



**Washington State
Public Works Board
Construction Loans**

**Fiscal Year 2016
Application Guidelines**

April 2014

TABLE OF CONTENTS

CONSTRUCTION LOAN PROGRAM	3
AFFORDABILITY INDEX (Rate based systems – <i>only</i>)	4
DEBT SERVICE COVERAGE RATIO (Non-rate based systems – <i>only</i>)	5
COMPLIANCE WITH THE GOVERNOR’S EXECUTIVE ORDER 05-05	6
Tribal Consultation	6
DAHP Consultation	6
THRESHOLD REQUIREMENTS	7
Maximizing Federal Resources – Drinking Water and Sanitary Sewer State Revolving Funds Only	7
Fiscal Impact Acknowledgement.....	7
Greenhouse Gas Policy	7
Real Estate Excise Tax (REET)	7
Growth Management Act (GMA) Conformance – <i>At time of contract!</i>	8
Capital Facilities Plan Standards (Counties and Cities Not Planning under GMA)	9
Special Purpose District Consistency with Local Comprehensive Land Use Plans	9
Sanitary Sewer Projects—Side Service Sewer Connections	9
HOW TO APPLY FOR A CONSTRUCTION LOAN	10
Hardcopy Application	10
APPLICATION QUESTIONS AND INSTRUCTIONS	10
Section 1: General Applicant Information.....	11
Section 2: Project Information	15
Section 3: Project Need and Solution.....	17
Section 4: Local Management Effort	19
GUIDELINES FOR PREPARING THE SCOPE OF WORK	21
Examples of Construction Project Scopes of Work.....	21
PERMIT AND REVIEW ASSISTANCE	22
REGIONAL SERVICE COORDINATOR MAP	23
THE PUBLIC WORKS BOARD STAFF	24
FREQUENTLY USED ACRONYMS	25
KEY LEGISLATION FOR THE BOARD’S PROGRAMS	25
EXECUTIVE ORDER 05-05 CULTURAL/HISTORIC REVIEW APPLICANT CHECKLIST	26

CONSTRUCTION LOAN PROGRAM

The Board is authorized by state statute (RCW 43.155) to loan money to counties, cities, and special purpose districts to repair, replace, or create domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste and recycling facilities, and bridges.

The Board recognizes that projects of this nature can usually be broken into preconstruction and construction activities. Construction activities focus on the activities that repair, replace, or create a facility. Preconstruction activities include but are not limited to right-of-way acquisition, design work, engineering, permit acquisition, environmental review, cultural and historic resources, and public notification.

The Board's recommended Construction loan list will be presented to the Governor in Fall 2014. Funding is contingent on Legislative and Gubernatorial approval during the 2015 Legislative session: January 2015 - May 2015. Upon approval, funds will be available on July 1, 2015.

Applications are due on **May 16, 2014**. An original signed application either has to be postmarked or delivered to the Board on the due date. If you are shipping them on that date, be sure that the date stamped on the package reads the due date (e.g., "May 16, 2014"). We will not accept packages shipped later than the due date.

The following table describes the loan terms for the Fiscal Year 2016 Construction Loan cycle. For questions regarding loan terms or any other program clarifications, please contact your Regional Service Coordinator (RSC) assigned to your county. Please refer to the RSC area map on page 23.

Interest rates are examined twice during the loan process: once prior to the application cycle and then again prior to contracting.

Whichever rate is lower is the rate at which a contract will be executed.

Fiscal Year 2016 Construction Loans					
Applications:	Due 6PM May 16, 2014				
Loan Limit:	\$7,000,000 per jurisdiction per biennium				
Loan Rates/Terms:	Non-Distressed Communities				
	Term		Rate		
	<5 years or less		1.28%		
	5 – 20 years		2.55%		
	Distressed Communities				
			Rate Based System	Non-Rate Based System	
	Rate	Term	<i>Affordability Index:</i>	<i>Debt Service Coverage Ratio:</i>	
	1.70%	Up to 25 years*	1.51% to 2.5%	1.01% to 2%	
	1.28%	Up to 30 years*	2.51% or higher	1% or less	
Local Match Funding:	NONE				
Loan Fee:	NONE				
Scoring:	Maximum 100 points				

* The term of the loan cannot exceed the life of the asset being financed.

