Washington State
Public Works Board
1011 Plum ST SE / PO Box 42525
Olympia, Washington 98504-2525

AGENDA
PUBLIC WORKS BOARD MEETING
September 11, 2015 – 9:00 am

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

Agenda Item	Action	Page	Time
A) ADMINISTRATION			
1. Call to Order: *Stan Finkelstein*			9:00
2. Welcome and Introductions			9:02
3. Approve Agenda: *Cecilia Gardener*	**Action**		9:05
4. Meeting Minutes for August 07, 2015: *Barbara Smith*	**Action**	5	9:10
5. Meeting Minutes for August 21, 2015: *Barbara Smith*	**Action**	13	9:15
6. Executive Director Update: *Cecilia Gardener*	Verbal		9:20
7. Department of Commerce Update: *Mark Barkley*	Verbal		9:30
B) CONTRACTING			
1. DWSRF Contract Extension – Napavine: *Jill Nordstrom*	**Action**	27	9:45
C) POLICY & PROGRAM DEVELOPMENT			
1. Attorney General Formal Opinion "Question": *Cecilia Gardener*	**Action**		10:00
BREAK			10:15
C) POLICY & PROGRAM DEVELOPMENT, *continued*			
2. Strategic Plan: *Public Works Board Members (hand out at meeting)*	**Action**		10:30
3. Elect Chair for Online Training Initiative: *Cecilia Gardener*	**Action**		10:45
D) INFORMATION & OTHER ITEMS			
1. Board Committee Updates			
a. Executive Committee: *Stan Finkelstein*	Verbal		11:00
2. Board Member Updates	Verbal		11:15

Note: ***Anticipated time of Adjournment is 11:30 a.m.***

NEXT BUSINESS MEETING SCHEDULED: October 22, 2015, at the Coast Wenatchee Center Hotel, 201 N. Wenatchee, AVE, Wenatchee, WA 98801

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

Washington State
Public Works Board
1011 Plum ST SE / PO Box 42525
Olympia, Washington 98504-2525

PUBLIC WORKS BOARD BUSINESS MEETING MINUTES
August 7, 2015
Department of Commerce, Columbia Room, 1011 Plum Street SE, Olympia, WA 98504

Board Members		Guests Present:	Staff Present:
Present:	**Absent:**		
Stan Finkelstein, Chair	Matt Rasmussen *(via phone)*	Jeff Nejedly, Department of Ecology	Jacquie Andresen
JC Baldwin, Vice Chair	Lisa Wellman *(via phone)*	Jeff Swanson, Clark County Economic Development Department	Mark Barkley
Pam Carter			Carrie Calleja
Jerry Cummins		Heather Winfrey, Renton Technical College	Ann Campbell
Mary Margaret Haugen			Cecilia Gardener
Ed Hildreth			Isaac Huang
Scott Hutsell			Rodney Orr
Diane Pottinger			Cathi Read
Bubba Scott			Barbara Smith

A. ADMINISTRATION

1) Call to order: Stan Finkelstein called the meeting to order at 9:00 am.

2) Welcome and Introductions.

3) **ACTION: Jerry Cummins moved to approve the agenda as presented. JC Baldwin seconded the motion. MOTION APPROVED 8-0** (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, and Scott).

4) **ACTION: Ed Hildreth moved to approve the July 9, 2015, meeting minutes as presented. Scott Hutsell seconded the motion. Discussion:** Pam Carter noted that on the second page of the minutes, under the DWSRF, second line, "this load was approved" should be changed to "this loan was approved." **MOTION APPROVED 8-0** (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, and Scott).

5) **Re-Evaluate 2015 Board Meeting Dates**: The Board and staff discussed the remaining meeting dates for 2015. It was decided to keep the calendar "as-is", and modify individual meeting dates on an "as-needed" basis. **ACTION: JC Baldwin moved to keep the calendar "as-is", and to address individual meeting date modifications on an "as-needed" basis. Diane Pottinger seconded the motion. MOTION APPROVED 8-0** (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, and Scott).

6) **Review Board Standing Committees**: Cecilia Gardener outlined the Board's current standing committees and asked for Board input on the committees' structure and makeup. The Board has the ability to leave the structure as it stands, or to modify it. Traditionally, the committee chairs are all members of the Executive Committee. The Board decided to modify the committee memberships as shown below:

   Executive Committee: Stan Finkelstein, Chair; JC Baldwin; Jerry Cummins; Scott Hutsell; Bubba Scott
   Communications Committee: JC Baldwin, Chair; Ed Hildreth; Lisa Wellman
   Policy Committee: Scott Hutsell, Chair; Pam Carter; Mary Margaret Haugen; Ed Hildreth

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Technical Assistance Committee: Jerry Cummins, Chair; Diane Pottinger; Matt Rasmussen; Bubba Scott

7) **Organization Chart for Board Dedicated Staff**: Cecilia Gardener presented a PowerPoint of the staff dedicated to the Public Works Board. There were no questions from the Board. Board members stated that they appreciated the clarification of staff roles and responsibilities.

8) **Executive Director Update**: Cecilia Gardener provided handouts entitled "Historical View of Revenues and the PWAA 1986-2033," and "Public Works Assistance Account Historical Redirections of Revenue 1985-2015." These were originally requested by Diane Pottinger. These charts identify all of the revenue that has come into the fund, and all of the revenue that has left the fund. Pottinger asked where does the tax revenue show up? Gardener replied that the REET is in there, but the Utility and Solid Waste Tax is not included. Pottinger requested the addition of projected Real Estate Excise Tax and Public Utility Tax revenues in the years that the revenues are anticipated to return to the PWAA. She'd like this revised to use as an outreach document, but it's currently too long and needs a shorter timeline. Gardener explained that the timeframe is necessary to demonstrate the dramatic reduction of loan repayment revenues over time when there are no new loans being issued. The lack of loan repayments means that there are no non-tax based revenues coming in to be used as the source of future loan cycles.

