



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

PUBLIC WORKS BOARD MEETING
August 2, 2013
Department of Commerce (Olympia, WA)

| Board Members | | Guests Present: | Staff Present: |
|----------------------------|-----------------|--|------------------|
| Present: | Absent: | | |
| Stan Finkelstein, Chair | Tom Fitzsimmons | Emily Appleton, Gig Harbor | Myra Baldini |
| Kathryn Gardow, Vice Chair | Don Montfort | Mark Barkley, Department of Commerce | Ann Campbell |
| JC Baldwin | | Pat Brommer, Department of Ecology | Cindy Chavez |
| Jerry Cummins | | David Dunn, Department of Ecology | Steve Dunk |
| Ed Hildreth | | Alison Hellberg, Association of Washington Cities | Terry Dale |
| Scott Hutsell | | Karen Klocke, Dept. of Health | Janea Eddy |
| Mark "Bubba" Scott | | John Kounts, Washington Public Utilities District Association | Christina Gagnon |
| Steve Stuart | | Karen Larkin, Dept. of Commerce | Cecilia Gardener |
| | | Steve Lindstrom, Sno-King Water District Coalition | Isaac Huang |
| | | Steve Misuriak, City of Gig Harbor | Lynn Kohn |
| | | Cathi Read, Department of Commerce, Small Communities Initiative | Bruce Lund |
| | | Kaaren Roe, Department of Commerce, CDBG | Matt Ojennus |
| | | Trent Ward, Gig Harbor | Rodney Orr |
| | | | Jacki Skaught |

Administration

Introductions

- 1) Call to order: Stan Finkelstein called the meeting to order at 9:14 a.m.
- 2) Welcome and Introductions
- 3) **ACTION: Jerry Cummins moved to approve the agenda, Steve Stuart Seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
- 4) **ACTION: Kathryn moved to approve the June 7, 2013, meeting minutes, Scott Hutsell seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
- 5) Public Works Board (Board) Membership Update: Cecilia Gardener gave an update on the Board membership; four members have been reappointed. The Association



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of Washington Cities and the Washington State Association of Counties have submitted names for consideration; the Washington Association of Sewer and Water Districts are making a decision on August 19, 2013, in regards to names to recommend. There is a recruitment happening for the At-Large position.

- 6) Legislative Impacts: Cecilia Gardener gave an update on the 2013 legislative impacts as presented in attachment 1. Bruce Lund gave an update on Technical Assistance (TA) staff. Last biennium there were eight full time Employees (FTEs) providing technical assistance to clients. This biennium there will be five. Kenny Spain has resigned; Matt Ojennus is transferring to Growth Management; an additional staff person must be removed by the end of August.
- Scott Hutsell asked how much the remaining 2% Real Estate Excise Tax (REET) is for the Board. Myra Baldini answered approximately \$22 million a biennium.
 - Kathryn Gardow asked what the original percentage of REET that the Board had received in the past. Cecilia Gardener answered 6.5%.
 - Stan Finkelstein stated that this is a topic for the retreat: how to ask the Legislature for replacement of funds. After the next six years, the Legislature will be used to spending the revenue funds that were diverted from the Board's account.
 - Kathryn Gardow asked how the clients have taken this information. Bruce Lund stated that staff is going out to work with clients, to see what their needs and plans are. Clients are not happy; they are unsure what they are going to do; they question if Public Works Trust Fund (PWTF) is a viable funding source anymore. Local governments need a stable reliable funding source so they can plan for projects.
 - John Kountz commented that Washington Water Utilities Council met the week before; they are going forward with a survey of their clients to see what they are doing, who is going forward with their projects, and what the impact of no PWTF is. The Council will develop a white paper; it will look at the history of the taxes and the impact of the raid.
 - Allison Hellberg stated that the Association of Washington Cities will be meeting with the cities about mounting a campaign for 2015 to reduce the tax raid to less than 6 years.
 - Bruce Lund stated that most of their clients had spoken with their legislative member prior to the approval of the budget. At that time, their legislative members didn't have an answer to what was going on, the decision was made by a small group and the members were somewhat forced by party rules to vote for it.



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- Cecilia Gardener commented that a topic for the retreat is making the fund into a stable and reliable funding source. The Board needs to make it clear that they are here and their doors are open. The Board will be moving forward with the next funding cycle in the spring.
- 7) Executive Director Hiring Status: Stan Finkelstein gave an update on the process for hiring the Executive Director. Interviews were held the week of July 22; four candidates were interviewed. They were to be interviewed by Brian Bonlender on July 31. That was cancelled and has not been rescheduled as of this Board meeting

Committee Reports

- 1) Executive Committee: Stan Finkelstein stated that the committee had a conference call Monday, July 29. They discussed the meeting agenda, staffing, the legislative impact, and the retreat.
- 2) Communication – no meeting
- 3) Policy – no meeting
- 4) TA Committee: Steve Stuart stated that there was a good discussion about services and how it is going to move forward. Technical assistance will be provided to the un-funded 2014 clients, the approach is outlined in attachment two. More will be discussed at the retreat. Bruce Lund talked about the webinar that was held on August 1. There was a wonderful turnout. It will be offered again in the next month. Steve Stuart talked about the August 28 academy, attachment three; the future of the academies will be discussed at the retreat. Steve Stuart also talked about the report by Small Communities Initiative (SCI), attachment four. SCI's total staffing is 1.5 FTEs. This biennium the Department of Health and the Department of Ecology are providing more funding; Cathi Read is fully funded; Jon Galow is being funded half by the Department of Ecology and half by the Community Development Block Grant (CDBG) program. Steve Stuart asked staff to hold a meeting with stakeholders to go over questions that will be asked of unfunded clients.

Contracting

- 1) Notice to Proceed Extension Request: Mark Barkly presented attachment five.
 - **ACTION: Scott Hutsell moved to approve the Juniper Beach Water District extension request. Jerry Cummins Seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
 - **ACTION: JC Baldwin moved to approve the Marion Water Company extension request. Steve Stuart seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)



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- Steve Stuart asked if the Board could get something stating what the actual delays of the permitting were. Mark Barkley answered that it was the acquisition of the two wells and the permitting.
- 2) Project Completion Extension Request: Mark Barkly presented attachment six.
 - **ACTION: Jerry Cummins moved to approve the Marion Water Company extension request. Scott Hutsell seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
 - **ACTION: Ed Hildreth moved to approve the City of Shelton extension request. JC Baldwin seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
 - **ACTION: Scott Hutsell moved to approve the Spokane County extension request. Jerry Cummins seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
- 3) Contracts Administration Unit (CAU) Contract Status: Mark Barkley reviewed the status of contracts on attachment seven.
 - Steve Stuart asked Mark Barkley about the budget and how CAU was affected by the budget cuts. Mark Barkley answered that CAU expected a substantial increase in contracts with the 2014 Board contracts, but that isn't going to happen now. With that, CAU's work flow will stay flat and have no increase or decrease.
- 4) Clallam County PUD: Matt Ojennus gave a verbal an update on the project. As of early February, the PUD had not gone to contract. The contract was executed and signed by the end of February. Gray and Osborne has been contracted to work on the project. The project is moving forward.

Policy & Program Development

- 1) Drinking Water State Revolving Fund (DWSRF) 101 was postponed until the September meeting.
- 2) 2013 DWSRF 2nd Tier projects: Myra Baldini reviewed the managerial and financial review criteria on attachment eight. Karen Klocke presented the DWSRF recommended funding list on attachment nine. **ACTION: Kathryn Gardow moved to approve the DWSRF 2nd Tier recommended funding list. Scott Hutsell seconded. MOTION APPROVED 7-0** (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)
 - a) Scott Hutsell thanked the staff for all of their work; the small communities really appreciate all of it!
 - b) Karen Klocke mentioned that Steve Dunk gave her the 2014 list for water projects that were not funded. The Department of Health can offer \$12 million per project; and they have about \$80 million. The next application



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cycle is September 1-30, 2013. That list of recommended projects will come to the Board in January 2014.

BREAK 10:20 – 10:32 a.m.

3) 2013-15 Proviso Implementation Proposal: Ann Campbell presented to the proviso language for PWAA project selection criteria on attachment 10. A Report is due to the Legislature on December 1, 2013, with suggested proviso language to make it permanent. To meet this deadline the report must be to the Office of Financial Management by November 1, 2013. The 2016 loan list is due on November 1, 2014; the funding cycle for 2016 will be in spring of 2014. Staff is asking for an ad-hoc committee to spear head this project.

- Karen Larkin mentioned that she and Cecilia Gardener had met with legislative staff to get more clarification on the proviso language. They stated that the Board needs to review the language and vet what will work and what won't work. The Board doesn't need to do everything, but incorporate what will work with the Board process. Cecilia Gardener added that legislative staff suggested that the Board meet with the legislative members who worked on this language. To get to the core of what is valuable for the Board and Legislature.
- Steve Stuart asked Stan Finkelstein if he was going to participate in the meeting with the Legislators. Stan Finkelstein answered yes. Karen Larkin stated that there may be one-on-one meetings in September; the new Assistant Director/Executive Director (AD/ED) will be included in these meetings. Then, in October, have small group meetings with the legislators.

Ad-Hoc Committee

Stan Finkelstein
Scott Hutsell – Counties
JC Baldwin – At Large
Mark "Bubba" Scott – PUD
Ed Hildreth – Cities
Don Montfort – Water/Sewer {Invite}

4) Proposed Supplemental Request Decision Packages: Cecilia Gardener presented the 2013-15 Proposed Decision Papers for Supplemental Budget requests on attachment 11.

- Steve Stuart asked about the statutory restriction of 10% for pre-construction program. Stan Finkelstein answered the Board would put language in the request to make adjustments necessary.



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- Kathryn Gardow questioned some people want the Board to use acceleration but some don't. Cecilia Gardener answered that there is an impression that the PWTF had grown too fast. The PWTF has flown under the radar for many years; some think that is now too large.