AFFORDABILITY INDEX (Rate based systems – *only*)

Definition of Affordability

Affordability Index (AI) is a measure of the consumers' financial ability to pay for utility services. Rates are deemed to be affordable if less than two (2) percent of the monthly household income. The Environmental Protection Agency's guidance on the affordability of investment in water and wastewater systems uses an average household rate of two (2) percent of the median household income (MHI).

Ability to pay focuses not on whether consumers **will** pay for utility service, but on whether consumers **can** pay for utility service.

The Board has a distinct criterion to determine Affordability Index:

$$\frac{\text{"New Average Utility Rate" x 12 (months)}}{\text{Median Household Income (MHI*)}}$$

"New average utility rate" =

Current average monthly utility rate per Equivalent Residential Unit (ERU);

+ Current and projected debt service expenses per ERU (only if the debt service is excluded from the current average monthly utility rate);

+ Projected additional annual operating, maintenance, and replacement expenses (OM & R).

EXAMPLE:

$$\begin{array}{ll}
 \$50.00 & \text{(Average monthly utility rate per ERU/connection)} \\
 + 5.00 & \text{(Additional operations. Maintenance, & Replacement – if applicable)} \\
 + 10.00 & \text{(Debt service and reserve requirements)} \\
 = \$65.00 & \text{(New Average Utility Rate)} \\
 \times \frac{12 \text{ months}}{1} & \\
 = \$780 & \text{(Annual Average Utility Rate)} \\
 \div \$45,000 & \text{(MHI of the service area/jurisdiction)} \\
 = 0.0173 & \\
 \times 100 & \text{(Used to create a percentage)}
 \end{array}$$

= Affordability Index of 1.73%

STEP 1 Calculate New Average Utility Rate:	STEP 2 Calculate Average Annual Utility Rate per ERU:	STEP 3 Determine Affordability Index (AI)	STEP 4 Convert AI to a percentage
\$50 (Avg monthly rate) + \$5 (Ops, Main, & Replace) + \$10 (Debt Service & Reserve Req.)	\$65 NAUR x 12 months	\$780 (AAUR) ÷ \$45,000 (MHI)	0.0173 (AI) x 100
New Average Utility Rate (NAUR) = \$65	Average Annual Utility Rate (AAUR)= \$780	Affordability Index (AI): 0.0173	Affordability Index as a Percentage: 1.73%

Based on the above scenario, the applicant would qualify for an interest rate of 1.70% with a 25 year repayment period. (See chart on previous page)

***Definition of Median Household Income**

The Median Household Income (MHI) represents the middle value in a list of numbers if the list contains an odd number of entries; or the average of the two middle values in a list of numbers containing an even number of entries.

There are four methods the Board may use to determine the MHI of the jurisdiction or service area:

- 1) MHI of the applicant/or the project service area based on the US 2010 Census Data. Please visit: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>
- 3) MHI data through income surveys of the applicant, or the applicant's project service area (if the project area is outside the applicant's jurisdiction), conducted within the last 3 years by Rural Community Assistance Corporation (RCAC), the Public Works Board, or third parties which meet the Board's Income Survey Guidelines.
- 4) MHI data from the latest income survey conducted for other state agencies within the last 3 years, which meets the Board's Income Survey Guidelines.

For questions regarding these loan terms, please contact the Regional Service Coordinator (RSC) assigned to your county. Please refer to the RSC area map on page 23.

DEBT SERVICE COVERAGE RATIO (Non-rate based systems – *only*)

Debt service coverage ratio (DSCR) is the applicant's amount of cash available to meet annual principal and interest payments on all debt:

$$\text{Net operating income} / (\text{principal repayments} + \text{interest payments})$$

Net operating income is the difference between the Total Operating Revenue and the Total Operating Expenses: $\text{Total Operating Revenue} - \text{Total Operating Expenses} = \text{Net operating income}$.

Example:

\$ 1,000,000	Total operating revenue
<u>(\$735,000)</u>	<u>Total operating expenses</u>
\$265,000	Net operating income

Scenario A: Annual loan payments are \$125,000

$$\$265,000 / \$125,000 = 2.12\% \text{ DSCR} = \text{No interest rate or term changes}$$

Scenario B: Annual Loan payments are \$215,000

$$\$265,000 / \$215,000 = 1.23\% \text{ DSCR} = \text{Interest rate reduction to 1.7\% and a possible term of 25 years (depending on the life of the asset).}$$

Both AI and DSCR are figured at time of application (e.g., May 16, 2014).