   Diane Pottinger told the group that she told legislators at a meeting yesterday that we were on the brink of being a self-sufficient fund before the fund was swept. The Board discussed what taxes are coming back, and which are gone. Ann Campbell stated that we can make projections based on loan repayments, but the tax estimates from the Revenue Forecast Council stop at 2019, so some of the graphs stop there. Scott Hutsell said that there is still some perception in the legislature that we're getting revenue from REET. In this biennial budget there was a line that they intend to take an additional $73 million in 2017-2019. Stan Finkelstein recommended changing the chart to reflect the net and the amount diverted. Ann Campbell replied that the Board should keep in mind that this is a snapshot as of the date the numbers were pulled. The Board thought the chart should be updated to note this fact.

   Diane Pottinger stated that her goal at the meeting on August 21st is to get the partners and stakeholders to be part of how this is developed. If they only see one graph, they won't want to participate. She wants them to take ownership. Scott Hutsell stated that if you look at this today, we have $200 million in loan repayments coming in during 2017-2019. That leaves about $125 million for a loan list in 2017-2019 right now, without any other transfers. Mark Barkley pointed out we have several other things that money has to pay for. Ann Campbell noted that 2017-2019 starts on July 1 of 2017. The loan repayments come in in June. The first part of that 17-19 biennium, cash won't start coming in until the second part of the biennium. Cecilia Gardener stated that if we have a lower amount of cash available, she would recommend that Board request Preconstruction and Emergency funding, rather than construction. Scott Hutsell stated that there is a perception in the Senate that they have saved the Public Works Trust Fund, when they haven't. All they did was save the account from crossing the biennium in the red. Gardener agreed to massage the charts a little and we'll go on. Pam Carter stated that when she looked at the pie chart, she didn't read the legend, and then during the discussion realized it's historical. She thinks we need to punch up the dates and the legend. Diane Pottinger recommended that going forward we have these on two different pieces that don't necessarily go together. Different people would get different things. Carter would

like a big pie chart for overview, then smaller charts for different times; i.e., what makes most sense, what is most dramatic. Diane Pottinger recommended we steer clear of any mention of McCleary.

9) **Department of Commerce Update**: Mark Barkley gave an overview of Agency activities to date. Division budget staff have finalized allotments to move budget dollars into the proper accounts. A fair chunk of capital community projects were part of the Local Government Division (LGD) Direct Appropriations. That allowed the Division to absorb some of the cuts in the Public Works arena, including two staff who were absorbed from the Public Works Board, and a third from another division. Two individuals are departing the agency – Alex Pietsch and Mary Trimarco.

   Cecilia Gardener asked Barkley and Stan Finkelstein to elaborate on Brian Bonlender's new concept of Community & Economic Development being interwoven. Mark stated that Bonlender has been hearing for the past six months from local governments that Commerce is irrelevant to their needs. Bonlender is looking at a better way for Commerce to hear the needs of local governments. Bonlender is trying to flesh out the ideas as to what the agency can do including doing research, improving internal communications across divisions. The goal is not to identify what Commerce can do for the local government, it's about sitting down and hearing what communities need, and then addressing what they are trying to accomplish by coordinating disparate agency programs. Bonlender's attempting to eradicate these hard feelings and develop a symbiotic relationship with local governments. Barkley mentioned Maury Foreman and his message that economic development cannot happen without community development. Barkley worked with Maury on the Base Realignment and Closure response project.

B. CONTRACTING

1) DWSRF Quarterly Contract Report: Mark Barkley presented the Drinking Water State Revolving Fund (DWSRF) Quarterly Contract Report. The legislation to transition the DWSRF back to the Department of Health (DOH) has stalled, but work continues on the transition. The legislation will probably be reintroduced in the interim session. Diane Pottinger stated that DOH got some emergency loan funds. Barkley affirmed that Health did receive authority to allocate funds for emergencies. He further went on to share that LGD is helping to market the emergency program at Health in its outreach activities. Barkley feels our relationship with DOH is very solid and we continue to work with them on the transition.

2) PWAA Quarterly Contract Report: Jacquie Andresen presented the Public Works Assistance Account Quarterly Contract Report. Three staff are managing 90 contracts. Andresen referenced the updated customer service map.

C. POLICY & PROGRAM DEVELOPMENT

1) Attorney General Opinion Proposal: Cecilia Gardener presented the options available to the Board with regards to requesting an official Attorney General formal opinion regarding the Board's ability to advocate a position contrary to the sitting Governor's position. There are potential ramifications to pursuing an official opinion. There are two options the Board can pursue: seek an informal opinion, which would provide parameters, but it would not establish a precedent. The second option is to seek a formal legal opinion that will set precedence. Mark Barkley and Stan Finkelstein have both spoken with Brian Bonlender and apprised him of the Board's interest in pursuing

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clarification, including a possible official legal opinion. Finkelstein, as Chair of the Board, has the authority to submit a formal request for a legal opinion from the Attorney General without asking permission of the Governor or Commerce. If the Board wishes to request an opinion, Gardener, Finkelstein, and Kathryn Wyatt will work closely to phrase the request carefully. Seeking an official opinion is a public process and will be posted on the Attorney General's website. The process is estimated to take a minimum of six months. The cost to the Board would be for Kathryn's time preparing the package. **ACTION: Mary Margaret Haugen moved to request a formal Attorney General opinion. Pam Carter seconded the motion.**

Discussion: The Board discussed the potential ramifications of a formal opinion.

JC Baldwin stated that she thinks going for the formal opinion is a political statement and a slap to the Governor. She thinks we need to tread carefully. We're not just talking only about the Governor, but the legislature itself. Is this really going to be something that helps us and our communities? Is it going to give us any more power? Diane Pottinger agreed with Baldwin. Mary Margaret Haugen stated that the legislature won't know and won't care. Haugen believes this will give the Board some status. We are an independent Board, and this would clarify our role.

