



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

PUBLIC WORKS BOARD MEETING NOTES
October 5, 2012

Wenatchee Convention Center (Wenatchee, WA)

Board Members Present:	Board Members Absent:	Staff Members:
Stan Finkelstein - Chair Frank Abart JC Baldwin Jerry Cummins Kathryn Gardow Ed Hildreth Scott Hutsell Don Montfort Mark "Bubba" Scott Darwin Smith Steve Stuart Larry Waters	Tom Fitzsimmons	Myra Baldini Ann Campbell Cindy Chavez Steve Dunk Janea Eddy Dawn Eychaner Christina Gagnon Cecilia Gardener Isaac Huang John LaRocque Matt Ojennus

Guests Present:

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| <ul style="list-style-type: none"> • <u>Leonard Bauer</u>, Department of Commerce • <u>Scott Boettcher</u>, SBGH Partners • <u>Robert Goodwin</u>, Vista Vu Water Association • <u>Karen Klocke</u>, Department of Health • <u>Bruce Lund</u>, Department of Commerce | <ul style="list-style-type: none"> • <u>Chris McCord</u>, Department of Health • <u>Scott Merriman</u>, Washington State Association of Counties • <u>Cathi Read</u>, Department of Commerce |
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WELCOME AND INTRODUCTIONS

- a) Call to order: Stan Finkelstein called the meeting to order at 8:09 a.m.

HIGHLIGHT MEETING MATERIAL

- a) John LaRocque reviewed the Board packet and handout materials, including a memo regarding Vista View Water System and a 2014 Public Works Trust Fund (PWTF) Funding List Update. John noted that the PWeB presentation from Rodney Orr would be deferred until the November 2012 Board meeting.

ADMINISTRATION

- a) Approve Agenda: Scott Hutsell moved to approve the agenda. Ed Hildreth seconded. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)
- b) August 17, 2012 Meeting Minutes: Kathryn Gardow noted that a correction was needed on the top of page 7 of the minutes. Kathryn Gardow moved to approve the minutes as corrected. Larry Waters seconded. **ACTION: Motion Approved (9-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Waters). Darwin Smith and Steve Stuart abstained from the vote as they were not present at the August 17 meeting.
- c) December Meeting: John LaRocque advised the Board that a meeting is being planned for December 4 with the new Governor and their transition team. John noted that CERB, TIB, and possibly CRAB are interested in joining the meeting.

CONTRACTING

- a) Bruce Lund presented a PWTF loan extension request from the City of Bainbridge Island due to revised scope of work and extended public comment. Kathryn Gardow moved to approve the extension. Jerry Cummins seconded. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)
- b) Bruce Lund presented a Drinking Water State Revolving Fund (DWSRF) loan extension request for Firgrove Mutual. Steve Stuart moved to approve the extension. Darwin Smith seconded. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)
- c) Isaac Huang and Myra Baldini presented a DWSRF loan restructure request from Vista Vu Water Association. Isaac reviewed the current issues with the water treatment system. Myra reviewed the unanticipated costs the association confronted during construction and the potential impact on customer rates if the loan is not restructured. Myra reviewed three options developed by staff for the restructure and recommended that the Board adopt option number two. Isaac Huang noted that a Vista Vu representative planned to be present at the meeting, but would not arrive until 10 a.m. Don Montfort moved to table the Vista Vu loan restructure request until the association representative arrived. Steve Stuart seconded. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)
- d) Bruce Lund reviewed the status of currently open Board contracts, noting that construction bids are coming in a bit higher than expected because the industry seems to be picking up a bit. Don Montfort asked about the status of contracts which were previously not closing out in a timely manner. Bruce reported that the Board has recently instituted a 10% retainage policy that should help with that issue.

FINANCING OPPORTUNITIES

- a) PWTF 2014 Bypass of Lakeview Sewer District & Grays Harbor PDA: Cecilia Gardener reviewed staff recommendation on page 61 of the Board packet, noting that the two projects recommended for bypass were not directly addressed by the Board at the last meeting. John LaRocque noted that these applicants had requested the Board formally bypass them rather than withdraw themselves from consideration. Kathryn Gardow moved to approve staff recommendation. Larry Waters seconded. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)
- b) 2014 Growth Management Act (GMA) Impacted Applicants: Cecilia Gardener reviewed the list of applicants not eligible for the 2014 PWTF application cycle due to non-conformance with Growth Management Requirement that the applicant be in conformance with GMA at the time of application. John LaRocque explained that the Governor's office is reviewing the Board's policy bill and has expressed interest in the Board bringing forward the list of applicants that were denied due to GMA. John explained that this would create a need for the PWB policy bill to have retroactive language in it regarding GMA eligibility and that attorneys at the Governor's office are currently working on some draft language.

