummins moved to except staff recommendation. Kathryn Gardow seconded. **ACTION: Motion Approved (8-0)** (Abart, Cummins, Gardow, Fitzsimmons, Hildreth, Hutsell, Montfort, Scott)

f) <u>Other</u>

<u>Update on Pre-Construction:</u> Terry Dale gave an update on the pre-construction loan program. The program opened on August 1, the website is up-to-date and there was a webinar on August 2. The applicants will use the portal that the 2014 construction projects used.

- Kathryn Gardow asked if this going to be ranked if there is a large demand.
  Terry Dale answered the applications will be ranked like the 2014 construction projects, but not scored. Based on timing of when the plan is to go to construction, for example. They have a 2 year time frame to get the pre-con project done.
- Kathryn Gardow asked about the contractual draw having to be done by March 2013 or the contract will be terminated.
  John LaRocque answered staff will probably bring you a list of $5 million, with $3 million being available. If the project is not ready to get go, it will be pulled off the list and the Board move down to the next project.

<u>Update on Energy and Water Efficiency:</u> Steve Dunk gave an update on the Energy & Water Efficiency program. The program application window is August 1 to September 14, the website is up-to-date and there was a webinar on August 2. The applicants will use the portal that the 2014 construction projects used.

<u>Update on the Direct Appropriations:</u> Chris Gagnon gave a verbal update on the contract status of the direct appropriations. Contracts have been issued for seven of the Ports projects. Staff expect to issue contracts to the remaining clients in the next two weeks.

<u>Update on the 2013 Construction Projects:</u> Cecilia Gardener gave a verbal update on the 2013 construction list. 52 contracts all are out for signature except for 1.

- John LaRocque mentioned that this contract is most streamlined document that any client could wish for. The clients are loving it!

<u>UDPATE ON TECHNICAL ASSISTANCE</u>

a) **<u>Southwest Washington Academy:</u>** Chris Gagnon gave a verbal update on the SW Academy, tentatively scheduled at Clark College on November 28.

b) John LaRocque gave an update on the IACC conference, October 2-4. The PWB meeting is on October 5, in Wenatchee. Staff is hoping that Board members will come to conference and take part in it. This is a travel cost that the Board can incur.

INFORMATION AND OTHER ITEMS

a) **10-Year Plan:** John LaRocque presented the 10-year plan, attachment 5. This is the potential table of content of the legislative report. This will show what can happen in various scenarios. With a new Governor coming in, the House and Senate is going to have a lot of turnover and most agencies will have new directors. The Board and staff are looking to have a plan to tell our story. Staff is asking the Executive Committee to be our guide. This is to make a compelling argument of what the fund could and should do for local governments.
   - Tom Fitzsimmons asked should Board members meet with the Governor candidates. PWB is generally not high in the inbox of the Governor. This way the Board can get on their radar and have them be an advocate for PWB.

b) **Reform Standing Committees:** John LaRocque presented the standing committees of the Board:
   - Exec Committee
   - TA Committee
   - Policy Committee
   - Communication Committee

Staff is asking for volunteers for the above committees. Staff will offer suggestions, as there should be representation on across all of the committees. The meetings will generally be the evening before a Board meeting or on the afternoon of a short Board meeting. This will be brought to the August 17 meeting.

c) **Preparation for the August 17 Meeting:** John LaRocque spoke to what will happen between now and the August 17 meeting. Staff will bring to the August 17 meeting, the list of requests, resources and what actions could be taken to close the gap between those two numbers.

Adjourned at 1:52 pm

Washington State Public Works Board

August 3, 2012 Board Meeting

DATE: July 30, 2012

TO: Public Works Board

FROM: **Board Executive Committee Members** – Stan Finkelstein, Kathryn Gardow, Jerry Cummins, Don Montfort, and Steve Stuart
Board Staff – Dawn Eychaner, Program & Policy Development Coordinator, and John LaRocque, Executive Director

SUBJECT: 2013 Policy Bill – Revisions to RCW 43.155

BACKGROUND:

Since the July 2012 Public Works Board (Board) meeting, the Board's executive committee has met and done additional work on the draft policy bill revising the Board's authorizing statute.