Scott Hutsell asked if requesting an AG opinion on the Board's independence ever came up earlier in the Board's 30 year history. Hutsell stated that he'd hate for the Board to be put into a box by that opinion. He sees good points, but doesn't want the Board stuck in a box. Cecilia Gardener replied that getting clarity through an opinion would enable the Board to get into the political game. Jerry Cummins stated that it would be better to request an informal opinion initially, rather than a formal one. It's a shot across the bow, versus casting it in concrete.

JC Baldwin asked what will getting a formal opinion change? Cecilia Gardener replied that right now, the Board supports the Governor's positions, period. If the Board's formal opinion confirmed an independent from the Governor status, then the Board could support positions alternative to the sitting Governor's. An official opinion will clearly define the Board as independent body. Baldwin asked if this would get the Public Works Assistance Account more money. Gardener replied that that the availability of funding impacts are unknown. Mary Margaret Haugen responded that it's not about money. It's about the fact that we have the right to disagree.

Pam Carter stated that how the question is asked will help frame the response. Stan Finkelstein agrees that the question is critical. If we carefully phrase the question, the response will provide cover for staff. Although staff supports the Board, they are still Commerce employees. Cecilia Gardener suggested the option of the Board and Commerce together requesting an opinion.

Mark Barkley asked the Board when they want to move forward with an opinion request. Brian Bonlender is out next week on vacation. Internal agency processes may cause some timing delays between the Director's vacation and internal staff work necessary to process such a request. Stan Finkelstein replied that since the issue has been raised previously with Bonlender, we need to give him time to respond. If he hasn't responded by August 21st, then we shall pursue an opinion independent of the Agency. Mary Margaret Haugen stated that she doesn't think we should work through the Agency. She is concerned that Agency staff would unduly influence the question from the Board's desired request. Finkelstein suggested that the Board create the question, and then ask

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if the agency wants to sign on to that question. Gardener stated that she, Finkelstein, and Kathryn Wyatt will craft the question.

Modification of Motion – The Board approves the request for a formal Attorney General opinion, and will give the Agency Director an opportunity to co-sponsor the question. The question will be approved by the Board at their meeting on August 21st. MOTION APPROVED 8-0 (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, and Scott).

2) Possible Supplemental Budget Request: Cecilia Gardener requested the Board give staff direction on a possible Supplemental Budget request. ESB 5624 did not pass, so the capital budget language resting on the passage of a constitutional amendment is not viable.. ESB 5624, which would create a bonding program for local governments, will probably be reintroduced during the 2016 session. Diane Pottinger requested that Wolfgang Opitz from the Treasurer's office speak to the Board regarding this bond bill and the circumstances surrounding its creation and possible implementation. Gardener replied that he is scheduled to speak to the Executive Committee on August 20th. The Committee will then report to the full Board on August 21st.

Cecilia Gardener asked the Board to give staff direction as to budget or policy placeholders for legislation that can be developed in the next month. Stan Finkelstein asked Gardener to please outline what falls under each: budget and policy. Gardener replied that policy is anything not requiring funding. Usually it involves a modification to the Board's statute – RCW 43.155. The Board proposed a bill last year modifying the authorizing statute, 43.155, but it didn't pass. The bill included a request to add legislative members from both houses and both parties. This request was modelled on CERB's legislative member makeup. The bill also included language encouraging the maximizing of federal funding usage. Budget requests are those requiring capital expenditures or operating expenditures. Gardener does not recommend making a request for operating expenditures. There is a distinct need for preconstruction and emergency funding for local governments. Although there are no resources in the PWAA, the Board could ask for bond dollars to create a pool of funding for emergency projects.

Mary Margaret Haugen stated that she thinks it's important to continue to ask, so they know we're here. She also advises continuing to separate budget and policy requests. Pam Carter agrees with Haugen. She stated that she wouldn't hold out great expectations, but she thinks we should continue to ask, and to request for legislative members on the Board.
Diane Pottinger proposed that the Board have these proposals available for the August 21, 2015, meeting, for stakeholders' input.

Scott Hutsell wants to start a discussion concerning the 2017-2019 biennium, and doesn't want to obfuscate that discussion with funding requests during the supplemental budget..

Cecilia Gardener proposed the Board float one bill for the legislative members, and possibly include language adding public ports to the jurisdictions eligible to receive funding. A second bill would identify changes to interest rate setting for the Board's loan programs. Gardener suggested a fourth bill that includes emergency resources. Gardener thinks there is a need for preconstruction funding, but Stan Finkelstein stated that we should wait for the next biennium to ask for preconstruction

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funding authority. Gardener stated that she has what she needs to draft language for the next Board meeting.

D. OUTREACH ACTIVITIES

1) Small Communities Initiative Annual Report: Cathi Read submitted the Small Communities Initiative Annual Report to the Board. The Board and Read discussed various activities of the Initiative.

C. POLICY & PROGRAM DEVELOPMENT, *continued*

3) Online Training Presentation: Heather Winfrey from Renton Technical College gave a presentation to the Board regarding the work that has been done to date on the Online Training Initiative. Winfrey stated that the platform used will be CANVAS, which is currently used by all community and technical colleges in Washington. Winfrey stated that she, Kathy Gable, and Stan Price will be at IACC to do marketing and outreach for the program.

   Diane Pottinger asked which colleges are participating initially. Heather Winfrey replied there are five colleges that have expressed interest – Renton technical College, Green River Community College, Bates Technical College, Whatcom Technical College and Pierce College. Winfrey stated that she wants this to be open source so other colleges can pick up courses in the future.

   Cecilia Gardener stated that this is an approach based on budget, done in increments based on funding, so the legislature can see how we are developing the program. Heather Winfrey replied that if we build it, we can then look into funding alternatives. She further stated that they want to keep it within the 10 to 15 credit range, and they need to convene people to discuss details of the curriculum. Winfrey wants to see an enrollment of about 100 people. We need to make it time sensitive and time appropriate for students.