ACTION: Kathryn Gardow moved to approve the decision package for the PWTF pre-construction loan program funding. Ed Hildreth seconded. Steve Stuart stated that he supports this, but he would like legal review in regards to the 10% for pre-construction.

MOTION APPROVED 7-0 (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)

Lynn Kohn presented the request for a statewide needs assessment. The needs assessment funding package would be paired with \$50,000 from West Coast Infrastructure Exchange. This request is for an additional \$200,000 from the PWTF. If the request is approved, a staff person would be hired to design and build the tool; it will be a cloud platform. The local government will upload their capital facility plan into the platform, different kinds of projects or needs across jurisdiction can be seen in place. It would be a 6-year snap shot. **ACTION: Steve Stuart moved to approve the decision packages for funding for the needs assessment. Scott Hutsell seconded.**

MOTION APPROVED 7-0 (Baldwin, Cummins, Gardow, Hildreth, Hutsell, Scott, Stuart)

- Kathryn stated that new technology needs to be used and marketed. The fact that it hasn't been done in 13 years should be a foot note. People need to get excited about using the tool.
- Mark "Bubba" Scott asked how long would the staff person be employed. Bruce Lund answered that the staff person would design and market the tool and train people how to use the tool. This would be a temporary position.
- Steve Stuart asked when this tool will be available. Lynn Kohn stated that the tool needs to be completed by December 2013 to use the grant.

5) Retreat Development: Cecilia Gardener asked what items the Board would like to work on at the retreat.

- PWAA: how is it impacted and how will the Board recapture it.
- Impacts on the operations of the Board with reduced staffing
 - TA staffing from eight to five; how does that work for TA?
- Short and Long terms opportunities for the Board
- What does the Board do? How to assist local governments?
 - TA & Supplemental Bank?
 - Get money out to address needs
 - Ranking criteria
 - Assist the local government with project development and needs



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- New systems? Schools/Infrastructure
- Increase access to water and sewer projects, pre-con to help leverage money from Health and Ecology
- Ask stakeholders to come and to help build the process and ideas
- Ask the Legislators to come at the end of the retreat for a report out to them
- What is the role of the State in the bond market
- Issues of the PWTF and funding
- Needs base vs. contribution base conflicts
- The Board needs to justify its existence

Steve asked if the Board could see past criteria that was used to prioritize projects. Ann Campbell answered that she would send them out.

- 6) Retreat Dates: Cecilia Gardener asked the Board to look at the month of September for dates that would work for the Board policy retreat. The Board decided to have the policy retreat on September 9, but have the meeting start later at 10:00 am to let members come over in the morning. The retreat will carry over to the September 10, as well as the September business meeting.

Technical & Impact Assistance

- 1) Assisting 2014 PWTF Unfunded Applicants & Budget Impacts on Technical Assistance: Bruce Lund briefly reviewed attachment two and attachment 12, as these items had been talked about earlier in the meeting.

Information & Other Items

- 1) Predictive Model Update: Myra Baldini reviewed the predictive model 2011-13 and the 2013-15 on attachment 13. To reach the \$277 million, staff will be changing the payment due date for approximately 1,200 contracts to ensure the money is in the bank.

Stan Finkelstein presented Matt Ojennus with a certificate and a letter for his time serving the Board.

Steve Lindstrom stated that the Sno-King Water District Coalition is aware of what the Board and staff are facing. Sno-King will like to offer any help, TA or otherwise, that staff and the Board needs over the next year.

Adjourn: 11:37 am.



Date: July 25, 2013
 To: Public Works Board
 From: Cecilia Gardener, Policy and Program Development Manager
 Subject: 2013-15 Biennial Public Works Board Operating and Capital Budget Impacts
 ESHB 2051

BACKGROUND:

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

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

OVERVIEW:

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

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

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

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

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

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

IMPACTS:

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

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

2009-11 Biennium - Change in operational organization:

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

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

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

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

2013-15 Biennium –

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



Date: July 24, 2013
To: Public Works Board
From: Bruce Lund, Manager, Technical Assistance Unit
Subject: Assisting unfunded 2014 PWTF Applicants

BACKGROUND:

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

OVERVIEW:

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

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

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

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

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



CENTRAL WASHINGTON LOCAL GOVERNMENT REGIONAL ACADEMY AGENDA

August 28, 2013 Yakima Valley Museum
2105 Tieton Drive, Yakima, WA 98902

| | | |
|-------------------------------|---|---|
| 8:00 a.m. | Registration Open | |
| 8:30 a.m. | WELCOME AND OVERVIEW <ul style="list-style-type: none"> • Who's who • Special acknowledgements • Agenda review | Page Scott, Executive Director, Yakima Valley Conference of Governments Facilitator Jesse Palacios, Grandview City Councilmember Co-hosts JC Baldwin, PWB member and Mark Urdahl, CERB Board member |
| 9:00 a.m. | LEGISLATIVE UPDATE | Stan Finkelstein, Public Works Board Chair |
| 9:30 a.m. | ECONOMIC DEVELOPMENT: KNOW IT WHEN YOU SEE IT | Maury Forman, Commerce Business Services Division |
| 10:30 a.m. | BREAK | |
| 10:45 a.m. | GOT ISSUES ? <ul style="list-style-type: none"> • Choose 5 or 6 top issues • Grab box lunch and break into small groups • Identify resources needed • Report out to larger group | Facilitator - Steve Stuart, Public Works Board member Anne Marie Nelson, graphic artist |
| Working lunch served at 11:20 | | |
| 12:15 p.m. | SUSTAINABLE PUBLIC WORKS FINANCING AT THE LOCAL LEVEL <i>Explore alternative strategies and tools to help position local governments to assure the long term viability of vital infrastructure systems.</i> | Ashley Probart, Deputy Director, Freight Mobility Strategic Investment Board Stan Finkelstein, Public Works Board Chair |
| 1:15 p.m. | KEY CONCEPTS IN A BUDGET PROCESS | Toni Nelson, Director of Professional Services, Business Services Division, Vision PS |

2:15 p.m. BREAK

2:30 p.m. SPEED DATING FOR INFRASTRUCTURE FUNDING

Facilitator Cathi Read, Commerce
Small Communities Initiative

*Representatives from infrastructure funding agencies
Will talk briefly about their programs and will meet with
Participants individually or in groups in a round-robin format*

3:45 p.m. VIRTUAL TOUR OF SUCCESSFUL INFRASTRUCTURE
PROJECTS IN CENTRAL REGION

TBD

*Come travel with us as we fly through central Washington
to see a variety of projects funded by our state and federal
partners.*

4:10 p.m. WRAP-UP

5 CML Credits available to City Municipal Officials

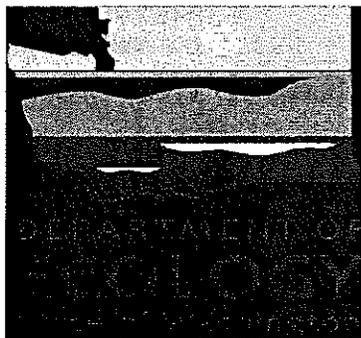
4 CPO Credits available to County Public Officials



Department of Commerce

Innovation is in our nature.

**SMALL COMMUNITIES INITIATIVE
ANNUAL REPORT
JULY 2012 – JUNE 2013**



Department of Commerce
Innovation is in our nature.

SMALL COMMUNITIES INITIATIVE ANNUAL REPORT

JULY 2012 – JUNE 2013

Small communities are required to meet the same public health and environmental mandates as larger cities, but often lack the administrative, technical, or financial capacity to effectively do so.

Since 1999, the **Small Communities Initiative (SCI)** has been assisting small (usually under 3,000 population), rural cities and towns, unincorporated communities and counties, utility districts, and water associations in developing more focused projects, making strategic investments, and identifying and accessing appropriate fund sources. Over 42 communities have secured more than **\$156 million** in state and federal funding, resulting in safer drinking water, environmental protection, and infrastructure that can serve community and economic development activities.



Small Communities Initiative staff Jon Galow and Cathi Read, at the ribbon-cutting ceremony for the new wastewater treatment plant in Rock Island, in September 2012.

SCI Staff

are Department of Commerce employees:

Olympia Office

Cathi Read, Program Manager
360-725-3016
cathi.read@commerce.wa.gov

Spokane Office

Jonathan Galow, Project Manager
509-847-5021
jon.galow@commerce.wa.gov

SCI staff meet with communities on an as-needed basis (usually between once a month and once a quarter) serving as facilitators, technical advisors, and resource brokers. Staff help local elected officials, local staff, and citizens define, prioritize, and identify links between public health, environmental protection, and local development issues, and develop and implement an action plan to make necessary system improvements.

Tuesday, June 18, 2013

Cathi,

I have said it before and I will continue to say it, without you the city would still be going in circles trying to figure out what to do about raising money and deciding on a plan to fix our aging sewer system. We have been discussing our sewer system decline for about the past 10 years and we have discussed raising rates to pay for it. With the exception of a very small rate increase a few years ago we have not done anything aside from discussing the need to do something.

When you came on the scene, it was a God-send for the city. You have been the catalyst to make things happen. You have trained us, educated us and motivated us. You have brought us together with the Dept. of Ecology and our engineering firm and showed us the avenues for funding. You are extremely patient, efficient and very knowledgeable. With your guidance and direction we are moving ahead with confidence that we can fix our sewer system.

The work that you do is extremely valuable to small cities like ours that have council members and a mayor that are mostly "part time" because they have regular jobs. A small city like ours just does not have the time, knowledge nor the resources to do this on our own. You have put us on the right path and continue to guide us. Without your guidance we would still be talking and not moving, not knowing where to begin.

Thank you for devoting so much of your valuable time to helping us and I dearly hope that you will stick with us until the time comes that we can stand on our own.

