

Importance of the Public Works Assistance Account to Walla Walla

April 12, 2016

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I am often asked why I support the Public Works Assistance Account (PWAA, aka the Public Works Trust Fund) so vigorously. Simply, the PWAA provides a straight-forward and easy process for local jurisdictions to obtain low-interest loans to finance public infrastructure construction and rehabilitation. Eligible projects must improve public health and safety, respond to environmental issues, promote economic development, or upgrade system performance. Eligible applicants in Washington are cities, counties, special purpose districts and quasi-municipal organizations. Eligible infrastructure systems are domestic water, roads/streets, bridges, sanitary sewer, solid waste/recycling and storm water.

For the past 30 years, the PWAA loan program has allowed local jurisdictions, water and sewer districts to fund infrastructure improvements that provide health, safety and economic development opportunities throughout Washington state. This program is especially helpful to smaller jurisdictions without the capacity to enter into the commercial bond market. For the past four years, including 2016, the Legislature redirected most of the tax revenue streams and a significant portion of loan repayments from previous loans, to balance the state biennial budget and fund the education legacy trust account (commonly referred to as McCleary Decision requirements; however, the legislature still hasn't approved this decision). These revenues included 4.1% of the state's share of real estate excise taxes, along with taxes on water, taxes on wastewater and taxes on solid waste, all of which were originally directed to the PWAA in order to fund infrastructure improvements throughout the state. State legislators diverted the money collected from utility users/consumers from its original purpose and intent for infrastructure improvements to balance the state's general budget.

So, what does not having access to the PWAA specifically mean to our community – Walla Walla? As the fifth oldest incorporated city in Washington, Walla Walla's infrastructure is aging. Consumers will pay a higher cost for utilities (water, sewer, storm water, etc.) to supplement higher commercial loan costs for needed infrastructure improvements.

In recent years, Walla Walla used PWAA funding for one pre-construction and three construction projects, which saved our local ratepayers several million dollars in higher interest rates. Projects included:

1. Phase 1, Wastewater Improvements	\$7,000,000.00
2. Phase 3, Wastewater Improvements	\$5,159,000.00
3. Phase 3, Pre Construction, Wastewater Improvements	\$1,000,000.00
4. Phase 3, Wastewater Improvements	<u>\$6,825,000.00</u>
Total	\$19,984,000.00

Because Walla Walla is currently not able to apply for PWAA funding, due to funds being diverted to balance the State's general fund budget, Walla Walla is left to seek private funding from the open commercial money market for the following projects which will cost ratepayers significantly more in interest and loan costs (several million over the multi-year repayment schedule), leading to increased costs for residents of Walla Walla.

1. Water meter replacement project (in process)	\$6,000,000.00
2. Replacement of 110-year-old bridge over Mill Creek	\$1,500,000.00
3. Sanitary landfill liner	\$3,000,000.00
4. LED street lighting conversion	\$2,500,000.00
5. Structure improvements over Mill Creek	<i>Unknown at this time</i>
6. 2017 Wastewater improvements	\$4,400,000.00
7. 2019 Wastewater improvements	\$5,000,000.00
8. 2021 Wastewater improvements	\$1,100,000.00

In conclusion, the PWAA has been a national model for infrastructure financing since its inception in 1985. I am proud to serve as an appointee of the Governor on the PWAA oversight board. Unfortunately, over the past few budget cycles, the Legislature has greatly reduced and eliminated the amount of funds and capacity available through budget transfers and diversion of specific revenue streams. We are at a crossroads regarding our state's decaying infrastructure systems, which provide health and safety to our citizens and drive economic development. The Legislature needs to protect the PWAA and diverting funds is simply unacceptable for the citizens of Washington state.