COMPLIANCE WITH THE GOVERNOR'S EXECUTIVE ORDER 05-05

All capital construction projects funded with state dollars must meet the requirements of Governor's Executive Order 05-05 (EO 05-05), which relates to archaeological and cultural resources. For Construction loans, this consultation should take place as early as possible in order to avoid delays in starting project construction.

The EO 05-05 requires consultation with both the Department of Archeology & Historic Preservation (DAHP) and any Tribe or Tribes that may have a cultural/historic interest or concern in your project or project area. If your project includes federal funding or federal permitting you will be subject to Section 106 of the National Historic Preservation Act, which is the federal process for completing the cultural/historic review. Section 106 supersedes the Washington State EO 05-05 process and will be accepted in place of the EO 05-05.

By following the guidance in this section along with the **checklist attached at the end of this document**, you will ensure your project is in compliance with the EO 05-05, avoid costly delays in your project, and protect the rich cultural heritage of Washington State.

It is often misunderstood that once a project has gone through the DAHP review that the EO 05-05 process is complete. **THIS IS NOT CORRECT.** You **MUST** also consult with any Tribe(s) that may have a cultural/historic interest in the project. To avoid delays with the EO 05-05 process, you are advised to consult with both the Tribe(s) and DAHP simultaneously.

Tribal Consultation

Tribal consultation can be initiated by sending a letter and any project information describing the location and extent of the project to the potentially affected Tribe(s). The Tribe(s) will have 30 days, not including mailing, to respond to you. If no response is received, a dated copy of the letter will need to be documented indicating a "good faith effort" to consult with the Tribe(s) has been attempted. A follow-up phone call to the Tribe's Cultural Resources Coordinator or Tribal Historic Preservation Officer (THPO) should be attempted if there has been no response from your written correspondence.

You can download a Tribal directory that will assist you in locating the Chairperson and the THPO at

<http://www.goia.wa.gov/>. Your letter should be addressed to the Tribal Chairperson with a copy to the THPO or Cultural Resources Coordinator. Please note that correspondence with the Tribes should be signed by your Mayor, Council Chair, or other official in order to honor the government-to-government relationship.

DAHP Consultation

The initiation of the EO 05-05 is a process in which the applicant needs to define the construction project and area for potential impact (by completing an EZ-1 form), identify any buildings or structures 45 years or older that are located within the project site (by completing an EZ-2 form for each structure). The vast majority of construction projects need to go no further than the EZ-1 form. Only those projects involving culturally-sensitive areas or structures over 45 years old need to take the additional steps (completing the EZ-2 and/or EZ-3 forms).

The EZ forms can be downloaded from the Board's website at:

<http://www.pwb.wa.gov/technical-assistance/Cultural-Review/Pages/default.aspx>

The applicant is expected to initiate contact with DAHP through the EZ-1 form submittal, which must be sent directly to Rob Whitlam, State Archeologist, at rob.whitlam@dahp.wa.gov. For those construction projects that plan to alter structures 45 years of age or older, an EZ-2 form will need to be sent to Russell Holter at russell.holter@dahp.wa.gov. DAHP has 30 days to respond to your EZ forms but usually will reply sooner.

There are a series of responses that DAHP can issue regarding your EZ form submittal. The typical response is "No Effect upon Cultural/Historic Properties." If you receive such a letter, you will have completed DAHP's review of your project.

If DAHP should require more information (completion of an EZ-3 form regarding your project, i.e., an Inadvertent Discovery Plan (IDP), a Cultural Survey, etc.), it is possible that you will need to hire a professional archeologist to complete the requested information.

For questions regarding this subject, please contact Heather Youckton at (360) 725-2744, or by email at Heather.Youckton@commerce.wa.gov.

THRESHOLD REQUIREMENTS

The following are threshold requirements necessary to qualify for funding under the Construction Loan program. **Failure to meet all threshold requirements will disqualify your application.**

When in doubt about your threshold status, Contact your [Regional Service Coordinator \(RSC\)](#)!

