

April 13, 2016

The Honorable Jay Inslee, Governor  
The Honorable Mark Schoesler, Senate Majority Leader  
The Honorable Sharon Nelson, Senate Minority Leader  
The Honorable Frank Chopp, Speaker of the House  
The Honorable Dan Kristiansen, House Minority Leader  
The Honorable Pat Sullivan, House Majority Leader

**Subject: *If No Public Works Trust Fund – What?***

Dear Governor Inslee and Legislative Leaders:

On behalf of the state's 281 cities, we are deeply disappointed and frustrated with the Legislature's actions in sweeping, yet again, the Public Works Assistance Account (PWAA). While we understand the fiscal challenges the state faces, we do not and cannot accept that sweeping these critical funds from their intended use – sound infrastructure throughout our state -- is in the best interests of our citizens and businesses.

Since the 2011-13 biennium as the state wrestled with the economic recession and then the *McCleary* challenge, you, our state leaders, have turned to the PWAA to balance your budget time and again. The 2016 Supplemental Operating Budget, if approved by the Governor and not vetoed as some are requesting, for all intents and purposes eliminates the PWAA Loan Program (also known as the Public Works Trust Fund). The Program has been a resounding success for the past 30 years and model of state-local partnership in supporting our state's economy.

Regardless of the Governor's action on the supplemental budget, retooling or replacing this program is a challenge we need you to join us in addressing in the 2017 session. Absent a strong partnership, citizens will pay an unnecessary premium for basic clean water, sewer service, and other critical infrastructure. Our systems are likely to fall prey to continued deferred maintenance resulting in even greater costs long term.

This loan program was developed by agreement of local, state and business interests to tax local utility ratepayers and real estate purchasers to capitalize a low interest revolving loan program. The intent was to help ensure that every community in the state has a stable and affordable means to maintain key infrastructure and it has been successful in doing so for three decades. Arguably, it has not only helped local governments fund critical infrastructure, but has also taken pressure off the state to fund community sewer, water, and road and bridge projects through the capital budget. The Program allowed even the smallest and poorest communities to provide water and sewer and transportation improvements in a fiscally prudent and efficient manner.

Absent this program, small towns are now required to hire bond counsel and convince Wall Street investors that they are acceptable risks for investment, and will pay up to 40 percent more for their projects for the privilege. Citizens of those towns will see their rates increase significantly more and will impact those least able to afford increases the hardest. Along with residents and businesses in larger communities, they will continue to pay taxes imposed by the 1985 legislation that were intended to fund the program. Unfortunately, the benefits of the program are no longer available.

When we ask where these communities should turn, some state leaders point to federal programs that are only available if a water or wastewater system reaches the point of failure, rather than a loan program that encourages communities to be responsible and maintain existing assets. Most recently, the Senate points to a loan guarantee proposal that did not pass the House, would require a separate Constitutional Amendment, and provides minor benefits to an unclear set of beneficiaries. On occasion, the House and the Governor have voiced support for not sweeping PWAA funds, but at the end of the day the sweeps occur, year after year.

Today, we find ourselves at a crossroads in what has been a constructive partnership between cities and the state in finding cost-effective ways to maintain and upgrade local infrastructure – the foundation of what allows our state to grow and thrive. It is time to come up with ideas to recast this partnership. Right now, communities are no longer able to rely on the foundation left by our predecessors and we must ask “Are we going to cast aside a national-model program and replace it with *nothing*?”

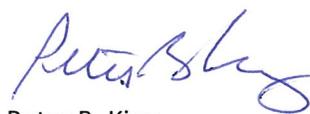
We believe it is time to roll up our sleeves and work together to determine how to best use what resources remain, to clearly define the state’s role, and to develop the state’s plan to provide an array of resources that serves all of the ratepayers and citizens of our state who rely on our water, wastewater and transportation infrastructure to meet their daily needs.

Our Association stands ready to work with you and others. Your leadership is needed as much on this topic as any other facing our state today.

Sincerely,



Paul Roberts  
AWC Board President  
Everett Councilmember



Peter B. King  
Chief Executive Officer