Edits to the draft since the June and July Board meetings include:

- Removal of "nontraditional jurisdiction," "traditional jurisdiction," "traditional project," and "nontraditional project."
- Reinstating the definition of "local government" which excludes port districts and school districts.
- Reinstating the definition of "public works project."
- Addition of a fifth policy objective: "Encouraging the acquisition and use of federal funds to finance local infrastructure projects."
- Removal of the Contingent Loan Agreement references.
- Addition of the Water System Acquisition and Rehabilitation Program (WSARP), with 70.119A.190 RCW reference.
- Changing the Needs Assessment to "may" instead of "shall."
- Reinstating legislative approval of the loan lists for traditional systems and nontraditional systems.
- Adding authority for the Board (at the Board's discretion) to submit a list of projects to the legislature which meet the definition of non-traditional system.
- Changing the loan list submission requirement to an annual submission to the Legislature, rather than a biennial submission.
- Exempting pre-construction, planning, emergency, energy or water efficiency, and any other new programs authorized by the legislature from the legislative approval requirement.
- Reinstating the clause preventing the Board from signing contracts or financially obligating funds before the Legislature approves the list of projects.
- Adjusting the Growth Management Act (GMA) compliance requirements to require compliance with RCW 36.70A.070 (*Comprehensive Plans – Mandatory Elements*) and 36.70A.130 (*Comprehensive plans — Review procedures and schedules — Amendments*) prior to contract execution, for jurisdictions planning under GMA. RCWs referenced are included for reference in this board packet.

EXECUTIVE COMMITTEE AND STAFF RECOMMENDATION:

The executive committee and staff recommend that the Board adopt this draft policy bill and approve its submission to the Governor for consideration during the 2013 legislative session.

2014 Public Works Board Construction Loan Applicant Pool

	Domestic Water	Sanitary Sewer	Storm Water	Solid Waste & Recycling	Roads, Streets, & Bridges	TOTALS
Cities & Towns	55 Apps / $136.1M	47 Apps / $162.9m	26 Apps / $44.2m		54 Apps / $143.2m	182 Apps / $486.4m
Counties	1 App / $2.8m	5 Apps / $58m		4 Apps / $4.4m	6 Apps / $30.5m	16 Apps / $95.7m
Public Utility Districts	22 Apps / $23.2m	1 App / $0.2m			1 App / $.1m	24 Apps / $23.5m
Water & Sewer Districts	41 Apps / $94.8m	31 Apps / $55.8m				72 Apps / $150.6m
Quasi-Municipal Corporations		2 App / $16.8m				2 Apps / $16.8m
Flood Control District			1 App / $4.6M			1 App / $4.6m
TOTALS	119 Apps / $256.9m	86 Apps / $293.7m	27 Apps / $48.8m	4 Apps / $4.4m	61 Apps / $173.8M	297 Apps / $777.6m

Attachment 2

2013-15 PWTF AVAILABLE RESOURCES (In Millions)

Predictive Model as of 7/14/2012

PWAA Base Resources Net of Legislative Commitments[1]	Percent of ALCM	PLUS (+) Amount of ALCM	=PWAA Resources Available AFTER ALCM	MINUS (-) Operating Budget	=PWAA Capital Program Resources Available	MINUS (-) Resources for Non Construction Funding Decisions	Additional Funds from Non Construction and PWB Oper. Adjmts, Net of Reduction	=FUNDS Available for Construction
$331.00	110%	$364.10	$695.10	($5.70)	$689.40	($74.00)	$0.00	$615.40
$331.00	100%	$331.00	$662.00	($5.70)	$656.30	($74.00)	$0.00	$582.30
$331.00	90%	$297.90	$628.90	($5.70)	$623.20	($74.00)	$0.00	$549.20
$331.00	80%	$264.80	$595.80	($5.70)	$590.10	($74.00)	$0.00	$516.10
$331.00	75%[2]	$249.57	$580.57	($5.70)	$574.87	($74.00)	$0.00	$500.87

[1] Base Resources comprise of Repayments, REET, Public Utility Taxes. State match for SRF Federal programs: $10 million for DWSRF and $15.5 million for CWSRF

[2] Board preferred rate of ALCM per 5/4/2012 Board Retreat/Meeting. Before 1% Admin Cost.