Maximizing Federal Resources – Drinking Water and Sanitary Sewer State Revolving Funds Only

Drinking water and sanitary sewer projects that meet the Drinking Water (DWSRF) or Clean Water State Revolving Fund (CWSRF) eligibility requirements must first have applied for funding to the respective program during the 2013 funding cycles (Spring or Fall 2013 for DWSRF; Fall 2013 for CWSRF) and either not have been selected for funding, or were only partially funded, prior to applying for 2016 Construction loan funding

EXCEPT:

Projects included on the 2014 Construction Loan Funding recommendation list selected by the Board at its August 18, 2012, meeting that have not been funded by any other method (e.g., SRF, bonding, etc.) are eligible to apply for 2016 Construction loan funding.

The unfunded 2014 Construction loan list is on the Board's website at:

<http://www.pwb.wa.gov/Documents/130131-Loan-List-for-Web-Publication-and-Distribution.pdf>

Fiscal Impact Acknowledgement

Applicants must provide a signed resolution as an attachment with the application whereby the applicant's governing body acknowledges that rates, or other revenue streams, may need to be increased in order to meet debt service payments should their project be recommended for funding.

Page 21 of the application package contains a draft resolution.

Greenhouse Gas Policy

RCW 70.235.070 requires the Board to consider, when awarding loan funds, whether the entity receiving funds has adopted policies to reduce greenhouse gas emissions (GHG) and whether the project proposed for funding is consistent with Washington's limits on GHGs, goals to reduce vehicle miles traveled, and applicable federal emissions reduction standards.

The Board requires that applicants for 2016 Construction loan funding have an adopted Greenhouse Gas Policy.

- *If a copy of the GHG policy has been submitted to the Board during prior loan cycles, no additional action is necessary.*
- *If a policy has not already been submitted, then a policy **must** be included with the application materials due May 16, 2014.*

The Board identifies a Greenhouse Gas policy as a specific policy adopted by the applicant jurisdiction whereby the jurisdiction identifies the policies (broadly or narrowly) by which it will reduce consumption of energy including, but not limited to the reduction of GHGs.

The Board has sample language available to assist with the crafting of a policy. Please contact your RSC for assistance crafting a policy, or to verify that a policy is currently on file with the Board.

Real Estate Excise Tax (REET)

For counties, cities, and towns, the applicant must impose the one-quarter of one-percent REET as allowed by RCW 82.46.010(2) at the time of application. To check your jurisdiction's status, go to

<http://dor.wa.gov/Docs/forms/RealEstExcsTx/RealEstExTxRates.pdf>

Growth Management Act (GMA) Conformance – *At time of contract!*

Applicants planning under GMA must have adopted the Comprehensive Plan and Development Regulations by **July 1, 2015, or prior to contract execution*, whichever is later**. The applicant must not have any Findings of Non-Compliance or Invalidity Orders pending. Compliance will be verified by Board staff. For questions, contact the Growth Management Services (GMS) unit within the Department of Commerce at (360) 725-3000. The table below lists the county and the associated GMS staff person and their contact information.

**This change was enacted during the 2013 legislative session.*

GMA Exception

Counties, cities, and towns planning under the GMA that are not in conformance with the Act may request an exception to this requirement when the project is necessary to address a public health need or a substantial environmental degradation issue. To qualify for the exception, the jurisdiction must have a letter from the appropriate agency stating that the exception has been granted. The letter must be postmarked prior to the Construction Loan contract offer (July 1, 2015, or later). If you do not have a letter, contact the appropriate state agency and the RSC assigned (see page 23).



Eastern WA	Phone	E-mail	Western WA	Phone	E-mail
Dave Andersen, Lead	509.434.4491	Dave.Andersen@commerce.wa.gov	Ike Nwankwo, Lead	360.725.3056	Ike.Nwankwo@commerce.wa.gov
Dee Caputo	509.389.1291	Dee.Caputo@commerce.wa.gov	Joyce Phillips	360.725.3045	Joyce.phillips@commerce.wa.gov
Bruce Hunt	509.280.3602	Bruce.Hunt@commerce.wa.gov	Anne Fritzel	360.725.3064	Anne.Fritzel@commerce.wa.gov
			Heather Ballash	360.725.3044	Heather.ballash@commerce.wa.gov

Capital Facilities Plan Standards (Counties and Cities Not Planning under GMA)

Jurisdictions not planning under the GMA must have adopted a Capital Facilities Plan for all systems they own on or before the application deadline. The following standards are the minimum requirements for a Capital Facilities Plan (CFP) as established by the Board.