*Jim Gerwig
Mayor, City of Morton*

SMALL COMMUNITIES INITIATIVE AT A GLANCE

PARTNERS

The Small Communities Initiative (SCI) Program is a collaborative effort of the Washington State Departments of Health, Ecology, and Commerce. Communities that need to upgrade their drinking water or wastewater systems have been nominated by Health or Ecology regional offices to participate in the SCI Program.

SCI PROGRAM FUNDING

SCI has been a two person program since 2007. From 2007 until June 30, 2012, the Washington State Departments of Health and Ecology, and the state Community Development Block Grant Program (technical assistance funding) each funded one third of a Full-time equivalent (FTE) staff person and the Public Works Assistance Account funded one FTE.

As of June 30, 2012, reductions to the Public Works Board administrative budget eliminated funding for a portion of the SCI FTE. In February 2013, Jon Galow began working 75% for the Community Development Block Program (administration funding) and 25% for the SCI Program. See page 11 for more details.

The resulting SCI Program budget for State Fiscal Year 2013 was:

- Department of Health \$80,000
- Department of Ecology \$80,000
- Public Works Assistance Account \$55,000

Beginning July 1, 2013, the SCI Program will become a 1.5 FTE Program. Cathi Read will continue full-time with SCI, and Jon Galow will be half-time with SCI and half-time with another program at Commerce, possibly Community Development Block Grant.

STEERING COMMITTEE

The SCI Steering Committee meets quarterly and provides guidance to SCI staff, and:

- Makes the final decision on which communities will participate in SCI.
- Assists SCI staff in formulating and implementing an approach in each community.
- Brings policy recommendations to their respective agencies based on SCI experiences.
- Acts as liaisons to their respective agencies regarding interagency contracts for funding support for the SCI program.

SMALL COMMUNITIES INITIATIVE AT A GLANCE

STEERING COMMITTEE MEMBERS

- Leonard Bauer, Department of Commerce
- Kaaren Roe, Department of Commerce
- David Dunn, Department of Ecology
- Karen Klocke, Department of Health
- Denise Lahmann, Department of Health
- Stephen Dunk, Public Works Board
- Gene Dobry/Janice Roderick, USDA Rural Development

GOALS

- Savings to communities in capital and operating costs of capital facilities as a result of better planning at the beginning of a project.
- Better developed projects, resulting in better investments of state and federal funds.
- Better understanding by communities of the important connection between their budgets and the management of their capital facilities.
- Better understanding by communities of what is required by regulators and how they can comply, resulting in more communities in compliance with environmental and public health regulations.
- Less time spent in the long run by Health and Ecology regional staff with communities that chronically have a difficult time complying with regulations.
- More communities with infrastructure that is adequate to serve community and economic development activities.

Progress toward these goals continues to be made, and can be grouped into four general categories:

- On-the-ground environmental protection and public health results.
- Articulated and prioritized community goals, with a plan for how to move forward.
- Improved relationships between communities and regulators.
- A better understanding by communities of their drinking water and/or wastewater system, and their responsibility to manage the system(s) in a sustainable manner.

SMALL COMMUNITIES INITIATIVE AT A GLANCE

VALUE OF THE SCI PROGRAM AS REPORTED BY COMMUNITY LEADERS

The most helpful aspects of the SCI program as report by community leaders include assistance with:

- Defining what the problem is, then articulating and prioritizing goals for the community.
- Developing action plans and sticking to them.
- Convening and facilitating meetings, focusing on priorities.
- Creating an environment in which everyone can participate in the discussion.
- Helping understand and complete regulatory and funding program requirements and processes.
- Introducing/ connecting locals with appropriate agency staff and creating networking opportunities.
- Helping put a 'face' on government.

ACCOMPLISHMENTS THIS YEAR

This fiscal year, the number of SCI communities which:

- Completed construction—4
- Are in construction—2
- Are in design/construction funding secured—3
- Have completed planning and are pursuing design and construction funding—2
- Are currently planning—7

RECOMMENDATIONS FOR NEXT YEAR

- **Explore options for program funding:** SCI and other Commerce staff will continue to search for funding to return SCI to a two-person program.
- **Further develop and expand the offering of council/commissioner infrastructure workshops in SCI communities:** Regulations and the workings of infrastructure are difficult to understand for many community leaders. In collaboration with Health and Ecology staff, we will offer customized workshops on the basics of drinking water and wastewater systems, including tours of facilities in their respective communities.

SCI COMMUNITY ACCOMPLISHMENTS THIS YEAR

CONSTRUCTION COMPLETED

City of Raymond and City of South Bend (Pacific) - Wastewater

Please see 'Spotlight' on pages 12-13.

City of Kettle Falls (Stevens) - Wastewater

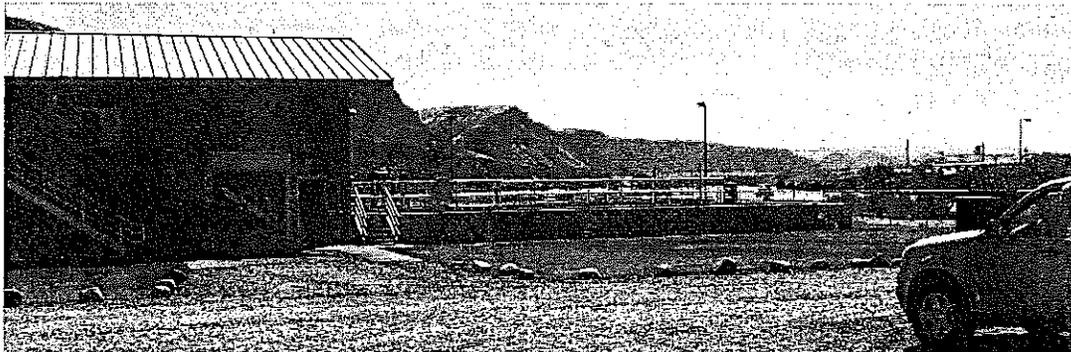
Wastewater treatment facility began treating wastewater in December 2012 with on-going punchlist, clean-up and operational adjustments and improvements continuing during the first half of 2013.

Lewis County / City of Vader (Lewis) - Drinking Water

Construction of needed distribution system improvements was completed in early 2013. Following months of negotiations and mediation, the County and the City are in the process of finalizing the water system receivership Transfer Agreement.

City of Rock Island (Douglas) - Wastewater

Construction was completed on the wastewater treatment facility and individual side sewers in Summer 2012. An additional lift station was constructed and the collection system extended during the first half of 2013.



During tours of the new wastewater treatment plant in Rock Island, at the ribbon-cutting ceremony in September 2012. Photo by Marty Kittelson.

DESIGN COMPLETED/ IN CONSTRUCTION

City of Ilwaco (Pacific) - Drinking Water

Construction of backwash basin improvements and two new reservoirs will begin in Summer 2013. Pre-design report for new upflow clarifier and other improvements at water treatment plant has been approved by Health and the City will advertise for bids in Fall 2013. Culvert replacement in watershed is underway.

SCI COMMUNITY ACCOMPLISHMENTS THIS YEAR

DESIGN COMPLETED/ IN CONSTRUCTION

Town of Ione (Pend Oreille) - Wastewater

Secured CDBG funding for design and construction in 2012. Construction work for wastewater treatment facility improvements began late June 2013. Biosolids from lagoons to be hauled out of area for disposal after initial proposals to land apply biosolids in the Ione became controversial. Construction completion expected 2013. Ione received a legislative proviso for 8th Avenue lift station replacement in the 2013 state capital budget.

IN DESIGN/CONSTRUCTION FUNDING SECURED

Curlew Water and Sewer District (Ferry) - Wastewater

Additional hydrogeologic work during fall of 2012 resulted in concerns regarding the proposed treatment/disposal site for a new community wastewater system. Additional monitoring wells were installed in Spring 2013 and additional sampling conducted. Confirmation or rejection of preferred site to be determined.

Greater Bar Water District (Douglas) - Drinking Water

2012 Legislative appropriation allowed for expansion of water system consolidation project. Preconstruction activities during the 2012-13 fiscal year concentrated on scope of work amendments, Section 106 cultural resource surveys/reviews, identification of property for easement and acquisition, consolidation agreements, and preliminary design work such as surveying and alignments.

City of Everson (Whatcom)

The City's General Sewer Plan/ Wastewater Facilities Plan was approved by Ecology in Fall 2012. Design funding has been secured and design should be complete in Summer 2013. Construction funding is close to being secured. The plans to advertise for bids in Fall 2013 and begin construction in early 2014.

PLANNING COMPLETED/APPLYING FOR DESIGN AND CONSTRUCTION FUNDING

Lakeview Sewer District (Lincoln) - Wastewater

District used local funds to install both permanent and temporary fencing at their wastewater treatment facility. PWTF appeared to be most advantageous funding for District but continued uncertainty surrounding PWTF will likely incentivize the District to pursue Ecology funding.

Town of Metaline (Pend Oreille) - Water

The Town's Water System Plan (WSP) was completed in late 2012. WSP recommends Town use local funds to finance small repair and maintenance projects before taking on the next relatively large distribution system replacement projects that require outside financing.

SCI COMMUNITY ACCOMPLISHMENTS THIS YEAR

PLANNING WORK CONTINUES

Community of Packwood (Lewis) - Wastewater

Lewis County has hired a consultant to prepare Department of Health Large On-Site Sewage System (LOSS) Program-required documents for a new community wastewater system. The County received a draft planning document from the consultant in Spring 2013. The first phase of the planning is now complete and will be presented to the community in Summer 2013.

City of Vader (Lewis) - Wastewater

An Inflow and Infiltration Study (in cooperation with City of Winlock) was completed in 2012. Design and construction funding has been secured to replace some sewer lines and manholes, to reduce inflow and infiltration. Funding has been secured to amend the City's Wastewater Facilities Plan to include new wastewater treatment alternatives, and design the selected alternative. A new consulting engineer has been selected to complete the Plan.