   Heather Winfrey stated that we need to submit this to the State Board of Community and Technical Colleges for their approval, before we begin offering the courses. The entire certificate would be around 15 credits. It's possible we might make more than one certificate, too. But folks could just take one or two classes without that certificate. We need to leave the door open for future expansion. We also need to develop scholarship criteria, possibly based on the annual budget of the entity.

   Heather Winfrey stated that that they plan to bring a presentation to IACC that will market this initiative, talk about the state community and technical college system, and conduct a soft launch. They plan to capture names of interested parties, as well.

   ACTION: Pam Carter moved to go forward with this project as discussed today. Ed Hildreth seconded the motion. MOTION APPROVED 9-0 (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, Rasmussen, and Scott).

4) Strategic Planning Committee Report: Cecilia Gardener presented the Board with the draft Strategic Planning Committee PowerPoint presentation that the Strategic Planning Committee has been working on since the Administrative Review meetings. The Board discussed various changes to

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individual slides. Gardener stated that edits will be incorporated, and shared with stakeholders at the meeting on August 21st.

Lisa Wellman stated that after reviewing the document, she thinks there are misunderstandings about the intent. We're not proposing a report, but a raison d'etre for the Board. The report – for it to be really meaningful – should be a big data project. It should be a digital report that allows anyone to ask questions. For example, what are the 10 most critical infrastructure projects that will impact public health and safety? She further stated that state cyber security is vulnerable. There is a major need for the state to determine where the points of vulnerability are. She sent a handout via email, and Barbara Smith forwarded that to the rest of the Board. Cecilia Gardener replied that we don't have the resources to achieve the level that Wellman is talking about. Stan Finkelstein stated that he thinks Wellman has raised a relevant issue with cyber security. Wellman stated that she wants a tool that is available where queries could be made. She thinks that would be extremely competitive. It's increasingly a "must have," because other states are already doing this.

Cecilia Gardener stated that it could be useful for anyone who is in the infrastructure arena. She thinks we could get our partners to agree to this. We're thinking of presenting this to the Governor, and if he liked it, he could write a letter to the secretaries and get them to come to the table.

Scott Hutsell asked how do you get everybody together to try to coordinate all the infrastructure things.

Stan Finkelstein stated that Page 11 of the PowerPoint, if taken in isolation, could be very threatening to TIB, CRAB, etc.

Cecilia Gardener stated that if this is approved on August 21st, then it would behoove us to do an outreach. There are two initiatives in here – one is the report, the other is the proposal of being the voice of local governments. The intent is for the Strategic Planning Committee to present this to the stakeholders on August 21st. Scott Hutsell replied that we are the only organization that can pull this off.

ACTION: Diane Pottinger moved to go forward to stakeholders with the presentation as amended by the Board. Jerry Cummins seconded the motion. MOTION APPROVED 9-0 (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, Rasmussen, and Scott).

ACTION: Ed Hildreth moved to adjourn the meeting. Diane Pottinger seconded the motion. MOTION APPROVED 9-0 (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, Rasmussen, and Scott).
Meeting Adjourned at 3:00 pm

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PUBLIC WORKS BOARD BUSINESS MEETING MINUTES
August 21, 2015
Department of Commerce, Columbia Room, 1011 Plum Street SE, Olympia, WA 98504

Board Members		Guests Present:	Staff Present:
Present:	**Absent:**		
Stan Finkelstein, Chair	Mary Margaret Haugen	Emily Appleton, City of Gig Harbor	Mark Barkley
JC Baldwin, Vice Chair	Bubba Scott	Blair Burroughs, Washington Association of Sewer and Water Districts	Carrie Calleja
Pam Carter			Ann Campbell
Jerry Cummins		Dave Catterson, Association of Washington Cities	Cecilia Gardener
Ed Hildreth			Isaac Huang
Scott Hutsell		Joseph Crossland, Department of Health	Barbara Smith
Diane Pottinger		Steve Gorcester, Transportation Improvement Board	Rodney Orr
Matt Rasmussen			Bruce Lund
Lisa Wellman		Katy Isaksen, Katy Isaksen & Associates	Mike Copeland
		Steve Lindstrom, Sno-King Water District Coalition	Cindy Chavez
		Jeff Nejedly, Department of Ecology	
		Janice Roderick, USDA Rural Development	
		Rhys Roth, Center for Sustainable Infrastructure	
		Gary Rowe, Washington State Association of Counties	
		Carol West, Washington Public Utility Districts Association	

A. ADMINISTRATION

1) Call to order: Stan Finkelstein called the meeting to order at 9:00 am.

2) Welcome and Introductions.

3) **ACTION: Pam Carter moved to approve the agenda as presented. Lisa Wellman seconded the motion. MOTION APPROVED 8-0** (Baldwin, Carter, Cummins, Hildreth, Hutsell, Pottinger, Rasmussen, and Wellman).

4) **ACTION: Pam Carter moved to approve the August 7, 2015, meeting minutes as presented. Ed Hildreth seconded the motion. Discussion: Diane Pottinger** stated that she had some revisions to the minutes, but in the interest of time, she moved to hold off on voting on the August 7, 2015, minutes until the following meeting on September 11, 2015. **Matt Rasmussen seconded Pottinger's motion, MOTION APPROVED 8-0** (Baldwin, Carter, Cummins, Hildreth, Hutsell, Pottinger, Rasmussen, and Wellman).

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B. PROGRAM & POLICY DEVELOPMENT

1) Strategic Plan: Board Members presented their Strategic Plan and invited all visitors to participate in the discussion. Stan Finkelstein opened the presentation with some history of the Board, and how the Public Works Assistance Account (PWAA) got to the place it is in now. He moved from there into the Mission and Purpose of the Board, and the Board's Vision,

   Katy Isaksen stated that she feels there's something missing in the Board's Mission, Purpose, and Vision. There is nothing that says the Board is here to promote public investment in infrastructure. I don't see the money. This whole program was about financing, not administration. Financing assistance is at the bottom. It seems so backwards and horrific to me. Stan Finkelstein asked if Katy is suggesting we need to change local behaviors in terms of financing. Isaksen replied that something needs to change, if the legislature keeps taking money, and your hands are tied. It's about promoting this local infrastructure that is hidden and no one can see. The board needs to continue to fight and promote infrastructure.