- a. Inventory major system components, show locations and capabilities, and assess the overall capital needs for the specific system(s) involved;
- b. Forecast future needs for the capital facilities, show location, and capabilities of expanded or new capital facilities;
- c. Identify, prioritize and coordinate major capital improvement projects over a six-year period;
- d. Estimate capital project costs; identify financing alternatives for each project identified. Transportation projects and funding must be consistent with locally-established service standards;
- e. Must be updated on a regular basis. We recommend at least once every two (2) years. In no case will a plan over six (6) years old be accepted;
- f. Must be consistent with the comprehensive plans of neighboring jurisdictions;
- g. Must have provided opportunity for early and continuous public participation; and
- h. Must be consistent with, and is an element of, the comprehensive plan formally adopted by the governing body of the local jurisdiction.

For letter “f” above, the Board will give special interpretation to special purpose districts. Special purpose districts need to show consistency with the Comprehensive Land Use Plan of the counties and/or cities in which they provide services.

Special Purpose District Consistency with Local Comprehensive Land Use Plans

Capital Improvement Plans of special purpose districts must show consistency with the Comprehensive Land Use Plans of the local jurisdiction(s) in which they reside.

Sanitary Sewer Projects—Side Service Sewer Connections

Jurisdictions must adopt an ordinance or resolution declaring such repair and/or replacement that will enhance conservation or more efficient use of sanitary sewer systems. Also, the jurisdiction must have a mechanism in place to meet the charge back provisions of RCW 35.67.360. The ordinance or resolution must be in place at the time of loan agreement or loan amendment. The ordinance must be related specifically to the area affected by the project being applied for. A copy of the ordinance or resolution must accompany the loan agreement or loan amendment.

HOW TO APPLY FOR A CONSTRUCTION LOAN

Hardcopy Application

You can download the Fiscal Year 2016 Construction Loan Application form (Microsoft Word file) at www.pwb.wa.gov. Type your answers in the provided fields and boxes and then print the entire application. You will need to submit one signed original to the Public Works Board office. Ensure that you attach all required and relevant documentation, as instructed in the application (see **NOTE** below). Additionally, please include in the package a CD with your application file in Word format. The signed original, CD, and attachments

need to be delivered or postmarked on or before the application due date.

NOTE:

- **Required** documentation includes grant/loan award letters or application-received letter (as instructed in Q. 2.6), and proof of EO 05-05 process completion documents (as instructed in Q.4.1).
- **Relevant** documentation may include regulatory orders, negotiated letters or agreements, moratoriums, resolutions, etc.

APPLICATION QUESTIONS AND INSTRUCTIONS

The application is divided into four main sections. The following tables list each application question, the corresponding question number, the intent of the question (the type of information needed, etc.), and the points (if any) associated with the question.

There are three types of questions:

- No points associated;
- No points associated, but answer may be used as a balancing factor:
The Board may take this information into consideration during deliberation of the Construction loan list as a balancing factor; and
- Scored question:
A maximum of 100 points may be achieved for the entire application.

We recommend that you have someone who has not participated in preparing the application review it prior to submittal to the Board. We receive applications with questions unanswered, boxes left unmarked, and well-deserved points left on the table. The Construction program is highly competitive; one or two scoring points can make the difference between your project being funded or not.

- *It is important that you answer all of the questions completely.*
- *Do not leave questions unanswered.*
- *If a question is not applicable to your project or system, please indicate "n/a" in the space provided.*
- *Be specific in your answers and, if necessary, attach relevant documentation to support your answers.*
- *Also, please note that some questions are 'compound questions,' meaning that you may have to answer two or more questions in one space.*

Section 1: General Applicant Information

At the top of the application, please identify the primary system affected by this project by checking **only one box**.