May 3-4, 2012 Board Retreat Approved Non-Construction Resources: 2013-2015 Biennium (In Millions)							TOTAL Non-Construction	PWB Operating
Pre-Con/Planning	Emergency	IGEA	CERB	Needs Assessment	Contingent LP	WSARP Grant		
$22.00	$5.00	$15.00	$15.00	$2.00	$5.00	$10.00	**$74.00**	**$5.70**

CAPITAL FUNDING	CURRENT TOTAL FUNDING per May 3-4, 2012 Board Retreat	Calculated Impact of Reduction: Additional Capital Funds for Every Reduction In Funding by:						
		($1.00)	($2.00)	($4.00)	($5.00)	($7.50)	($10.00)	($15.00)
IT Operating Budget	$0.80	$3.20						
Needs Assessments[3]	$2.00	$4.00	$8.00					
Contingent Loan Program[4]	$5.00	$4.00	$8.00	$16.00	$20.00			
WSARP	$10.00	$3.50	$7.00	$14.00	$17.50	$26.30	$35.00	
Precon/Planning/Emergency/IGEA	$42.00	$2.00	$4.00	$8.00	$10.00	$15.00	$20.00	
CERB	$15.00	$2.50	$5.00	$10.00	$12.50	$18.80	$25.00	$37.50

[3] Additional Funding if amount is reduced Factor of $5m is reduced to $4m, incorporate a degree of cushion to overcommit.

[4] Additional Funding if amount is reduced Factor of $5m is reduced to $4m, incorporate a degree of cushion to overcommit.

Optimistic/Pessimistic Assumptions (Cushions) in the Predictive Model Model (2011-13 Biennium)

BIENNIAL FACTOR	TYPICAL/PROJECTED	OUR NUMBER	Actual to Date	% (Actual VS Typical)
De-Obligations (+)	$30,000,000	$28,000,000	$17,195,312	57%
Extra Principal Payments (+)	$7,000,000	$0	$3,414,799	49%
Tax Revenue Forecast (+)	$83,970,701	$79,186,335	$42,790,714	51%
Loan Draws (-)	$140,000,000	$151,201,994	$57,241,478	41%

(+) is income; (-) is expense

Prepared by MyraB 8/2/2012

Attachment 3

Accelerated Loan Commitment Model (ALCM) – Failsafe System

Worst Case Scenario – The Board uses the ALCM and then conditions change – putting the fund at risk of being overdrawn.

Definition of Overdrawn: The Public Works Assistance Account (PWAA) must be in the black on the last day of the biennium. If it isn't, then the Governor must issue an authorization for the Treasurer's Office to "loan" the account sufficient funds to bring it into the black. The Treasurer's loan carries a 12% interest rate. The account may be in the red throughout the biennium with no penalty.

Change in Conditions: The most likely change is that the Legislature redirects some of the Board's resources in the years after the ALCM was used. This occurred once before and the failsafe system used Step 2 to ensure the solvency of the PWAA. No other steps were employed. The other possible change would be a dramatic reduction in tax revenue. Even the reductions seen during the last three years would be insufficient to cause the PWAA to be overdrawn. The last significant possibility is the failure of a large number of jurisdictions to default on their loan repayments. Given that the Board has had no defaults on the over 2,500 loans in the past 26 years, this possibility is extremely unlikely