Stan Finkelstein asked how the additional \$36 million represented here would impact the overall loan list request. John noted that staff already have reduced the list significantly by working with the local jurisdictions to reduce their loan requests and will continue this work. John explained that staff is also working with the Departments of Ecology and Health to blend project financing between PWTF and the State Revolving Funds (SRF), and also to move projects completely to one or both SRFs.

Stan Finkelstein asked whether jurisdictions did not apply for this loan list because of GMA non-conformance and whether this would have an adverse political impact if these particular projects are grandfathered in. John responded that we cannot be certain about this.

Darwin Smith asked if these projects were included, whether the fund would still be solvent. John noted yes, noting that by reducing project costs and blending projects the Board will have more opportunity to fund a list in 2015.

Steve Stuart moved to approve staff's recommendation, Darwin Smith seconded. Steve Stuart noted how pleased he is that the Governor's office is considering this issue and that by involving bigger counties in the discussion the issue is getting some attention. Frank Abart asked for confirmation that the Board's fund can handle the additional projects. John replied that yes, the fund will be solvent, but that it could reduce the loan list in 2015. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)

- c) EWE Program Pool of Applicants Update: Steve Dunk updated the Board on the Energy/Water Efficiency loan applications received. Steve noted the application cycle closed and \$5.6 million in

loans was requested. Steve advised the Board that a ranked list will be brought to the Board in November for selection/approval. Steve explained that Tukwila is withdrawing their energy loan request for the swimming pool project, so it appears that all 11 projects should be able to be funded. Kathryn Gardow asked if there will be a little leftover then. Steve affirmed about \$200,000 would be left, which could be awarded for cost overruns. John LaRocque noted that staff would like to send out a thank you to the non-Public Works Board (PWB) program staff who helped design the program and rate the projects.

- d) Pre-Construction Program Pool of Applicants Update: Chris Gagnon presented the requests received for pre-construction funding, totaling \$2.085 million. Chris noted that application requests do not exhaust the available funding, which is \$3 million. John LaRocque noted that the pre-construction projects will be selected by the Board in November. John explained that staff will be bringing a proposal to the Board in November to use the leftover \$1 million to leverage approx. \$14 m. in federal USDA funds.

BREAK

CONTRACTING

- a) The Board agreed to reopen discussion on the previously tabled Vista Vu Water Association loan restructure request. Robert Goodwin from Vista Vu Water Association addressed the Board and answered questions about the current status of the project. A number of Board members expressed concerns about the financial health of the utility. Don Montfort moved to approve Option 2 as recommended by staff. Larry Waters seconded. **ACTION: Motion Approved (11-0)** (Abart, Baldwin, Cummins, Gardow, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)

POLICY

- a) Decision Packages Update: John LaRocque updated the Board on the status of the draft policy bill, advising the Board that the bill is in z-draft form and has been endorsed by the Governor's office. Don Montfort noted that the policy committee has some concerns about how the bill reads regarding traditional and non-traditional systems and the refinancing language should be revisited in order to allow refinancing of federal funds. Don Montfort advised the Board that the policy committee would be conducting additional stakeholder meetings to get more input on the draft language.
- b) Health/Commerce/PWB Memorandum of Understanding (MOU) Direction: John LaRocque noted that the MOU between Commerce/Health/PWB needs to be updated and that the update has been delayed in the past and it is a high need of the Board to look at reworking the MOU. Stan asked if John had a timeframe in mind. John noted that between now and the end of the year would be ideal. Stan agreed and advised work in the next 3 months would be ideal. Don M. asked for clarification regarding the policy committee's role in the MOU. John explained that the vision is for the policy committee to write the content of the MOU for the board to explain.

PROGRAM DEVELOPMENT/IMPLEMENTATION UPDATES

- a) Ann Campbell reviewed the matrix provided in the Board packet showing the 2014 PWTF requests by system and applicant type. Ann noted that this matrix shows the most current and solid numbers available, noting that folding in the GMA applicants will change the numbers again. Kathryn Gardow asked if, for the next cycle, the Board would need to set some criteria for selecting projects for the 2015 list. John LaRocque explained that in November or December staff will bring a proposal to the Board for criteria for the next application cycle, which would begin in March 2013. John noted that staff will bring the most aggressive and feasible plan possible for the next year.