Q #	Question	Intent/Instructions	Scoring
1.1	Applicant (Legal Name)	Jurisdiction responsible for repaying the loan.	No point value.
1.2	Federal Tax ID #	A unique nine-digit number used for tax purposes.	No point value.
1.3	Statewide vendor number and suffix	A unique 7-digit number with a 2-digit suffix needed to receive payment from state agencies. http://des.wa.gov/services/contracting/purchasing/business/vendorpay/pages/default.aspx	No point value.
1.4	Administrative Office—Street Address	The physical address of the applicant's administrative offices.	No point value.
	Mailing Address (if different from street)	The address at which the applicant receives mail.	No point value.
	City	City in which applicant is located.	No point value.
	State/Zip Code	Washington State and Zip Code.	No point value.
1.5	County	County in which applicant is located.	No point value.
1.6	Legislative District/Congressional Districts	Please follow the link to the State Legislature web page to identify the Legislative District in which the project is located. This information is used during legislative session to report on PWB investments by member area. State Legislative District and Congressional District finder: http://app.leg.wa.gov/districtfinder/	No point value.
1.7	Client's Contact Person Title Mailing address City State/zip code Telephone Email	Please identify the person within the applicant jurisdiction who is familiar with the application and the project and who will administer this loan (if funded). We may need to contact this person if questions arise during processing. Include title, phone number, and email address.	No point value.
1.8	Project Title	A brief descriptive title of the project for which you are applying.	No point value.
1.9	Loan Request	This is the loan amount for which you are applying.	No point value.
1.10	Total Project Cost	This is the total amount the project will cost to complete, including the loan request.	No point value.

Q #	Question	Intent/Instructions	Scoring
1.11	<p>Does applicant jurisdiction (cities and counties only) have guidelines to process development permit requests? AND Does applicant jurisdiction abide by the guidelines set for processing permits?</p> <p>The guidelines should include:</p> <ul style="list-style-type: none"> • The length of time between permit application submission and permit decision • The information necessary to make a complete permit application • A written explanation for denying a permit application, if applicable <p>Review section 1(2), Chapter 231, 2007 Laws of 2007</p>	<p>This is a legislatively required question; its purpose is to ensure that jurisdictions with permitting authority (cities, counties) are complying with section 1(2) of Chapter 31, 2007 laws. The balancing factor will only be used among cities and counties, and will not impact the Special Purpose Districts. To view the law, follow the link: http://www.leg.wa.gov/codereviser/documents/sessionlaw/2007pam1.pdf</p>	<p>Balancing Factor: RCW 43.155.070(4)(f) “Whether the applicant has developed and adhered to guidelines regarding its permitting process for those applying for development permits consistent with section 1(2), chapter 231, Laws of 2007.”</p>
1.12	<p>GPS Coordinates: Latitude, longitude in degrees, minutes, seconds</p>	<p>Obtain the GPS coordinates for the project site.</p> <p>If a large project area (roads/streets; pipes, etc.), pick a spot and use it as the GPS location. http://www.gps-coordinates.net This information is used during legislative session to report on PWB investments by location.</p>	<p>Not scored.</p>
<p>RATE BASED SYSTEMS: Measures of Fiscal Capacity: The next series of questions is intended to determine the level of the system’s ability to incur debt.</p>			
1.13	<p>Has the applicant experienced severe fiscal distress resulting from a natural disaster (e.g., Governor declared emergency) or emergency public works need in the past 12 months? If Yes, describe below.</p>	<p>Please describe the event(s) that occurred, when it occurred, and the fiscal distress it caused. Be specific in the impacts of the emergency on structural, environmental, human, and fiscal.</p>	<p>Balancing Factor: RCW 43.155.070(4)(a) “Whether the local government receiving assistance has experienced severe fiscal distress resulting from natural disaster or emergency public works needs.”</p>
1.14	<p>Number of people in jurisdiction.</p> <hr/> <p>Number of people served by the system in 2013.</p> <hr/> <p>Percentage of people in the system affected by this project.</p> <hr/> <p>Total operating revenue for the system in 2013.</p> <hr/> <p>Total operating expenses for the system in 2013.</p>	<ul style="list-style-type: none"> • The second box does not refer to the population within a jurisdiction, but to the population being served by the system for which you are applying. • The third box refers to the population being served by the project. <p>These figures are a snapshot in time (2013) of the system’s O/M figures.</p>	<p>Maximum of 4 points.</p>