   Gary Rowe responded that he likes the statement to promote local infrastructure. He thinks it should be "promoting investment in infrastructure," and take the local out of it. Financing could come from anywhere.

   Lisa Wellman responded that whatever this reads as, you don't think it's indicative of an expression of support across the state? Are you saying it's not coming across that way? Katy Isaksen responded yes, it didn't come across that way.

   Blair Burroughs interjected that as soon as he read this he thought "How viable is this segment without dollars?" How viable is this board if the legislature doesn't adequately fund infrastructure? Lisa Wellman replied that we as a Board are attempting to address the question of what are we here for, without funding. That's what this proposal is about.

   Stan Finkelstein stated that over the last 2 years we have exerted an awful lot of effort to enhance local capacity to meet these needs. For example, setting viable utility rates that create more sustainable infrastructure. Katy's point is well taken – at some point people are going to raise their hands and say "Wait a minute, is this a state responsibility or a local responsibility?" State priorities change – we need to have vibrant local communities that are viable to meet their needs.

   Scott Hutsell responded by asking if this program is even viable anymore without any money? There are members of this board who don't think the funding is ever going to come back. So we're looking at it and trying to come up with something. If we're not going to have any money any more, what can we possibly bring to the table? If the money is gone and not coming back, where do we go?

   Katy Isaksen asked if it has been said it's not coming back? Scott Hutsell replied if you look at redirection of funding streams and repayments, it's gone until 2019. The first time we can work on a loan list is 2020. Unless they find new funding streams, we're still a real easy target. Isaksen replied that it seems your choice is extremely difficult. You can either put financial assistance at the bottom, or you can be a bull in a china shop and put it back on top, and keep plugging away at it.

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Dave Catterson responded that a lot of these words in the mission statement could come right out of the Association of Washington Cities' (AWC) mission statement. The one thing AWC can't do is infrastructure financing.

Rhys Roth responded that if the dollar issue is ever to be addressed, we'll need a new narrative to convince people that infrastructure is important. People are largely unaware of the critical nature of infrastructure to quality of life. Does the Board have a role in communicating that new narrative, and convince the legislature that infrastructure is critical, and this is how we fund it? Roth said he likes the idea of the Board being more active in that rather than passively sitting back and saying "We don't have any more money."

Stan Finkelstein replied that we need to do a collaborative, comprehensive, Needs Assessment. One of the things that drove the creation of the Board in the 1980's was a needs assessment. We also need to be in the position of local capacity building.

Steve Gorcester stated that he doesn't disagree that quantification is important. He doesn't agree that the Board's problem is lack of awareness on the part of the legislature about the need for infrastructure. What he's hearing is that the legislature doesn't like the loan program. What he's been hearing for a couple of years are the two core statements.

Scott Hutsell asked so why were the loans okay for the first 25 years and now they're not? He said that he senses there's an atmosphere in the change of the legislature. We got chastised 3 years ago for turning in a loan list that wasn't prioritized.

Steve Gorcester asked why the loans are not viewed favorably now. The messaging about the rate differential has been chipping away at it. Don't you agree? Katy Isaksen asked loans versus grants? Steve replied that he hopes that dials in the problem somewhat. Stan Finkelstein responded that the big problem is the question of why we gave so much money to Tacoma when it only brought rates down 25 cents.

Diane Pottinger replied that she drafted up a utility bill that she presented to her commissioners, saying "How would your constituency feel if I removed this label regarding the taxes charged and substituted a label that identified the Public Utility taxes as going into the Education Legacy account. She further asked if 25% of the utility tax goes straight into the Education Fund. We have to come out with a message that is not just about impacts to special purpose districts; it has to include impacts to cities and counties as well.

Blair Burroughs replied that the legislature is going to go where the easy money is.

Stan Finkelstein responded that we have revenue shrinkage. We don't have a growth revenue structure. All of this is happening in a climate where the legislature is being told they have to address education funding, mental health funding, and reduce classroom size.

Katy Isaksen responded that it's the general fund side that is taking the revenue.

Stan Finkelstein moved on to the Values page of the presentation. We are advocates for

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infrastructure, not all the rest of these topics. He then handed off to Diane Pottinger to talk about the Infrastructure Universe.

Diane Pottinger spoke about the different partners that interact and collaborate with the Board. Pottinger also spoke about the current interagency coordination and groups that are already doing quite a bit. But we believe there is more that we can do.

Stan Finkelstein interjected to promote the IACC conference in Wenatchee. IACC stands for Infrastructure Assistance Coordinating Council. Finkelstein feels it's an incredibly valuable opportunity for local governments. It is a very well done set of meetings.

Gary Rowe responded to Slide 9, Infrastructure Universe. Should we identify investors or bond holders on this? Stan Finkelstein replied that this is the authorizing environment for the Public Works Board. These 7 groups are much more intimately involved in the outcomes than are the external roles per se. Rowe replied that one of the conversations that has been lacking is the public/private partnership type of investment which is not well utilized here in Washington. Diane Pottinger responded that her district did one of the first public/private partnerships in the state, and we were really closely watched on it. It accelerated her timeline, and saved the ratepayers quite a bit. The whole process has been great. Rowe replied that when he first saw this, he wondered where the partners are. Katy Isaksen asked where the infrastructure operating managers are.

Lisa Wellman introduced Proposed Initiative 1. She talked about the work done by the Board on this during the Board's retreat, and the subsequent meetings of the Strategic Planning Committee. Basically, is there a role for this Board without funding? We believe we may have a stronger role to play without funding. Wellman stated that infrastructure is closely connected to economic development. Infrastructure funding needs to have advocates. She thinks we can do a much better job of this. We need to speak from a position of authority, and authority is based on information. We need to get the data, before we build the plan. Gathering that data could be a very significant role for the Board. We talked about building a report for the governor, legislature and the key stakeholders. "Report" sounds simple, but it's not. It's very complicated. It's not a trivial task that we're talking about. We feel it will be of high value to all practitioners across the state. Any discussion?