Town of Yacolt (Clark) - Wastewater

Wastewater Facilities Plan was approved by Ecology in 2012. Town staff has been exploring ways to 'phase in' development of a town sewer system over time.

City of Dayton (Columbia) - Wastewater

City is using local sewer funds to finance facility planning work and may consider Department of Ecology Water Quality Pre-construction funding in Fall 2013. City NPDES permit has 2018 construction deadline.

City of Morton (Lewis) - Wastewater

At the request of the Mayor, and in coordination with Ecology Regional Office staff, SCI staff conducted a series of council workshops on the City's wastewater system, which includes council visits to the wastewater treatment plant. (A workshop was also held on the City's drinking water system with Health Regional Office staff.) The City increased its wastewater rates significantly in Spring 2013, and met with funding program staff in June 2013 to discuss potential funding scenarios to upgrade its wastewater system.

SCI COMMUNITY ACCOMPLISHMENTS THIS YEAR

PLANNING WORK CONTINUES

Town of Carbonado (Pierce) - Wastewater and Water

In coordination with Ecology and Health Regional Office staff, SCI staff conducted a series of council workshops on the City's wastewater and drinking water system(s), which included council visits to problem sections of the wastewater collection system and the drinking water treatment plant. The Town secured planning funding to develop a General Sewer Plan/Wastewater Facilities Plan. The Town also secured funding for planning work in the Town's watershed.



During a wastewater system tour following a council workshop, Town of Carbonado Public Works Director Tom Argo (right) explains how he must regularly flush sewer lines with a fire hose, due to inadequate slope and other issues. The Town is currently planning for a sewer line replacement project. From left, Chuck Hoffman (Ecology), Cathi Read (SCI), Mayor Brian Whitmore, Councilmembers Sandi Carlson (barely visible), Kevin Vessey, Joe King (back facing), and Jay Argo. Photo by Dailene Argo.

Carrolls Water Association (Cowlitz) - Water

In Spring 2013 SCI staff, along with Health Office of Drinking Water and Ecology Water Resources staff, convened the first meeting of the Carrolls Water Advisory Group. This Advisory Group will provide leadership, direction, and input on possible solutions to address drinking water source capacity and source water protection problems in Carrolls. Funding for a hydrogeologic assessment and feasibility study has been secured.

ADDITIONAL COORDINATING/EDUCATIONAL EFFORTS

Community Development Block Grant (CDBG)

In February 2013, Jon began a temporary assignment with the CDBG program. Jon's immediate duties included water, wastewater and comprehensive (combined street, stormwater, water, and wastewater projects) application review team coordination for the 2013 CDBG General Purpose application cycle. Other CDBG duties having included Planning-Only grant application development and application review, general CDBG technical assistance, and funding panel participation. Jon's CDBG duties mutually benefit the SCI program since almost all SCI communities eventually use some form of CDBG funding for their water and wastewater projects resulting in some technical assistance efficiencies between programs.

Infrastructure Assistance Coordinating Council

SCI staff helped plan for, and participated in, the **2012 IACC Conference**, held in Wenatchee in October 2012. Cathi organized twenty-three tech teams, composed of staff from state and federal funding programs, regulatory agencies, technical assistance providers, consultants, and local staff. Jon facilitated several of the tech team meetings and Cathi moderated two panels.

'Maximizing Resources in a Coordinated Manner' meetings

Since December 2011, Cathi has convened regular meetings of state and federal funding program staff (including Drinking Water State Revolving Fund, Ecology water quality funding, Public Works Board, Community Development Block Grant, and USDA Rural Development). The purpose of the meetings is to share information on respective funding cycles and policy changes, and discuss ways to maximize the available resources for the benefit of Washington communities. Recently, the group has been working on developing a coordinated infrastructure funding application process.

Public Works Board Academies

Cathi organized and moderated infrastructure funding program panels at the Public Works Board Academies in Vancouver (November 2012), Mount Vernon (February 2013), and Walla Walla (May 2013). Jon also participated in the Walla Walla Academy.

Tech Team Meeting at WASWD Conference

Cathi organized one funding tech team meetings at the Washington Association of Sewer and Water Districts Conference in Yakima (February 2013).

Additional Funding Panels/Trainings

At the request of Department of Health Office of Drinking Water staff, Cathi organized and moderated infrastructure funding program panels at the following events:

- Washington Operator Workshop, Vancouver (March 2013).
- Washington State Environmental Health Association (May 2013).
- American Water Works Association—Pacific Northwest Section/ Department of Health Training in University Place (April 2013). Cathi presented an overview of infrastructure funding programs.

SPOTLIGHT ON RAYMOND-SOUTH BEND REGIONAL WASTEWATER FACILITIES

Background

Before this project started, both cities operated their own wastewater systems, utilizing lagoons for treatment. Although the cities of South Bend (population 1,637) and Raymond (population 2,882) are located just three miles apart on the banks of the Willapa River, small town rivalries often kept them from working collaboratively, with some exceptions.

Before 2003, the state Department of Ecology notified both cities that they would soon need to meet secondary treatment standards, whole effluent toxicity limits, and new water quality-based permit limits at their respective lagoons. The cities also had other challenges with their aging systems, including high inflow and infiltration into their collection systems.

In 2003, Ecology requested Cathi Read of the Small Communities Initiative to begin working with South Bend officials to develop and implement a strategy to address these concerns. Because the neighboring City of Raymond was also about to begin a wastewater planning process, SCI encouraged staff and elected officials from South Bend and Raymond to begin meeting together monthly to coordinate their wastewater system planning efforts. SCI staff convened, facilitated, and documented these meetings, which also included Ecology staff.

Planning

In 2004 the two cities secured planning funding* to prepare their own respective General Sewer Plans/ Wastewater Facilities Plans; it became apparent that a regional wastewater facility was the most cost-effective alternative for both cities. A joint Wastewater Facilities Plan was prepared by the cities' engineering consultant, and approved by Ecology in 2007.

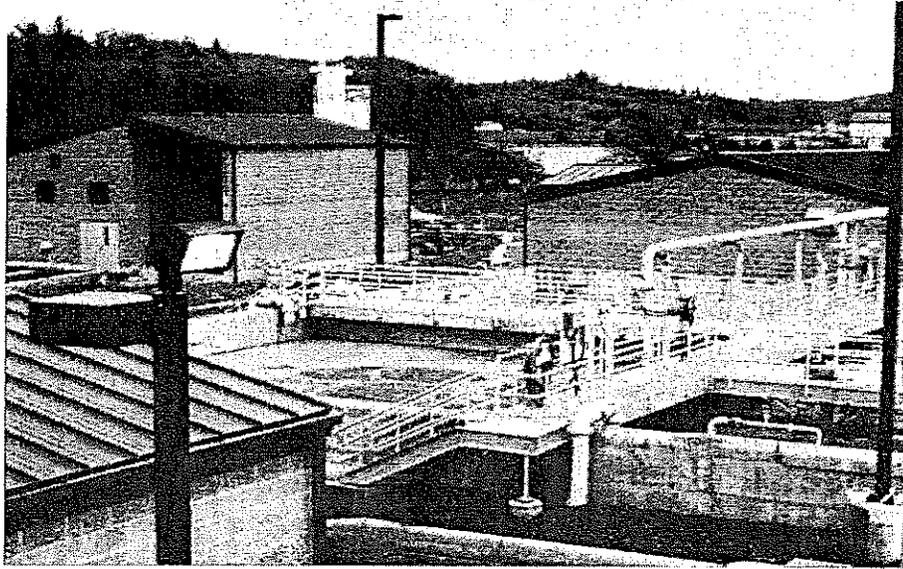
Five joint council meetings were held in 2007-2008 to discuss this project – these were reportedly the first ever joint council meetings of the Raymond and South Bend Councils. Two large public meetings were held with potential state and federal funding program staff in 2007 and 2009.

**Ecology loan and a Community Development Block Grant– Planning Only Grant.*

Regional Wastewater Coordinating Committee

In 2007-2008, a group consisting of staff, elected officials, citizens from both cities, and SCI staff developed an Intergovernmental Contract for Wastewater Services, which required the formation of a Regional Wastewater Coordinating Committee (RWCC) to represent the interests of both communities, to guide the planning, design, and construction of the new facilities, and to provide long-term coordination for the regional facilities. The RWCC has been meeting monthly with the project's consulting engineer, and SCI staff since 2008.

SPOTLIGHT ON RAYMOND-SOUTH BEND REGIONAL WASTEWATER FACILITIES



Construction of the regional wastewater treatment plant for the Cities of South Bend and Raymond will be completed in late Summer 2013. This photo, taken in June 2013, shows the aerobic digester. Photo by Ron Derrick.

Design and Construction

In 2008 both cities secured funding* to design the regional wastewater treatment facilities. Between 2009 and 2010 both cities secured construction funding** for the regional wastewater treatment facilities and some local wastewater collection system components. Construction began in 2010 and construction completion is scheduled for Summer of 2013. The RWCC, engineering consultant, and SCI staff have met monthly throughout the construction phase.

The overall cost of planning for, designing, and constructing this regional wastewater treatment facility and related local improvements was more than \$30 million. Even though some grant funding was received, the majority of funding was in the form of low-interest government loans. This has resulted in significant monthly sewer rate increases for citizens in both cities, with future rate increases anticipated.

** Public Works Trust Fund Pre-Construction loan.*

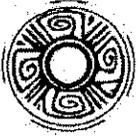
*** A Recovery Act loan and grant available through USDA Rural Development provided the bulk of construction for the treatment facility; Other construction funding include a Recovery Act loan and grant through Ecology; a Federal State and Tribal Assistance Grant; and a Washington State Legislature appropriation.*

Raymond and South Bend now have a regional wastewater treatment facility that will serve the community and economic development needs of both cities in the future.

