



Department of Commerce
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Public Works Board's Construction Loan Cycle

SPECIAL: WATER and SEWER PROJECTS

July 27, 2016

Today's Agenda

Threshold

Application

Wrap up



Threshold

Overview:

- Generalities
- “Proviso” Generated Requirements





Generalities

Highlights

- \$100 million available.
- \$10 million maximum loan amount per applicant per biennium.
- 1.66% interest rate for loan terms between 5 and 20 years.
- 0.83% interest rate for loan terms less than 5 years.
- No loan fees.
- *Reduced rates and longer terms for distressed communities.*
- Applications available at www.pwb.wa.gov
- Application materials due
6PM, August 18, 2016

Threshold NO Changes - streamlined

- Real Estate Excise Tax (REET) – counties, cities, and towns must have imposed 0.25% REET
- Capital Facilities Plan?
- Side Sewer Connections?
- GMA? – In conformance by time of contract execution (*approximately July 2017*)





“Proviso” Generated Requirements

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Threshold Changes:

Water and Sewer Projects:

"Projects that are eligible for the drinking water and clean water state revolving funds are not eligible for public works board construction loans." – *2015-17 Biennial Capital Budget (2EHB-1115)*

- Why?
- What’s considered eligible?
- Do I have any recourse?
- Who do I talk to about my project?
Public Works Board Staff and

DOH Contact:

Janet Cherry

360-236-3153

Janet.cherry@doh.wa.gov

ECY Contact:

David Dunn

360-407-6503

david.dunn@ecy.wa.gov



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Threshold Changes:

Water and Sewer Projects:

What’s considered eligible?

For water

For sewer - also review the publication below for details:

<https://fortress.wa.gov/ecy/publications/SummaryPages/1510033.html>

Who do I talk to about my project?

Public Works Board Staff and

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“Proviso” Generated Requirements

Three Specifics:

- Numerically ranked funding recommendation.
- Interest rate setting using specific methods.
- Encourage resiliency, self-sufficiency, and capacity building.

Interest rate setting

Proviso identifies a specific methodology for the Board to use when setting interest rates.

“...average daily market interest rate for tax-exempt municipal bonds as published in the bond buyer’s index for the period from 60 to 30 days before the start of the application cycle. For projects with a repayment period between 5 and 20 years, the rate must be 60% of the market rate...for projects with a repayment period under 5 years, the rate must be 30% of the market rate...”

30-60 days prior to the start of the cycle:
May 1 – June 30, 2016





“Proviso” Generated Requirements

Three Specifics:

- Numerically ranked funding recommendation.
- Interest rate setting using specific methods.
- Encourage resiliency, self-sufficiency, and capacity building.

Interest rate setting

Non-Distressed Community Rates:			
		Regular Term	Interest Rate
		<5 Years or less	0.83%
		5 to 20 Years	1.66%
Distressed Community Rates:			
		Rate Based Systems:	Non-Rate Based Systems:
		Affordability index is between the following:	Debt service capacity ratio is between the following:
Rate	Term		
1.00%	+5 years	2.0% to 2.5%	1.26% to 1.49%
.80%	+10 years	2.6% or higher	1.25% or less



Application

Overview:

- Location
- Sections
- Selection





Location

www.pwb.wa.gov/financial-assistance/construction



[Public Works Board](#) · [Financial Assistance](#) · [Resource Center](#) · [Project Detail](#) · [Contact Us](#)

[Public Works Board](#) / [Financial Assistance](#) / [Construction Loans](#)



Public Works Board

Infrastructure is Fundamental

The Public Works Trust Fund Needs Your Help!

Please submit your application for funding, to demonstrate to the legislature that State infrastructure financing is essential.

There is a potential for nearly \$100 million in construction loans available.

If we are unable to show the need for these resources, they could be re-directed to other State priorities.

New, easier applications are available July 1 on our website: www.pwb.wa.gov.

APPLICATIONS DUE AUGUST 18, 2016, 6:00 PM PST

[Application Guidelines](#)

[2017 BRIDGES Construction Loan Application Form](#)

[2017 DRINKING WATER Construction Loan Application Form](#)

[2017 ROADS AND STREET Construction Loan Application Form](#)

[2017 SANITARY SEWER Construction Loan Application Form](#)

[2017 SOLID WASTE RECYCLING Construction Loan Application Form](#)

[2017 STORM WATER Construction Loan Application Form](#)



Sections

Overview:

Three Sections:

1. General
 - “Who” section
 - “What” section
2. Financial / System Management
3. Problem / Solution

General

Captures who’s applying, provides a project overview, and identifies project deliverables:

- Contact information
- Scope of work
- Schedule
- Costs
- Potential alternative funding strategies





Sections

Overview:

Three Sections:

1. General
 - “Who” section
 - “What” section
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Financial and System Management

Captures basic overview of:

- Financial health of the community:
 - Affordability Index – cost to households
 - Debt Service Coverage Ratio – cost to community
 - Identify how the community manages its finances to ensure long term sustainability and viability
- Management of system:
 - Asset management?
 - Informing the decision makers?
 - Sustainability?
 - Resiliency planning?





Sections

Overview:

Three Sections:

1. General
 - “Who” section
 - “What” section
2. Financial / System Management
3. Readiness to Proceed?
Problem / Solution

Readiness to Proceed?

- Engineer selected?
- Site control?
- Historic and cultural consultation underway?

Problem / Solution

- System-specific technical condition and status
- What problem is this project solving?
- Clarifying questions
- How does this project fix the problem?
 - Are all issues resolved?
 - Lowest cost solution?
- Anything more to add?





Selection

Selection Process

- A. Application deadline –
August 18, 2016; 6PM
- B. Threshold review –
 - Signed?
 - REET? (Cities/Counties)
 - Drinking water/Sanitary Sewer Project?
- C. Rating and ranking –
 - Preliminary ranking
- D. Board review –
 - Clarifying questions/direction
 - *Final ranking* – October 2016

Board review:

- September 2016, the preliminary rated and ranked list of applications is presented to the Board:
 - Funding demand is identified.
 - Outliers are identified and addressed if necessary.
 - Balancing factors are identified.
 - Staff directed to pursue clarifying information or other directives as assigned.
- October 2016, the Board reviews the compiled information, balancing factors, and any other information angles. The result:

A numerically ranked recommended funding list!



Wrap Up

- Applications, guidelines, and fact sheets are on the Board's website: www.pwb.wa.gov
- Maximum loan amount is \$10 million;
- Maximum interest rate is 1.66%;
- Application materials are due on August 18, 2016, at 6PM!
(or postmarked by that date)





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