Stan Finkelstein responded that he doesn't think the citizenry is really aware or apprised of the magnitude of the problem, except when there is an emergency such as the Skagit River Bridge collapse, or the Bainbridge Island boil water alert. We need to engage not only these groups, but create an upwelling of concern amongst voters who put these people in office.

Gary Rowe asked are we talking specifically about local infrastructure or all infrastructure. The State put a sizeable amount of money into Transportation. Stan Finkelstein replied that we need to concentrate on local infrastructure. If we start talking about state infrastructure we'll be drowned. Lisa Wellman replied that this needs to be part of a well-thought-out strategy. How are we going to change the narrative? This is a first step in changing the narrative.

Blair Burroughs asked if the Board has the resources to gather this information together and not be duplicated. Jeff Nejedly is doing this with the Department of Ecology (DOE), and I know the

Department of Health is also doing one. Finkelstein asked Cecilia Gardener to respond to that.

Cecilia Gardener replied that the point is not to duplicate efforts, when the subject matter experts are already doing that. We are asking for the partnership of our partner agencies, to share their data, and then to review and identify where the holes are.

Dave Catterson said that he doesn't think the Governor and legislators are the right key audience for this.

Stan Finkelstein replied that when we talk about this report, we're thinking in the context of utility systems, roadway, bridges, flood control and the like. How do you feel about dealing with infrastructure in a more global sense? Fire stations, parks, public buildings, broadband? What are the aggregate local government infrastructure needs? I'm not advocating, just throwing that out for discussion.

Rhys Roth thinks the report could potentially be a good tool. We've talked about building a coalition, doing messaging, and I think this report should be animated by a broadly shared vision that would include more bang for every buck we put into infrastructure, sustainability, affordability, etc. Dave Catterson's point that the communications part of the report, if it doesn't get any traction with the public, may not be worth it. Some resources should be devoted to communicating this out.

Steve Lindstrom responded that he thinks trying to be all of everything to everybody is a grievous error. We're struggling with defining and putting the edges on what is currently before us. And continuing to expand our scope, is just disguising that we haven't sharpened our focus on what is before us. Inside this document we can see already the boundaries slipping away. On page 7 it talks about every city, when we've already said no, not every city. If we fall short, and then disguise falling short by expanding our boundaries, we haven't served anyone adequately.

Stan Finkelstein responded that the preponderance of funding requests come from rate-based utilities, largely due to the fact that they have a revenue stream of ratepayers, who will fund the repayments. But counties and cities don't have a revenue stream like that, to address basic infrastructure needs. Government needs to get to grips with the inability of local governments to adequately fund necessary infrastructure.

Blair Burroughs replied that his mindset is what is in the best interest of our clients. When we go into the PWAA, counties don't get that much because they haven't invested that much in taxes. Ports aren't there at all. Scott Hutsell replied that here's a document to show that we really did get together.

Stan Finkelstein responded that the one group that we haven't spoken about is the business community. If the business community has a sense that we need to deal with quality of life infrastructure issues, how do we create this aura that the State of Washington, it's diverse communities, are the greatest place to live because we've addressed the magnitude of problems that we need to address?

Pam Carter replied that it becomes so large that it becomes overwhelming, and how do we even get

that data? If we agree to do this, and we pull it off, there could be strategic additions to it at a later point, but starting off, let's start off with our core business and do that report well, rather than do something not as well, because we were trying to be everything to everyone.

Rhys Roth responded that about this report as a vehicle to bring all the players to the table and create alignment among them – it seems to him there needs to be some sort of communications strategy. An alternative might be let's put the bulk of our effort into the solutions.

Diane Pottinger replied that we need to do this from a communications standpoint and have that as a focal point to what you're doing here. Maybe that's the point – start with end product and then work our way back, reverse engineering.

Janice Roderick responded that she thinks you can spend a lot of effort looking at the needs and at the challenges openly and honestly, and then look at the solutions. There are some challenges with programs and how we could be more efficient with getting the money out. I think you should just change direction to focus on the last three – Challenges, barriers, and solutions. I know IACC has a hard time getting to the legislature because we're staff; the Board has greater access to get that message out.

Steve Gorcester responded with two points on pages 12 and 13. On Page 12, maybe this needs to be a flow chart or visual that gets us from the needs to the solutions? On page 13, the list on the right, "siloes" is spelled wrong; it's missing CERB; and it needs to acknowledge direct appropriations. Ports also aren't there. Stan Finkelstein replied that we met with Ports yesterday to talk about that issue. Gorcester replied that housing is also not on this list.

Gary Rowe asked that in terms of the report, will it also include the capacity for funding. One of the things I hear from legislators is that counties don't do enough to fund things themselves, why do you come to the state to fund? Stan Finkelstein replied that we stayed away from funding capacity for a specific reason. There are sufficient funding mechanisms out there. It's a question of affordability. Cities can go to the voters to raise money. Steve Gorcester responded that the money we're borrowing is our money, too. It is a local resource that is deposited into a rather shaky institution, but it's still our money. I think staying stern on that assertion is a part of rationalizing what we have before us.

Lisa Wellman stated that she thinks what we've said is that we are all in agreement; we need to find some way to raise it to the top of the minds of the citizens and legislature as a strategy. The Board can be a coordinating group for this. A rising tide will lift all boats. We need to be united in this exercise. Determining what goes into this report is not locked at this point. Coming together to decide what needs to be in this data collection is a part of this process.

Pam Carter moved on in the presentation to what the report should cover. After this discussion, we need to rethink "All systems." If you have tools that are unusable in a tool box, having those tools is not useful. How would we do this? Through the development of Ad Hoc Committees made up of Board members, partners and stakeholders. Our partner agencies are subject matter experts in their field and we need to collaborate with them to gain their insights and data for the report.