COMMUNITIES PARTICIPATING IN THE SCI PROGRAM SINCE 1999

| Regional Office | Department of Health Water system improvement projects | Department of Ecology Wastewater system improvement projects |
|------------------|---|--|
| Southwest | Cathlamet Chinook Water District Grayland Water District Ilwaco McCleary South Bend Vader Carrolls Water Association | Cathlamet Ilwaco McCleary Packwood* South Bend/Raymond Vader Yacolt Morton Carbonado |
| Northwest | Lyman Carbonado City of Eatonville Citizens Water Association | Concrete Skykomish* Everson |
| Eastern | Curlw Water District Ione Metaline Metaline Falls/ Pend Oreille PUD Twisp Clark Addition Water Association Steptoe Water and Sewer District Conconully Republic/Pine Grove Outlook/ Yakima County Douglas County/Bridgeport Bar Area water systems | Farmington Ione LaCrosse Republic Curlw Water and Sewer District* Steptoe Water and Sewer District Wilbur Kettle Falls Lakeview Sewer District Dayton |
| Central | (Department of Health does not have a Central Regional Office) | Klickitat/Klickitat PUD Lyle/Klickitat PUD Mansfield Mabton Outlook Rock Island Tieton/Cowiche Sewer District Granger |

*Approval authority is now with Dept/ of Health's Large-On-site Sewage System Program.



DATE: June 24, 2013
 TO: Public Works Board
 FROM: Mark Barkley, CAU Managing Director
 SUBJECT: Notice to Proceed Extension Requests

STAFF RECOMMENDATION

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

| Program | Client | Contract No. | Project | Loan/Grant Amount | Available to Draw | Current NTP Date | Proposed NTP Date |
|--|------------------------------|--------------|--|-------------------|-------------------|------------------|-------------------|
| DWSRF | Juniper Beach Water District | DM10-952-032 | Land's Hill Water Rehabilitation and Consolidation | \$591,585 | \$422,996 | 7/10/13 | 1/10/14 |
| <p>Reason for Extension Request: Client negotiating with the Dept. of Health, Island County and Dept. of Ecology to obtain approval of additional Equivalent Residential Units (ERU's). Once approved, they will go to bid for construction and finish this project by the completion date.</p> | | | | | | | |
| DWSRF | Marion Water Company | DP09-952-046 | New Well and Reservoir | \$811,030 | \$661,928 | 3/1/12 2013 | 8/17/13 |
| <p>Reason for Extension Request: There were considerable delays in the permitting process. Additional time needed to complete construction. Project is ready to go to start construction and the Bid Opening occurred June 19th.</p> | | | | | | | |

BACKGROUND

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



DATE: June 24, 2013
 TO: Public Works Board
 FROM: Mark Barkley, CAU Managing Director
 SUBJECT: Project Completion Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract project completion dates as follows:

| Program | Client | Contract No. | Project | Loan/Grant Amount | Available to Draw | Original Closeout Date | Current Closeout Date | Proposed Closeout Date |
|---|----------------------|--------------|---|-------------------|-------------------|------------------------|-----------------------|------------------------|
| DWSRF | Marion Water Company | DP09-952-046 | New Well and Reservoir | \$811,030 | \$661,928 | 8/17/12 | 8/17/13 | 8/17/14 |
| <p>Reason for Extension Request: There were considerable delays in the permitting process. Additional time is needed to complete construction. Project is 35% complete.</p> | | | | | | | | |
| PWTF | City of Shelton | PC08-951-040 | Basin 5 Infiltration & Inflow Reduction | \$5,737,500 | \$286,875 | 7/14/12 | 7/14/13 | 4/30/14 |
| <p>Reason for Extension Request: Discovery of an aged water line that was replaced and moved due to conflict with sewer line caused additional work via change order. Additional time is needed for construction and completion of the City closeout process. Project is 78% complete.</p> | | | | | | | | |
| PWTF | Spokane County | PG08-951-122 | Regional Water Reclamation Facility | \$3,700,000 | \$185,000 | 8/17/13 | 8/17/13 | 2/17/14 |
| <p>Reason for Extension Request: Additional time is needed to complete testing to confirm the Facility is optimized for treatment of Total Nitrogen. Final testing has to be completed during summer months when the weather is warmer. Project is 97% complete.</p> | | | | | | | | |

BACKGROUND

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



DATE: July 23, 2013
 TO: Public Works Board
 FROM: Mark Barkley, CAU Managing Director
 SUBJECT: CAU Contract Status Report

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

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

| | |
|--------------------|----------|
| PWTF | 15 |
| DWSRF | 2 |
| Other PWB Programs | <u>0</u> |
| Total | 17 |

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

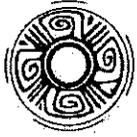
| | |
|--------------------|-----------|
| PWTF | 164 |
| DWSRF | 108 |
| Other PWB Programs | <u>16</u> |
| Total | 288 |

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

| | |
|--------------------|----------|
| PWTF | 5 |
| DWSRF | 5 |
| Other PWB Programs | <u>0</u> |
| Total | 10 |

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

| | |
|--------------------|---------------------|
| PWTF | \$32,199,582 |
| DWSRF | \$ 8,078,104 |
| Other PWB Programs | <u>\$ 1,023,170</u> |
| Total | \$41,300,856 |



DATE: July 24, 2012
TO: Public Works Board
FROM: Myra Baldini, Fund Manager and Underwriter
SUBJECT: Financial and Managerial Review Criteria for the 2012 DWSRF Municipal and Non-Municipal Loan Applicants

BACKGROUND

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

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

Level 1

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

Level 2

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | |
|---|--|
| Name of the Borrower: _____ <input checked="" type="checkbox"/> Municipal <input type="checkbox"/> Non-Muni, Proceed to Level 2 Rev. Level 1 Reviewer: _____ Level 1 Review started: _____ Level 1 Review Complete: _____ Level 2 Review Needed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Level 2 Reviewer: <u>N/A</u> Level 2 Review started: <u>N/A</u> Level 1 Review Complete: <u>N/A</u> Recommend for Funding WITHOUT Conditions? <input type="checkbox"/> Recommend for Funding WITH Conditions? <input type="checkbox"/> Recommend for Bypass/Not-Funding ? <input type="checkbox"/> |
|---|--|

List of Special Pre-Contract Conditions:

NONE

Approved Local Improvement District (LID)

Adopted Rate Increase/Resolution

Amended B-Laws/Articles of Incorporation

List of Contract Conditions:

Annual Submittal of Financial Statements

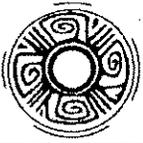
Reserve Requirement/Staffing: #of FTEs/Project Staff

Inter-Local Agreement/ Purchase of Loan Insurance

Dedicated Account for Loan Repayment

LEVEL 1 FINANCIAL REVIEW: (Municipal Applicants)

| # | Description | Low-Risk | With Concerns Needs Further Review |
|--|--|---|--|
| PAST CONTRACT and AUDIT PERFORMANCE | | | |
| 1 | Past Contract Performance: BILLING <div style="text-align: right; padding-right: 20px;">PWB</div> <div style="text-align: right; padding-right: 20px;">All Commerce</div> | <input checked="" type="checkbox"/> Applicant pays bills on time <input checked="" type="checkbox"/> N/A | <input checked="" type="checkbox"/> Restructured payment schedule due to financial hardship <input checked="" type="checkbox"/> Record of non-payment or Default <input checked="" type="checkbox"/> "Unknown" new applicant |
| | | Pweb Database <input type="checkbox"/> | _____ <input type="checkbox"/> |
| | | CMS Database <input type="checkbox"/> | _____ <input type="checkbox"/> |
| 2 | Past Contract Performance: PROJECT COMPLETION Past Contract history indicates issues/ delays with project completion. | <input checked="" type="checkbox"/> No issues <input checked="" type="checkbox"/> Reasonable delay <input checked="" type="checkbox"/> In the process of resolving. | <input type="checkbox"/> Yes – unreasonable delay <input type="checkbox"/> Recurring problem. <input type="checkbox"/> No Solution. |
| 3 | Past Contract Performance: OVERALL PERFORMANCE Feedback from Contracts Administration Unit | <input checked="" type="checkbox"/> Positive <input checked="" type="checkbox"/> Applicant submits all requirements | <input type="checkbox"/> Negative/With issues (details attached) <input type="checkbox"/> Incomplete submittal of requirements and delay |
| 4 | Record of Audit Findings: According to Commerce Audit Database or State Auditor's Office (SAO), have there been any audit findings or exception in the last three (3) years? | <input checked="" type="checkbox"/> NO audit findings in the past 3 years. | <input type="checkbox"/> Audit indicates that the contractor did not successfully resolve findings/ exceptions AND/OR Resulted in loss of funds or non-compliance with Feds or State contracts. |



DATE: July 30, 2013
TO: Public Works Board
FROM: Denise Clifford, Director, Department of Health Office of Drinking Water
Public Works Board Staff
SUBJECT: The 2013 DWSRF Recommended Funding List – August 2, 2013 List

RECOMMENDATION:

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

1. Individual confirmation of recusal status:

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

2. Review of Staff Recommendation.

Table A is included in this memo.

3. Adoption of the Tier 2 Batch list of applications to recommend for funding.

Board and Department of Health (Health) Staff recommend approval of twenty five (25) 2013 Drinking Water State Revolving Fund (DWSRF) loan application requests totaling **\$29,428,359.** Please refer to **Table A** for the list of projects.

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

Copalis Rocks Mutual Benefit Water Association is still under review. Staff will bring this applicant at the September Board meeting. See **Table B** for details.

In June 2013 Board meeting, the Board approved 23 project requests totaling **\$69,964,126.** Please refer to **Table C** for the list of projects.

BACKGROUND

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

DOH anticipates receiving \$20,871,500 from the Environmental Protection Agency (EPA). The calculated 20 percent state match is \$4,174,300. State match is funded by the Public Works Assistance Account.