If the Board senses that a previously approved ALCM commitment might jeopardize its account, the Board can take any or all of the following steps to ensure the account is in the black at the close of the biennium:

STEP

1. Minimize or eliminate the issuance of new loans for pre-construction, emergency, and other programs using PWAA resources – redirect those resources to the construction contracts.
2. Minimize or eliminate a subsequent round of construction financing.
3. With approval from the Legislature and the Governor, delay the transfer of funds earmarked for other programs (e.g. - CWSRF and DWSRF).
4. Take the full 30 calendar days allowed by contract to process a draw request. (Current processing time is about five business days)
5. Take more than 30 calendar days to reimburse local governments. (Per the current contract, no specific penalties are incurred by the Board if this done – though the Board might decide to "reimburse" the local governments for any penalties they incur as a result of this delay.)
6. Terminate contracts for "convenience" – The contract allows the Board to terminate its construction contracts if..."in the event that state funds are no longer available to the Board..."
7. Seek approval by the Governor's office to acquire a short-term loan from the Treasurer's Office.

The optimal step to be taken would depend on the size of the "over-commitment" and the timing of the Board's realization that an "over-commitment" has taken place. The larger the issue and the closer it occurs to the end of the biennium will require the implementation of more steps with greater emphasis.

The Board has one of the best resource forecasting systems in state government. It is currently used by OFM and both houses of the Legislature to track the fund and predict its status at any given point for the next 10 – 15 years. Using this tool should minimize the impacts of all but the unforeseeable events that affect the resources.

The Board not only wants to be fiscally responsible but also to be a dependable and predictable financing partner for hundreds of local governments and other state agencies. Meeting both of these objectives must be considered in using the ALCM and, in the unlikely case that an over-commitment occurs, taking steps to protect the fund.

Preparing the Public Works Board's 10-Year Action Plan – Realizing the PWTF's Full Potential

Proposed Strategy:

1. Board approved the development of the 10-Year Action Plan
2. Assign an oversight committee of board members to oversee its development
3. Determine if outside assistance is needed and, if so, from whom
4. Staff create an outline/index for Board consideration
5. Schedule initial meeting with oversight/advisory committee to review/adjust outline/index
6. Collect/create information and data
7. Prepare draft report
8. Have oversight/advisory committee review/modify/approve the draft report
9. Submit draft report for Board review/modify/approve process
10. Submit approved report for OFM Approval
11. Publish the 10-Year Action Plan
12. Identify policies and business practices that should be modified to conform to and support the business plan – propose modifications

General Timeline:

Steps 1 – 4	August 3, 2012
Steps 5 – 8	October 5, 2012
Step 9	November 2, 2012
Step 10	November 17, 2012
Step 11	December 15, 2012
Step 12	January – March 2013

Initial Draft of the Plan's Title and Table of Content:

Unlocking (Unleashing) the Full Potential of the Public Works Trust Fund
A Ten-Year Action Plan: 2013 - 2022

I. Executive Summary
II. Problem Statement, Goals and Objectives of the Plan
III. Background and Historical Perspective
IV. Anticipated Demand and Potential Use of the Fund
    a. Traditional Systems
    b. Non-Traditional Systems
V. Anticipated Resources
    a. Baseline (No ALCM)
    b. Baseline Plus Smooth Acceleration
    c. Baseline Plus Assertive Acceleration
VI. Action Plan
    a. Enhancing the Resource Base
    b. Enhancing Financial Services
        i. More Money
        ii. More Tools
    c. Enhancing Technical Assistance Services
    d. Enhancing Interagency Collaboration
    e. Influencing National Decisions
    f. Influencing International Opportunities
VII. Board Policies and Business Practice Modifications Needed

Date: August 15, 2012

To: Public Works Board

From: Cecilia Gardener, Policy and Program Development Manager

Subject: PWB Member Committees

RECOMMENDATION

Staff is proposing the following Committee participants, and associated staff support.