Stan Finkelstein responded that he wants to raise a parallel; one of the Governors financed a blue ribbon commission to examine the state's tax structure and make recommendations. Here you had people who spanned the full spectrum of the political environment, and yet it went nowhere. Is that where you were going? Pam Carter replied that she had thought of calling it a blue ribbon commission, but with hopefully a better outcome. Diane Pottinger responded that this would be very unique to be asking everyone to look beyond the one year. The word here is collaboration and trust. We're not trying to take away from anybody, but we're just trying to serve our citizens. Finkelstein brought up "Washington Futures," a program by Governor Evans, which was very successful in addressing many deficiencies.

Dave Catterson asked what is the capacity to do the report. It's hard for me to respond when I don't know the capacity. Lisa Wellman replied she thinks that's fair. But I also think that you have to make a determination. Is this a role for the Board that would be of value to you and the people of this state? If we think it's of value, I think that I've located some funds that we may need to winnow it down. We may need to phase it. Catterson replied that we would find this of value.

Gary Rowe stated that thinking about the solutions side of the report, one of the things it should include are local government alternatives. Is that an option that should be on the table? Snohomish County is attempting to set up its own local public works revolving account is an example.

Katy Isaksen replied that I'm reminded of the previous studies done over the years, and whether there was a takeaway from that? Maybe you should go back and look at that. Are there some trends or anything of value you can obtain? What are the findings then at that time, and how do they relate to today and the future?

Lisa Wellman responded that she encourages everyone to read the "Global Cities" report. It really focusses on Cascadia – Vancouver to Vancouver. Being able to discuss what happens to the rest of the state balances against that report.

Steve Gorcester responded that the Board should be mindful of what we have for a product, how we assemble it, and then how it's received and consumed by the end user. If we want a good solid, nutritious loaf of bread, we should stick with the focus on a good loaf of bread, doing most of it internally, in collaborating and partnering, you lose focus, and controllability. We remain ultimately responsible for end product.

Stan Finkelstein replied that one of the reasons we're focused on collaboration is that some of the data we want is located in other state agencies, and we don't have the wherewithal to recreate that data.

Pam Carter asked the group about what sort of timeline we should be thinking of. Stan Finkelstein replied that he doesn't think we've gotten there yet. I think we're looking at the 2017 legislative session. So we need to have a good report no later than a year from now.

Diane Pottinger replied that her district was one of the 55 utilities selected to participate in the DOH needs assessment. We found we had all the data within our comprehensive plan, except for 2 items. It's all ready to turn over to them very quickly. Ecology is doing theirs at the same time. It was really

helpful to have an employee come out and explain what goes into all the data fields.

Jeff Nejedly replied that the clean water survey may be delayed. We're still waiting for them to publish the 2012 survey. Without a really strong communications plan, the report is useless. Nejedly thinks public/private partnerships are a very small element within the solution.

Lisa Wellman stated that the communication plan doesn't really affect things unless there is a strategy to go along with it. Nobody talked about the impacts to the community after the Bainbridge Island boil water advisory. Small businesses went out of business. The supermarket stated they won't make their same level of profit due to having to throw out so much food.

Gary Rowe asked for clarification regarding the carrots and sticks images on slide 16. Maybe "Best Practices" would address that better than the last line. Pam Carter replied that was addressing those policies where you can't access the money if you don't have a plan. Stan Finkelstein replied for example: let's say to the city of Winlock, we will lower the interest rate if you agree by ordinance to set aside 5% of your rate base each year for a capital facilities plan. That's the carrot. Rowe replied that he is not sure that's necessary to be in this report.

Pam Carter replied that when you got loans, the governing board had to acknowledge that this was an obligation and you had to make payments on it according to the schedule. That could be part of the loan acceptance paperwork.

Katy Isaksen replied that she is reminded that the process for applying for money is so far removed from the actual receipt of money. The time frame is so long.

Stan Finkelstein added that this is the first of several meetings. We will continue this at the September 11, 2015, meeting. This is the exploratory meeting. We hope to keep this conversation going.

The group broke for lunch, and after they returned, Scott Hutsell moved on to the Proposed Initiative 2 slide, Champions for Infrastructure.

Mark Barkley stated that Community Development + Economic Development = Jobs. That is Brian Bonlender's focus. Develop spaces, not just places. The heart of growth management, smart growth good growth, is what he's after. He's asking all his divisions to think about community development first, then economic development and jobs.

Scott Hutsell responded that Slide 20 shows that the board has the statutory authority to do all things necessary to address the needs and barriers that local governments experience. We think that enabling legislation is what we can bring to the table in this conversation with partners and stakeholders. We need your help.

Stan Finkelstein introduced the last couple of slides in the presentation, covering the desired outcomes of the two initiatives.

Ed Hildreth asked the group if we are moving in the right direction, or are we off base? He picked up

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on the "All Systems" point on page 15 – how broad or how narrow are we going to be? He asked for a broad discussion on this.

Janice Roderick asked about the three big counties that drive everything. They looked at some of the counties that were economically depressed, and we had enterprise zones, and federal and state funding; are you looking at disadvantaged communities? Stan Finkelstein replied that 9/10^{ths} of 1% of state sales tax is retained locally for economic development activities. That money still flows to the individual entities.

Stan Finkelstein talked about the Desired Outcomes slide on Policy Development. We need to narrow down what we are trying to seek in the short term, i.e., the 15-17 session. We need to identify needs, barriers, challenges, and solutions. How do you feel about all of this?

Dave Catterson responded that he has a lot of questions. Who? What? Why? How? This is a pretty big shift in focus. And it feels less like a state board to me now. Are there other boards that take on this advocacy role? Stan Finkelstein replied that no, he thinks we're in a unique position. Our role has been changed by the sweeping of our funds. Our aim is to find a new role for the Board. We have discovered that there are a number of different areas that warrant further investigation. We have a high quality, excellent staff, who are capable of producing such a report. Pam Carter replied that we are given a greater amount of independence than other state boards and commissions.