The rest of the funding is funded using interest earnings, de-obligations and repayments. 90 percent of the funding will finance capital projects. Between 20 to 30 percent will provide a subsidy to consolidation and "disadvantaged" applicants (applicants with Affordability Index (AI) of more than 2%).

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

Table 2 - 2013 DWSRF Loan Parameters

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

DATA SUMMARY

| TABLE # | DESCRIPTION | NO OF PROJ | LOAN REQUEST (A) | LOAN FEE (B) | TOTAL LOAN AMOUNT (A+B) | AMOUNT OF SUBSIDY |
|---------|--|------------|---------------------|------------------|-------------------------|--------------------|
| A | August 2, 2013 Recommended Funding List | 25 | \$29,428,359 | \$219,109 | \$29,647,468 | \$3,463,439 |
| B | June 7, 2013 Board Approved Funding List | 23 | \$69,964,126 | \$699,641 | \$70,663,767 | \$0 |
| C | Pending | 1 | \$287,360 | TBD | TBD | TBD |
| | TOTAL | 49 | \$99,679,845 | \$918,750 | \$100,311,235 | \$3,463,439 |

Table A - ACTION NEEDED
August 2, 2013 BOARD MEETING
RECOMMENDED FOR FUNDING– Municipal and Non-Municipal Applicants
2013 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 | SUBSIDY @ PROJECT COMP. | % Subsidy | AI/Consolidation | INT. RATE | TERM | READINESS-TO-PROCEED CONDITION | FINANCIAL AND MANAGERIAL CONDITIONS | |
|----|----------|---|--|----------|-----------|-------|--------------|----------|-------------------|-------------------------|-----------|------------------|-----------|------|--------------------------------|-------------------------------------|------------------------|
| | | | | | | | | | | | | | | | | SPECIAL CONTRACT CONDITION(S) | PRE-CONTRACT CONDITION |
| 1 | 2013-054 | Delta Water Association | Nitrate Mitigation of Water System Supply | Non-Muni | Whatcom | 150 | \$1,975,300 | \$0 | \$1,975,300 | \$987,650 | 50% | Rest | 1.0% | 24 | NONE | YES. See attached | NONE |
| 2 | 2013-009 | Fall City Water District | Spring Hill Arsenic Treatment, Watermain Installations, Watermain Repairs and Services | Muni | King | 145 | \$910,000 | \$0 | \$910,000 | \$455,000 | 50% | 4.23% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 3 | 2013-001 | North Lopez Service | North Lopez Service Consolidation, Upgrade & Expansion | Muni | San Juan | 71 | \$1,625,000 | \$0 | \$1,625,000 | \$812,500 | 50% | 4.60% | 1.0% | 24 | NONE | YES. See attached | YES. Has been met. |
| 4 | 2013-025 | Beacon Hill Water and Sewer District | Grandview Reservoir and Pump Station Project | Muni | Cowlitz | 45 | \$1,132,000 | \$11,320 | \$1,143,320 | \$0 | 0% | 1.90% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 5 | 2013-010 | Rumbolz Sunset Water Association | Booster Pump System and Storage Tank | Muni | King | 42 | \$167,038 | \$1,670 | \$168,708 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | YES. See attached |
| 6 | 2013-039 | Town of Coulee City | Water System Improvements | Muni | Grant | 42 | \$1,226,000 | \$12,260 | \$1,238,260 | \$0 | 0% | 1.78% | 1.0% | 24 | NONE | YES. See attached | YES. See attached |
| 7 | 2013-015 | Town of Lind | Reservoir 2 Replacement | Muni | Adams | 40 | \$622,200 | \$0 | \$622,200 | \$186,660 | 30% | 3.10% | 1.5% | 24 | NONE | YES. See attached | YES. See attached |
| 8 | 2013-058 | City of Brewster | City of Brewster Water Efficiency Project | Muni | Okanogan | 37 | \$727,545 | \$0 | \$727,545 | \$218,263 | 30% | 2.07% | 1.5% | 24 | NONE | YES. See attached | NONE |
| 9 | 2013-055 | Town of LaCrosse | LaCrosse Water System Improvements | Muni | Whitman | 37 | \$1,530,700 | \$0 | \$1,530,700 | \$765,350 | 50% | 3.51% | 1.0% | 24 | NONE | YES. See attached | YES. See attached |
| 10 | 2013-060 | Bayview Beach Water District | Main Replacement Shore & McDonald | Muni | Island | 35 | \$495,000 | \$4,950 | \$499,950 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | NONE |
| 11 | 2013-038 | City of Grandview | Old Inland Empire Water Improvements | Muni | Yakima | 35 | \$900,900 | \$9,009 | \$909,909 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | NONE | NONE |
| 12 | 2013-037 | City of Millwood | Buckeye Water Main Replacement Project | Muni | Spokane | 35 | \$443,770 | \$4,438 | \$448,208 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | NONE |
| 13 | 2013-050 | City of Toppenish | 2014 Water System Improvements | Muni | Yakima | 35 | \$1,667,310 | \$16,673 | \$1,683,983 | \$0 | 0% | 1.53% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 14 | 2013-052 | Public Utility District #1 of Thurston County | Tanglewilde Total Main Line Replacement/Leak Reduction Project | Muni | Thurston | 35 | \$9,749,377 | \$97,494 | \$9,846,871 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | YES. See attached |
| 15 | 2013-011 | Public Utility District #1 of Thurston County | Tanglewilde Main Line Replacement/Leak Reduction Project | Muni | Thurston | 35 | \$2,250,623 | \$22,506 | \$2,273,129 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | YES. See attached |
| 16 | 2013-041 | Three Lakes Water Association, Inc. | Mero Road/195th Avenue Water Main Replacement | Non-Muni | Snohomish | 35 | \$435,000 | \$4,350 | \$439,350 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | YES. See attached |

Table A - ACTION NEEDED - CONTINUED
August 2, 2013 BOARD MEETING
RECOMMENDED FOR FUNDING– Municipal and Non-Municipal Applicants
2013 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 | SUBSIDY @ PROJEC T COMP. | % Subsidi dy | AI | INT. RATE | TERM | READINESS-TO- PROCEED CONDITION | FINANCIAL AND MANAGERIAL CONDITIONS | |
|---|----------|--|---|------|-----------|-------|---------------------|------------------|---------------------|--------------------------|--------------|-------|-----------|------|---------------------------------|-------------------------------------|------------------------|
| | | | | | | | | | | | | | | | | SPECIAL CONTRACT CONDITION(S) | PRE-CONTRACT CONDITION |
| 17 | 2013-004 | Town of Lind | Town of Lind 6th Street Waterline Replacement | Muni | Adams | 35 | \$126,720 | \$0 | \$126,720 | \$38,016 | 30% | 3.10% | 1.5% | 24 | NONE | YES. See attached | YES. See attached |
| 18 | 2013-045 | Town of Naches | 2014 Water Valve Improvements | Muni | Yakima | 35 | \$95,000 | \$950 | \$95,950 | \$0 | 0% | 1.71% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 19 | 2013-046 | Town of South Cle Elum | Reservoir Inlet/Outlet Main Replacement | Muni | Kittitas | 35 | \$116,550 | \$1,166 | \$117,716 | \$0 | 0% | 1.69% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 20 | 2013-048 | Town of Winthrop | Winthrop Water Plan Improvement Project | Muni | Okanogan | 35 | \$1,681,506 | \$16,815 | \$1,698,321 | \$0 | 0% | 1.88% | 1.0% | 24 | NONE | YES. See attached | YES. See attached |
| 21 | 2012-075 | City of Bingen | Old Line and Steuben St Water Line Replacements | Muni | Klickitat | 31 | \$554,400 | \$5,544 | \$559,944 | \$0 | 0% | 1.75% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 22 | 2013-044 | Town of Naches | 2014 Reservoir Improvements | Muni | Yakima | 30 | \$144,920 | \$1,449 | \$146,369 | \$0 | 0% | 1.71% | 1.0% | 24 | NONE | YES. See attached | NONE |
| 23 | 2012-041 | Public Utility District #1 of Stevens County | Echo Estates WE Improvements | Muni | Stevens | 30 | \$27,500 | \$275 | \$27,775 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | NONE |
| 24 | 2012-122 | Whatcom County Water District #2 | 2012 Water System Improvements | Muni | Whatcom | 30 | \$806,000 | \$8,060 | \$814,060 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | NONE |
| 25 | 2012-036 | Public Utility District #1 of Stevens County | River Park Estates WS Improvements | Muni | Stevens | 10 | \$18,000 | \$180 | \$18,180 | \$0 | 0% | <1.5% | 1.5% | 24 | NONE | YES. See attached | NONE |
| JUNE 7, 2013 RECOMMENDED LOAN LIST | | | | | | | \$29,428,359 | \$219,109 | \$29,647,468 | \$3,463,439 | | | | | | | |

Table B – PENDING – FOR September 2013 BOARD MEETING

| # | APP # | APPLICANT NAME | PROJECT NAME | TYPE | COUNTY | SCORE | LOAN REQUEST |
|----|----------|---------------------------|---|----------|--------------|-------|--------------|
| 26 | 2012-134 | Copalis Rocks Mutual Ben. | Copalis Rocks 2012 Capita Improvement Project | Non-Muni | Grays Harbor | 30 | \$287,360 |