Q #	Question	Intent/Instructions	Scoring
1.14 cont.	Total outstanding debt for the system in 2013.	This is the system's outstanding principal balance of total debt—short term debt and long term debt—that has not been repaid.	The response will be used to calculate Debt Per Capita. This is to measure the value of the system's debt expressed in terms of the amount attributable to each member under the system's jurisdiction. The level of debt per capita is an important factor to analyze a system's ability to continue paying its existing debt service costs and its capacity to incur more debt.
	Cash and cash equivalents (deposits and all cash investments including restricted assets) for the system in 2013.	These are the liquid assets found within the asset section of the balance sheet. Examples of cash and cash equivalents are bank accounts, marketable securities, and Treasury bills. Examples of restricted assets are pooled cash and investment funds.	The response will measure the Net Debt Per Capita.
	Land and capital assets, net of depreciation (construction in progress, building, machinery and equipment, infrastructure, and other improvements) for the system in 2013. (For those using Asset Management, not depreciation, enter annual value.)	These are tangible property/assets that are found within the asset section of the balance sheet.	The response, along with total outstanding debt and cash and cash equivalents for the system will measure Debt to Equity Ratio. The result determines how much debt a system has for every \$1 in net worth.
1.15	Number of Equivalent Residential Units in system.	This information is used to evaluate the Affordability Index for the system's consumers as well as evaluating the system's history of ensuring sufficient income to reliably deliver services.	Maximum of 10 points.
	List the average monthly rate per Equivalent Residential Unit (ERU).		
1.16	Describe short- and long-term fiscal management strategies, which the applicant jurisdiction uses to maximize its ability to finance the system described in this application. If there have been no increases in the rates over the last five (5) years, explain how the fiscal management strategies make it possible for the system to maintain service without increased revenues.	Examples would be establishment of capital or maintenance reserve funds, rate structures, etc. This space can also be used to clarify why rates have not been increased (e.g., kept abreast of inflation) over the last 5 years. Reasons may be: paid off existing debt, raised rates significantly in 1 year, so don't need to do again for a while (be more specific), etc.	Maximum of 1 point. RCW 43.155.070(1) (c) "The local government must be using all local revenue sources which are reasonably available for funding public works..."
1.17	What will be the <i>estimated</i> average residential customer's monthly rate upon project completion?	This is the <i>estimated</i> average residential monthly rate which will include the debt service associated with this project.	No point value. Used in the calculation of AI (See above)
RATE BASED SYSTEMS: Measures of Fiscal Capacity: The next series of questions is intended to determine the level of the system's ability to incur debt.			
1.18	Number of people in jurisdiction.	<ul style="list-style-type: none"> The second box does not refer to the population within a jurisdiction, but to the population being served by the system for which you are 	Maximum of 4 points. These figures will be used to evaluate the debt service
	Number of people served by the system in 2013.		

Q #	Question	Intent/Instructions	Scoring
1.18 cont.	<p>Percentage of people in the system affected by this project.</p> <p>Applicant's 2013 net operating revenues</p> <p>Applicants 2013 net operating expenses</p> <p>Applicant's non-enterprise funds' debt service obligations</p>	<p>applying. (this may be the entire population, or it may be a neighborhood/subdivision within the jurisdiction)</p> <ul style="list-style-type: none"> The third box refers to the population being served by the project. (again, this could be all, or only a portion of the populace) <p>System's net operating revenues for 2013</p> <p>System's net operating expenses for 2013</p> <p>These are the annual loan payments (or other debt service obligations) paid by the applicant. They may increase/decrease depending on either loans taken, or loans repaid.</p>	capacity ratio.
1.19	<p>How much of the applicant's General Fund has been budgeted for the maintenance and operation of the system?</p> <p>If a road/street is added (including the extension of an existing road/street), what mechanism is used to "connect" customers to the new road/street and at what cost? (e.g., impact fees, system development charges)?</p> <p>MHI & impact fees/MHI</p>	<p>Identify how much has been set aside to pay for maintenance and operation of the system over the last 5 years.</p> <p>What is the cost to "connect" to the system?</p> <p>Comparing the impact fees against the systems' MHI provides context for individual household's investment into the system.</p>	Maximum of 10 points. RCW 43.155.070(1) (c) "The local government must be using all local revenue sources which are reasonably available for funding public works..."
1.20	<p>Describe short- and long-term fiscal management strategies, which the applicant jurisdiction uses to maximize its ability to finance the system described in this application.</p> <p>If there have been no increases in the system's revenues over the last five (5) years, explain how the fiscal management strategies make it possible for the system to maintain service without increased revenues.</p>	<p>Examples would be establishment of capital or maintenance reserve funds, rate structures, etc.</p> <p>This space can also be used to clarify why rates have not been increased (e.g., kept abreast of inflation) over the last 5 years. Reasons may be: paid off existing debt, raised rates significantly in 1 year, so don't need to do again for a while (be more specific), etc.</p>	Maximum of 1 point. RCW 43.155.070(1) (c) "The local government must be using all local revenue sources which are reasonably available for funding public works..."