INFORMATION AND OTHER ITEMS

- a) GMA Decision Package: Leonard Bauer passed out a paper slide presentation for the Board's review. Leonard advised the board that Commerce has been soliciting input from stakeholder regarding how to fund additional staff in the Growth Management Unit of Commerce and is requested that the Board support funding from the Public Works Assistance Account (PWAA) for GMA staffing and grants. Leonard noted that Commerce is also pursuing the possibility of receiving stormwater funds from the Department of Ecology for this purpose. Jerry Cummins moved to approve the request to divert funds from the PWAA for GMA, Kathryn Gardow seconded. Steve Stuart spoke against the motion, noting that previous diversions for infrastructure construction make sense with the Board's mission. Steve Stuart noted that he feels it is inappropriate to divert PWAA money to planning. Kathryn Gardow noted that in the past the PWB has funded planning activities, although different type of planning, and she spoke to the importance of planning. Don Montfort noted his adamant opposition to this proposal, noting past opposition from the board for grants, noting that this is a non-traditional expenditure of funding that the board has in the past opposed. Frank Abart noted his opposition to the motion, echoing the sentiment that this is a clear diversion of the fund. Ed Hildreth noted his opposition as well. Larry Waters expressed that it may be helpful for the board to help defray some of these costs. Kathryn Gardow left the meeting.

John LaRocque asked what would happen if the money from the PWAA does not come forward. Leonard explained the Commerce has already put forward a decision package to the Office of Financial Management with a note that Commerce is exploring other options for funding. Myra Baldini noted that if the \$3 million is diverted from the fund, the 2015 list would be reduced by \$12 million. Darwin Smith noted his opposition to the diversion of funds.

J.C. Baldwin asked about how the efforts to secure stormwater funding to support GMA is going. Leonard explained that part of the NPDES permit requirements includes an evaluation of low-impact development. Commerce has talked with Ecology on stormwater capital and noted that the legislature has not consistently appropriated money for stormwater projects, and that he is cautiously optimistic that agreement could be made.

Jerry Cummins withdrew the motion to approve the diversion of funds.

Darwin Smith asked John LaRocque if there would be any impact to the current loan list moving forward since the Board has taken a stand on this issue. John and Leonard agreed that there's no connection and that the Governor's office has not directed Commerce to explore this issue, noting that Commerce approached the Governor's office to see if they would be open to this idea and they were open to the idea, but were not directing it.

Don Montfort moved the Public Works Board oppose the proposal expending PWAA funds on GMA planning. Steve Stuart seconded. Steve Stuart stated that the motion is important to demonstrate that the Board is taking a stand opposing this type of diversion of the fund, and noted that the Washington State Association of Counties and other associations would commit to helping secure other funding for GMA. John LaRocque suggested that the Board could provide a letter stating their support for funding GMA technical assistance and grants from other sources. Don Montfort amended his motion to include the letter. **ACTION: Motion Approved (10-0)** (Abart, Baldwin, Cummins, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)

- b) SW Regional Local Government Academy Update: Lynn Kohn updated the Board on the progress of planning the SW Regional Academy, noting that Jim Justin, Stank Finkelstein, and Steve Stuart have agreed to speak.

John LaRocque suggested that for the next Board meeting, the committees may want to meet from 7 a.m.-9 a.m. before the meeting starts.

- c) iPRMT Presentation: Scott Merriman introduced Scott Boettcher and asked for the Board's assistance in helping promote "iPRMT" or the new name of the same service, to the Board's customers in order to assist with greater transparency and knowledge retention. Scott Boettcher presented the "iPRMT" tool and demonstrated its use to the Board. John LaRocque suggested that one of the Board's Technical Assistance staff could specialize in this system to train clients in using the tool and that staff will bring a proposal to the Board to suggest this option.

Stan Finkelstein announced that the remaining two informational agenda items could be moved to the November Board meeting. Jerry Cummins made a motion to adjourn the meeting, Don Montfort seconded. **ACTION: Motion Approved (10-0)** (Abart, Baldwin, Cummins, Hildreth, Hutsell, Montfort, Scott, Smith, Stuart, Waters)

Meeting adjourned at 10:56 a.m.