**Attachment C – FOR REFERENCE ONLY
JUNE 7, 2013 BOARD MEETING APPROVED LOAN LIST– Municipal Applicants**

| # | APP # | APPLICANT NAME | PROJECT NAME | COUNTY | SCORE | LOAN REQUEST | LOAN FEE | TOTAL LOAN AMOUNT | % OF SUBSIDY | INT. RATE |
|---|----------|--|--|-----------|-------|---------------------|------------------|---------------------|--------------|-----------|
| 1 | 2013-013 | City of Tacoma | Green River Treatment Facility | Pierce | 136 | \$12,000,000 | \$120,000.00 | \$12,120,000.00 | 0% | 1.5% |
| 2 | 2013-006 | City of Seattle | Morse Lake Pump Plant Project | King | 45 | \$12,000,000 | \$120,000.00 | \$12,120,000.00 | 0% | 1.5% |
| 3 | 2013-014 | City of Enumclaw* | 2014 Water System Improvements | King | 40 | \$3,465,006 | \$34,650 | \$3,499,656.00 | 0% | 1.5% |
| 4 | 2013-031 | Lake Whatcom Water and Sewer District | Division 22 Reservoir | Whatcom | 40 | \$985,000 | \$9,850.00 | \$994,850.00 | 0% | 1.5% |
| 5 | 2013-026 | Public Utility District No. 1 of Skagit County | Division Street Tank and Booster Station | Skagit | 40 | \$9,905,000 | \$99,050.00 | \$10,004,050.00 | 0% | 1.5% |
| 6 | 2013-034 | City of Prosser | Zone 2.5 Water Supply Improvements | Benton | 35 | \$881,500 | \$8,815.00 | \$890,315.00 | 0% | 1.5% |
| 7 | 2013-047 | City of Selah | Third Street Water Main Replacement | Yakima | 35 | \$707,750 | \$7,077.50 | \$714,827.50 | 0% | 1.5% |
| 8 | 2013-021 | City of Spokane | Steel Transmission Main Replacements | Spokane | 35 | \$3,324,000 | \$33,240.00 | \$3,357,240.00 | 0% | 1.5% |
| 9 | 2013-036 | City of Spokane | Central Avenue Wells 1 and 2 Rehabilitation | Spokane | 35 | \$1,209,000 | \$12,090.00 | \$1,221,090.00 | 0% | 1.5% |
| 10 | 2013-040 | City of Union Gap | Main Street Water Improvements | Yakima | 35 | \$1,209,450 | \$12,094.50 | \$1,221,544.50 | 0% | 1.5% |
| 11 | 2013-023 | King County Water District No. 90 | SE 149th St Water main Replacement Project | King | 35 | \$1,370,200 | \$13,702.00 | \$1,383,902.00 | 0% | 1.5% |
| 12 | 2013-043 | Lake Whatcom Water and Sewer District | Geneva Area AC Main Replacement | Whatcom | 35 | \$2,375,000 | \$23,750.00 | \$2,398,750.00 | 0% | 1.5% |
| 13 | 2013-003 | Rocky Point Community Club* | RPCC-Water Pipeline Replacement, Source Improvements and Increased Reliability | Island | 35 | \$1,440,830 | \$14,408.30 | \$1,455,238.30 | 0% | 1.5% |
| 14 | 2012-034 | Birch Bay Water & Sewer District | Blaine Road Water Main Replacement | Whatcom | 30 | \$1,125,000 | \$11,250.00 | \$1,136,250.00 | 0% | 1.5% |
| 15 | 2012-028 | Public Utility District #1 of Stevens County | Addy Water system Improvements | Stevens | 30 | \$49,000 | \$490.00 | \$49,490.00 | 0% | 1.5% |
| 16 | 2012-032 | Public Utility District #1 of Stevens County | Waitts Lake WS Improvements | Stevens | 30 | \$39,500 | \$395.00 | \$39,895.00 | 0% | 1.5% |
| 17 | 2012-035 | Public Utility District #1 of Stevens County | Westshore WS Improvements | Stevens | 30 | \$49,000 | \$490.00 | \$49,490.00 | 0% | 1.5% |
| 18 | 2012-039 | Public Utility District #1 of Stevens County | Deer Lake WS Improvements | Stevens | 30 | \$54,000 | \$540.00 | \$54,540.00 | 0% | 1.5% |
| 19 | 2012-055 | City of Spokane | Top System Transmission Main Replacement. | Spokane | 30 | \$5,549,000 | \$55,490.00 | \$5,604,490.00 | 0% | 1.5% |
| 20 | 2012-065 | Whitworth Water District #2 | 16 inch main/Bernhill Road | Spokane | 30 | \$1,593,800 | \$15,938.00 | \$1,609,738.00 | 0% | 1.5% |
| 21 | 2012-077 | Town of Coupeville* | Water main installation, Madrona Way West of Capt. Whidbey Inn Road | Island | 30 | \$153,590 | \$1,535.90 | \$155,125.90 | 0% | 1.5% |
| 22 | 2012-078 | Town of Coupeville* | Water main installation, Madrona Way, Broadway to | Island | 30 | \$178,500 | \$1,785.00 | \$180,285.00 | 0% | 1.5% |
| 23 | 2012-129 | Alderwood Water & Wastewater District | 660/520/310 Water Pressure Zones | Snohomish | 30 | \$10,300,000 | \$103,000.00 | \$10,403,000.00 | 0% | 1.5% |
| JUNE 7, 2013 RECOMMENDED LOAN LIST | | | | | | \$69,964,126 | \$699,641 | \$70,663,767 | | |

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| Verified by: Myra Baldini, Lead Underwriter | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: June 6, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |

Borrower: Delta Water Association

FINAL PWB Recommendation:

- Recommend for FUNDING W/O Conditions**
- Recommend for FUNDING W/ Conditions**
- Recommend for BYPASS/NOT-FUNDING**

Contract Condition Language:

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

During the term of the loan, the Contractor shall make regular deposit into the loan repayment account:

| | | |
|--|---------------------|------------------|
| Cash transfer to dedicated within one month of contract execution | \$105,872.00 | |
| DEDICATED ACCOUNT SCHEDULE OF DEPOSITS: | TOTAL ANNUAL | QUARTERLY |
| 1/15/2014 THROUGH 1/15/2035 | \$48,266 | \$12,067 |
| 9/30/2036 | \$36,200 | \$12,067 |

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

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

PRE-DRAW CONDITION

ADOPT NEW RATE STRUCTURE. The Contractor shall adopt a new rate in addition to the current rate, \$25.30 for debt repayments during the term of the loan. The resolution must be delivered to the Board prior to the execution of the contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: May 3, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |

Borrower: Fall City Water District

FINAL PWB Recommendation:

- Recommend for FUNDING W/O Conditions**
Recommend for FUNDING W/ Conditions
Recommend for BYPASS/NOT-FUNDING

Contract Condition Language:

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

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

PRE-DRAW CONDITION

ADOPTED AGREEMENT/ Loan Assessment with Spring Hill Dev. The Contractor shall provide proof of executed agreement between Spring Hill Development and Fall City Water District, certifying to the Board that the assessment will provide funds which, along with other revenues of the system, will pay all operating expenses and debt repayments during the term of the loan, has been adopted. No draws shall be made until this condition has been met.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| Verified by: Myra Baldini, Lead Underwriter | General Rating: | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| Date: May 28, 2013 | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |

Borrower: North Lopez Service

FINAL PWB Recommendation:

- Recommend for FUNDING W/O Conditions**
- Recommend for FUNDING W/ Conditions**
- Recommend for BYPASS/NOT-FUNDING**

Contract Condition Language:

DEDICATED ACCOUNT FOR LOAN REPAYMENT. The Contractor shall establish a sub-account or dedicated account or subaccount at an FDIC or NCAA-insured institution for loan repayment. During the term of the loan, the Contractor shall make regular deposit into the loan repayment account:

DEDICATED ACCOUNT SCHEDULE OF DEPOSITS:

| | |
|-----------------------------|----------|
| 1/15/2014 | \$20,700 |
| 1/15/2015 THROUGH 1/15/2036 | \$41,399 |

All interest earned on funds deposited in this account shall accrue to the benefit of the Contractor and be applied toward reducing the amount of the DWSRF loan. The funds in this account shall be used solely to make debt service payments.

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

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

PRE-CONTRACT CONDITION – RESOLUTION FOR NEW RATE OF \$64 MONTH IN ADDITION TO THE CURRENT WATER RATE. RESOLUTION PROVIDED ON 7/6/2013.

ADOPT NEW RATE STRUCTURE. The Contractor shall conduct a rate study and certify to the Board that the new rate structure will provide funds which, along with other revenues of the system, will pay all operating expenses and debt repayments during the term of the loan, has been adopted. The certification must be delivered to the Board on or before the following date: August 1, 2013.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: July 29, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |

Borrower: Beacon Hill Water and Sewer District

FINAL PWB Recommendation:

- Recommend for FUNDING W/O Conditions**
Recommend for FUNDING W/ Conditions
Recommend for BYPASS/NOT-FUNDING

Contract Condition Language:

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

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: July 19, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |

Borrower: Rumbolz Sunset Water Association

FINAL PWB Recommendation:

Recommend for FUNDING W/O Conditions
Recommend for FUNDING W/ Conditions
Recommend for BYPASS/NOT-FUNDING

Contract Condition Language:

DEDICATED ACCOUNT FOR LOAN REPAYMENT. The Contractor shall establish a sub-account or dedicated account or subaccount at an FDIC or NCAA-insured institution for loan repayment. During the term of the loan, the Contractor shall make regular deposit into the loan repayment account:

DEDICATED ACCOUNT SCHEDULE OF DEPOSITS:

| SCHEDULE | TOTAL ANNUAL | QUARTERLY |
|-----------------------------|--------------|-----------|
| 10/1/2013 - 12/31/2013 | \$2,238 | \$2,238 |
| 1/15/2015 THROUGH 1/15/2036 | \$8,953 | \$2,238 |

All interest earned on funds deposited in this account shall accrue to the benefit of the Contractor and be applied toward reducing the amount of the DWSRF loan. The funds in this account shall be used solely to make debt service payments.