Executive/Legislative/ Financial	Policy/Program Development	Communications	Technical Assistance/Education
Stan Finkelstein-Chair	Don Montfort - Chair	Kathryn Gardow-Chair	Steve Stuart - Chair
Kathryn Gardow	Jerry Cummins	Scott Hutsell	Darwin Smith
Jerry Cummins	JC Baldwin	Ed Hildreth	Larry Waters
Don Montfort	Tom Fitzsimmons		Bubba Scott
Steve Stuart			Frank Abart
STAFF:	**STAFF:**	**STAFF:**	**STAFF:**
John LaRocque Janea Eddy Chris Gagnon Cecilia Gardener Bruce Lund	Cecilia Gardener Ann Campbell Dawn Eychaner Isaac Huang	Cecilia Gardener Dawn Eychaner Matt Ojennus Rodney Orr	Chris Gagnon/ Bruce Lund CSR's Myra Baldini Cathi Read

Committee participation suggestions were developed with representation of clients in mind. The committees will be used keep the Board involved at the development level for each of their respective activity, and to give staff guidance on implementation of the policies and strategies. Staff would like to the Board to decide if these committees are still relevant, if we need new committees and to fill any vacancies.

1.f Website Modification Proposal materials will be handed out at the meeting.

Date: June 15, 2011

To: Public Works Board

From: Karen Larkin, Assistant Director, Local Government and Infrastructure
Leonard Bauer, Senior Managing Director, Growth Management Services

Subject: Local Government Planning Assistance – Information Item and Feedback Request

Background

Commerce's Growth Management Services (GMS) program is directed by statute to provide financial and technical assistance to cities and counties for comprehensive planning, including capital facilities plans. Local comprehensive plans provide the foundation for a community's infrastructure needs to support growth and economic development. Since 1990, GMS has provided grants, technical information, and direct consultation with all 320 Washington cities and counties. However, as a result of the State fiscal crisis, state funding for grants and technical assistance has been substantially reduced in recent years:

	2007-09	2009-11	2011-13
GMS grants to local governments	$4.7 million	$1.45 million	$350,000
GMS technical assistance/staffing	$5.27 million/ 26.1 FTE	$3.48 million/ 13.0 FTE	$2.97 million/ 10.6 FTE

At the same time, city and county budget reductions have resulted in significantly lower capacity for them to fund their planning activities. In recognition of this lower capacity, the state legislature extended deadlines for required updates to local comprehensive plans. However, those updates are now due beginning in the 2013-15 biennium.

To help cities and counties address this gap in planning capacity, GMS initiated conversations over the past three months with a wide variety of partners and stakeholders. These discussions resulted in a list of ideas for alternative sources of funding for local planning, **as well as improvements in the planning process that could provide cost savings.**

Ideas for Budget Proposal

In the past week, we sought feedback from staff at the cities and counties associations and the OFM Budget Office. Discussions centered on increasing state financial and technical assistance for local planning by about $6.5 million in 2013-15. The primary ideas for revenue sources are a combination of contributions from:

- Public Works Assistance Account appropriation (possibly in $3 – 3.5 million range)
- state stormwater-related funds
- re-direction of transportation-related funding to regional transportation organization

Next Steps

- Seeking your initial feedback during your August 17 meeting
- Continued discussions with OFM and stakeholders to refine a proposal for state 2013-15 budget
- Additional PWB input (Sept. 4 and Oct. 5)/ Agency approval of request / GOV approval of request

TAB 2

Financing Opportunities

2) Financing Opportunities Materials will be handed out at the meeting

TAB 3

Information and Other Items

DATE: August 16, 2012

TO: Public Works Board

FROM: Myra Baldini, Fund Manager and Underwriter, Public Works Board

Karen Klocke, DWSRF Infrastructure Finance Lead, Department of Health

SUBJECT: The 2012 DWSRF Recommended Funding List – August 17, 2012 List

BACKGROUND

On August 3, 2012, the Public Works Board and Department of Health staff brought before the Public Works Board nineteen 2012 Drinking Water State Revolving Fund projects for review and approval and three (3) projects pending staff review.