Dave Catterson responded that this is a mutually beneficial partnership, so how this all is going to work, I don't know, but I'm positive about it.

Mark Barkley replied that this coordination/cooperation, from his perspective, will be much more in tune with being in lockstep with AWC to make sure our messages are coordinated. We learned a lot from the last session, and we know we need to be coordinated. Our strength is a unified message from all the partners and stakeholders.

Gary Rowe replied that he thinks it's great that the Board has taken this look at itself and to figure out where it fits. It's been historically defined by its loan capacity. The question is if you don't want to be defined by creating that loan list, then you need to break away from that, and create a new identity. Counties want to participate in that process. Counties want the Board to be the advocate for infrastructure funding. The report will address much of that. AWC and the Counties and others have been talking about the future of infrastructure funding. We need to convince the citizens and legislature that it's important to invest in infrastructure. PWB has only been seen in the past as producing a loan list.

Mark Barkley replied that the point of the report is to shake the bushes and see what falls out. We can use the data to inform our citizens and the legislature of the importance of infrastructure funding.

Lisa Wellman responded that we need to communicate that infrastructure is vital to a community's health and well-being. We may not be a player in financing; but we may be a player in finding creative financing.

Jeff Nejedly responded that DOE has been collaborating more and more with the Board over the last few years. He thinks it's been great and we've done some really good work in the background coordinating some issues, such as cultural resources, small cities initiative, maximizing resources, and then IACC brings us all together every year. I see this report complimenting that whole process. I don't know the details on how this will come together, but I think this is a great start. I am a bit of a skeptic on how much impact a report can have, but communications is the key to that.

Joe Crossland replied that the Drinking Water State Revolving Fund (DWSRF) management has always seen the Board & Commerce to have a unique strength in coordinating infrastructure resources in the state. My hope is that we can expand on that and capitalize on that. Use the Board and the agency in that role. I think if we're successfully able to do that we will have a lot of strength, due to the resources of all the agencies behind the Board. That is a huge plus. Looking at the mandate that the board has, I see more wisdom in using the resources that way. We share Jeff Nejedly's view. We're in the same position in a lot of ways. We can lend resources and backing to this.

Stan Finkelstein replied that he looks at infrastructure financing as being part of an intergovernmental mosaic. I'm not saying the Board should be the coordinator, but should encourage some coordination between the partners, so there is a coordinated system to work collegially to serve the citizens of Washington.

Janice Roderick replied that we definitely support partnership. We don't want to lose federal funds back to the national office. I like the idea of the report, and I think Peter McMillan does too. It gives us data, gives us a chance to see the needs out there. We're looking for that niche that we can utilize those funds for. We need to look at ways to communicate the data so it's not just another report on the shelf.

Carol West responded that it seems like Lisa Wellman is trying to get to one big goal that needs to be fleshed out better. She thinks the Board needs a stronger mission statement. Right now that could be AWC's or PUD's mission statement. It needs to be tightened up and focused.

Blair Burroughs responded that he appreciates the Board assuming a greater role as an advocate. I like the concept of them being a clearing house for this information. Our members would say "restore the funding." I would say the likelihood of that funding being restored is not good. And that is distressing. I think the Board should think like they did in the 1980's and explore finding a new funding mechanism, alternative forms of financing, outside the reach of the legislature. I think it's important that the different stakeholders and partners not compete but work together. If it's going to happen, we have to all be vested in it. It's a daunting task – it takes thinkers, people with courage to not just spew out party lines on certain aspects of how things should be funded, to come up with something that actually makes sense for the state.

Steve Lindstrom responded that crisp boundaries are an essential element of this. We should be mindful rather than generous in our inclusiveness - Mindful of self-sustainability of those who would benefit from the existing programs. Maybe an adjustment of who is eligible and who is not is in order. Always keeping in mind that it's the applicants' money collectively that's being borrowed. It's not coming from somewhere else. PWAA is our money.

Stan Finkelstein referred the group to Slide 26 – Alignment and Convening. The reality is that our ability to support out infrastructure through our traditional loan list mechanism is under attack, and it's questionable whether we will be getting that money back. The tried and true is no longer available. We can't afford to not work together with our partner agencies and stakeholder groups. We need to pursue best management practices. And changing behaviors can be very difficult. We also have to look at the collective impact of failing to address infrastructure needs. We want a vibrant and growing economy. I think the Board's role is morphing to a convening one – reaching out to partners, stakeholders, and parallel champions, and providing information and data. It all requires a strong coalition, not just of those of you at the table, but the business community, the citizenry, etc. This has been the first meeting to deal with a draft strategic plan. It is only a draft. The comments from today will be incorporated into the next iteration of the draft. Thank you for your participation, it is much appreciated and is very valuable. Please join us next month on September 11, 2015 for a continuing discussion on this.

Diane Pottinger replied that we have our association meetings here in late September. I'm hopeful when we come away from our meeting on the 11th that we have something to report to the associations.

Blair Burroughs responded that it might be a good idea to talk to Rhys Roth so that we don't duplicate the efforts.

ACTION: Pam Carter moved to adjourn the meeting. Jerry Cummins seconded the motion. MOTION APPROVED 10-0 (Baldwin, Carter, Cummins, Haugen, Hildreth, Hutsell, Pottinger, Rasmussen, Scott and Wellman). Meeting was adjourned at 1:43 pm.

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TAB B

Contracting

DATE: September 1, 2015

TO: Public Works Board

FROM: Jill Nordstrom, Drinking Water Program Manager

SUBJECT: Project Completion Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract project completion date as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
DWSRF	**Napavine**	DM10-952-006	Small Water System Consolidation	$2,832,000.00	$237,794.91	6/9/15	**6/9/15**	**11/30/15**
Reason for Extension Request: Additional time is needed to complete the Local Improvement District, (LID) process. Construction is complete and the project was approved for final acceptance on August 25, 2015. Project is 99**%** complete**.**								

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