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

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

PRE-CONTRACT CONDITION

ADOPT NEW RATE TO INCLUDE \$19.59 PER MONTH PER CONNECTION. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: July 18, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: Town of Coulee City</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

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

PRE-CONTRACT CONDITION
ADOPT NEW RATE STRUCTURE TO INCLUDE \$13.10 DEBT SERVICE PER MONTH PER CONNECTION. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: July 17, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: Town of LIND</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

PRE-CONTRACT CONDITION
ADOPT NEW RATE STRUCTURE TO INCLUDE \$9.25 DEBT SERVICE PER MONTH PER CONNECTION.
 The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: July 9, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review |
| <i>Borrower: Town of Brewster</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

PRE-DRAW CONDITION
ADOPT NEW RATE STRUCTURE TO INCLUDE \$2.87 DEBT SERVICE PER MONTH PER CONNECTION or ERU. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. No draws shall be made until this condition is met.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|------------------------|---|---|
| Verified by: Myra Baldini, Lead Underwriter | General Rating: | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| Date: May 23, 2013 | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| Borrower: Town of LaCrosse | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

PRE-CONTRACT CONDITION
ADOPT NEW RATE STRUCTURE TO INCLUDE \$16.82 or PHASED INCREASES FOR DEBT SERVICE PER MONTH PER CONNECTION. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | Financial: <i>Applicant meets factors evidencing</i> | Managerial: <i>Applicant meets factors evidencing</i> |
| <i>Date: June 5, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: Bayview Beach Water District</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

PRE-DRAW CONDITION
ADOPT NEW RATE STRUCTURE TO INCLUDE \$4.88 DEBT SERVICE PER MONTH PER CONNECTION or ERU. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. No draws shall be made until this condition is met.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: May 6, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: City of Millwood</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: June 10, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: City of Toppenish</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: June 24, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |

Borrower: Thurston County PUD 1

FINAL PWB Recommendation:

- Recommend for FUNDING W/O Conditions**
- Recommend for FUNDING W/ Conditions**
- Recommend for BYPASS/NOT-FUNDING**

Contract Condition Language:

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

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

PRE-CONTRACT CONDITION
ADOPT NEW RATE STRUCTURE FOR DEBT SERVICE PER MONTH PER CONNECTION. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: July 24, 2013</i> | | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review |

Borrower: Three Lakes Water Association

FINAL PWB Recommendation:

- Recommend for FUNDING W/O Conditions**
- Recommend for FUNDING W/ Conditions**
- Recommend for BYPASS/NOT-FUNDING**

Contract Condition Language:

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

PRE-CONTRACT CONDITION
ADOPT NEW RATE STRUCTURE FOR DEBT SERVICE PER MONTH PER CONNECTION. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

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|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: June 11, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review |
| <i>Borrower: City of Naches</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| Verified by: Myra Baldini, Lead Underwriter | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: July 8, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| Borrower: Town of South Cle Elum | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: July 8, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: Town of Winthrop</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

PRE-CONTRACT CONDITION
ADOPT NEW RATE STRUCTURE FOR DEBT SERVICE FOR \$10.72 PER MONTH PER CONNECTION. The Contractor must submit a copy of the adopted resolution to the Board, for a new rate structure, which will provide funds for debt repayments during the term of the loan. The Resolution must be submitted prior to the execution of the loan contract.

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

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|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: July 16, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| Borrower: City of Bingen | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| <i>Verified by: Myra Baldini, Lead Underwriter</i> | <i>General Rating:</i> | <i>Financial: Applicant meets factors evidencing</i> | <i>Managerial: Applicant meets factors evidencing</i> |
| <i>Date: July 19, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| <i>Borrower: Stevens County PUD 1</i> | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

**2013 DWSRF Supplemental Financial Assessment Form
FINANCIAL AND MANAGERIAL CAPACITY SUMMARY**

| | | | |
|--|----------------------------|---|---|
| Verified by: Myra Baldini, Lead Underwriter | <i>General Rating:</i> | Financial: Applicant meets factors evidencing | Managerial: Applicant meets factors evidencing |
| <i>Date: June 6, 2013</i> | | <input checked="" type="checkbox"/> Level 1 - PASS <input type="checkbox"/> Needs Further Review | <input type="checkbox"/> Level 1 - PASS <input checked="" type="checkbox"/> Needs Further Review |
| Borrower: Whatcom County Water District No. 2 | | | |
| <u>FINAL PWB Recommendation:</u> | | | |
| | | Recommend for FUNDING W/O Conditions | <input type="checkbox"/> |
| | | Recommend for FUNDING W/ Conditions | <input checked="" type="checkbox"/> |
| | | Recommend for BYPASS/NOT-FUNDING | <input type="checkbox"/> |

Contract Condition Language:

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

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



Date: July 15, 2013
 To: Public Works Board
 From: Ann Campbell, Project, Policy, & Project Development Specialist
 Subject: 2013-15 Biennial Proviso Language for Public Works Assistance Account Project Selection Process

BACKGROUND:

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

OVERVIEW:

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

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

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

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

ACTION:

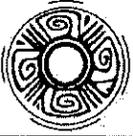
Board staff ask the Board to establish an ad-hoc committee to develop policies and procedures for the Board to enact the requirements outlined in ESSB 5035, Section 7032.

Duties:

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

PROPOSED TIMELINE:

| | |
|--|---|
| August 2, 2013 | Regular Board Meeting <ul style="list-style-type: none"> • Request creation and population of ad-hoc committee • Receive additional direction from Board |
| Week of August 19 | Board Committee Meeting #1 <ul style="list-style-type: none"> • Establish Board/Committee/Staff roles and responsibilities • Identify decision points • Identify future meeting timeframes (dates, meeting methods, etc.) |
| September 6, 2013 | Regular Board Meeting <ul style="list-style-type: none"> • Possible AM sub-committee meeting • Progress report (on-going) • Input from the Board (if decision/direction necessary) |
| Week of September 16th | Board Committee Meeting #2 <ul style="list-style-type: none"> • Threshold criteria • Financial hardship criteria • Selection criteria |
| October 4, 2013 | Regular Board Meeting <ul style="list-style-type: none"> • Possible AM sub-committee meeting • Progress report (on-going) • Input from the Board (if decision/direction necessary) |
| Week of October 14 | Board Committee Meeting #3 <ul style="list-style-type: none"> • Finalize criteria recommendations • Finalize policy concept recommendations • Final, draft legislation proposal language |
| Week of October 28 | IACC Introduce proposed changes at IACC conference. |
| November 1, 2013 | <ol style="list-style-type: none"> 1. Final Board approval of proposal 2. Recommended draft legislative language due to Office of Financial Management <i>OFM must review and approve the proposal prior to submission to the appropriate committees of the legislature as per statute.</i> |



DATE: July 26, 2013, 2013
 TO: Public Works Board
 FROM: Cecilia Gardener, Policy and Program Development Manager
 SUBJECT: 2013-15 Proposed Decision Papers for Supplemental Budget Requests

RECOMMENDATION:

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

Background:

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

| May/June | June/July | August | Early September |
|--|--|---|---|
| <ul style="list-style-type: none"> Develop ideas for concept papers for 2014 policy and budget action | <ul style="list-style-type: none"> Commerce begins screening concept papers Board action on items to put forward | <ul style="list-style-type: none"> Commerce decides which "Decision Packages" to put forward to the Governor | <ul style="list-style-type: none"> Deadline for agencies to submit Decision Packages for consideration by the Governor |



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

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

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



Department of Commerce

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2014 Agency Request Legislation / Decision Package Proposals

Division: Local Government Infrastructure Division

Contact and Phone Number: Cecilia Gardener, 725-3159

Request Title: Public Works Trust Fund Pre-Construction Loan Program Funding

Previously submitted?

No

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

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

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

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

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

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

3. Estimated cost? Dedicated or general funds?

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

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

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

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

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

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



Date: July 24, 2013
To: Public Works Board
From: Bruce Lund, Manager, Technical Assistance Unit
Subject: Budget Impacts to the Technical Assistance Unit

BACKGROUND:

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

OVERVIEW:

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

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

1. **Program Technical Assistance** is specific assistance related to funding programs. This includes such activities as outreach to clients on Board specific programs and initiatives, working with clients on developing funding applications, pre-contract development, and cultural resource coordination and assistance.
2. **Project Development** is working with clients on specific projects, assisting with capacity development to assume a project, planning, pre-construction, and construction.
3. **Training and Education** is the providing of webinars, academies, scholarships to attend the Infrastructure Assistance Coordinating Council (IACC) conference, and information and referrals to funding and training opportunities.

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

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

NEXT STEPS:

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



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2014 Agency Request Legislation / Decision Package Proposals

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

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

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

Decision makers and potential funders need current information about the infrastructure needs of local governments to target funding for the replacement of our aging infrastructure and to meet growth needs. The last attempt at collecting this data was 13 years ago and the data was outdated as soon as the report was completed.

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

Commerce received a \$50,000 grant from the West Coast Infrastructure Exchange (WCEX) in July 2013 to help develop a platform designed to collect capital needs data from local governments. Additional funding is essential to capitalize on this opportunity and keep the initial investment moving forward.

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

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

3. Estimated cost? Dedicated or general funds?

Cost is estimated at \$200,000 from the Public Works Assistance Account (PWAA) to cover ½ FTE staffing, database development, and engaging local governments in the data collection activities.

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

No legislation needed

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

This information will assist policy makers and local governments to make informed decisions using timely and accurate information. Local governments will support an initiative that will garner support for funding by clearly identifying priority needs.

August 2, 2013 Public Works Board Meeting Report
Public Works Assistance Account Predictive Model Data for 2013-15 Biennium

(Fiscal Years Beginning July 1, 2013 through June 30, 2015)
 Model Updated on July 15, 2013

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

Tracking Predictive Model Key Factors: Projected VS. Actual for the 2013-15 Biennium



ESTIMATED CASH BALANCE AT THE END OF THE BIENNIUM:

PROJECTED \$5,000,000