RECOMMENDATION:

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

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

Stan Finkelstein	None
Jerry Cummins	None
Tom Fitzsimmons	None
Kathryn Gardow PE	None
Ed Hildreth	None
Larry Guenther	None
Don Montfort	None
Darwin Smith	None
Steve Stuart	None
Larry Waters	None
JC (Janet) Baldwin	None
Scott Hutsell,	None
Mark Scott	None

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

3. **Adoption of the August 17 Batch list of applications to recommend for funding.**

   Board and Department of Health (Health) Staff recommend approval of one (1) 2012 Drinking Water State Revolving Fund (DWSRF) loan application requesting **$431,731**. Please refer to **Table A** for the list of project.

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

Table A - ACTION NEEDED
August 17, 2012 BOARD MEETING
RECOMMENDED FOR FUNDING– Municipal and Non-Municipal Applicants
2012 DRINKING WATER STATE REVOLVING FUND (DWSRF)
(Passed Financial, Managerial, and Readiness-To-Proceed Reviews)

#	APP #	APPLICANT NAME	PROJECT NAME	TYPE	COUNTY	SCORE	LOAN REQUEST	LOAN FEE	TOTAL LOAN AMOUNT	AMOUNT OF SUBSIDY	CRIT. FOR SUB.	AI	INT. RATE	TERM	PRE-CONTRACT CONDITION
1	2012-125	Northwood Park Water Association	Alternate Source to Address Nitrate/Copper Contamination	Non-Muni	Whatcom	125	$431,731	$0	$431,731	$215,865.50	C	3.55%	1.0%	24	1. Submittal of Resolution adopting a base 3% annual rate increase effective January 1, 2013 throughout the term of the loan

NO ACTION NEEDED
Table B - PENDING REVIEW
For September 2012 BOARD MEETING
2012 DRINKING WATER STATE REVOLVING FUND (DWSRF)
(Were Held-up Because of Water Rights/Readiness-To-Proceed Issues)

#	APP #	APPLICANT NAME	PROJECT NAME	TYPE	COUNTY	SCORE	LOAN REQUEST	LOAN FEE	TOTAL LOAN AMOUNT	AMOUNT OF SUBSIDY	CRIT. FOR SUB.	AI	INT. RATE	TERM
1	2012-124	Northwood Water Association	Alternate Source to Address Nitrate Contamination	Non-Muni	Whatcom	124	$525,846	$0	$525,846	$262,923.00	C	5.05%	1.0%	24
2	2012-123	Rathbone Park Wark Association	Alternate Source to Address Nitrate/Copper Contamination	Non-Muni	Whatcom	117	$457,988	$0	$457,988	$228,994.00	C	1.96%	1.0%	24
2 Projects						**September, 2012, PENDING LIST**	**$983,834**	**$0**	**$1983,834**	**$491,917**				

DATE: August 15, 2012

TO: Public Works Board

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

SUBJECT: 2013 Policy Bill – Revisions to RCW 43.155

BACKGROUND:

At the August 3, 2012 Public Works Board (Board) meeting, the Board approved a draft policy bill revising the Board's authorizing statute to be submitted to the Governor and Legislature.

Since the August 3 Board meeting, Board members and staff have met with Governor's Office and Commerce's Growth Management Unit staff to discuss the Growth Management Act (GMA) requirements in the bill. Included in this board packet are edits to Section 10 of the draft which have resulted from the discussion. The newly proposed GMA language makes no changes to the Board's existing statute other than aligning the GMA requirements to require jurisdictions planning under GMA to be in compliance at the time of contract execution rather than at the time of application.

STAFF RECOMMENDATION:

Staff recommends the Board adopt the attached changes to Section 10 of the draft policy bill and approve its submission to the Governor for consideration during the 2013 legislative session.

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

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

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

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

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

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

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

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