Section 2: Project Information

Q #	Question	Intent/Instructions	Scoring
2.1	<p>Project Description In 150 words or less, please describe the project to be completed.</p>	<p>In a concise manner, describe the project that you are proposing to construct.</p>	<p>No point value.</p>
2.2	<p>Project's Scope of Work Describe in detail all the activities required to complete this project. This should include only the contract deliverables, e.g., number of feet and size of pipe to be laid, etc. The activities listed here will be incorporated into the loan contract should this project be selected for funding. Do not use this section to explain the problem. The activities listed here must correspond with the 1) project schedule, 2) project costs, and 3) project funding. (Maximum of 4,000 characters including letters, spaces, and punctuation – 1 page with 1 inch margins and 61 lines is approximately 4,000 characters). Character count using Word 2007: Highlight text, click Review menu, in Proofing (far left) click word count. Use number in Character (with spaces)</p>	<p>Describe in detail what will be done as part of this project (e.g., number of feet and size of pipe to be laid, etc.).</p> <p>Scope should correspond with the project budget, schedule, and project need/solution.</p> <p>A Scope of Work will become part of your loan contract, should this project be selected for funding.</p> <p>Please review the Guidelines for Preparing the Scope of Work section in this document.</p> <p>Limit your response to 4,000 characters.</p>	<p>No point value.</p> <p>Project's Scope of Works is not scored but will be checked for accuracy and cross-referenced with Readiness-to-Proceed.</p>
2.3	<p>Project Permits (Local, State, and Federal) List permits required for the proposed project and indicate status of each permit (e.g., applied for, pending, issued, etc.) If no permits are required, explain why not. Needs to correspond with Question 4.1 Readiness-to-Proceed. For assistance with permitting requirements, contact the Office of Regulatory Assistance or go to http://www.ora.wa.gov.</p>	<p>List all permits required for the proposed project and indicate their status (e.g., applied for, pending, issued, etc.).</p> <p>If no permits are required, explain why not. Cross-check and ensure that your answer corresponds with the Readiness-to-Proceed question.</p> <p>For assistance with your permitting requirements, contact the Office of Regulatory Assistance or go to http://www.ora.wa.gov.</p>	<p>No point value.</p> <p>Project Permits is not scored but will be checked for accuracy and cross-referenced with Readiness-to-Proceed.</p>
2.4	<p>Project Schedule Indicate the month and year when the activities were or will be completed. Schedule should clearly correspond to Question 4.1 Readiness-to-Proceed in the Local Management Effort section.</p> <p>(Project Schedule is not scored, but will be cross-referenced with Readiness-to-Proceed and may impact scoring associated with Readiness-to-Proceed.)</p>	<p>Fill out the table by indicating the month and year when each activity was or will be completed. Schedule should clearly correspond to the Readiness-to-Proceed question.</p> <p>Applicant will be contractually obligated to complete the project within the required project completion period (60 months). The applicant is responsible to ensure that the Scope of Work can be completed 60-months from the date of the contract execution.</p>	<p>No point value.</p> <p>Project Schedule is not scored but will be checked for accuracy and cross-referenced with Readiness-to-Proceed.</p>

Q #	Question	Intent/Instructions	Scoring
2.5	<p>Project Costs The Total Estimated Project Cost must equal the Total Project Funding in Question 2.6. The Project Costs table will become a part of the loan contract, should this project be approved for funding. (Project Costs is not scored but will be checked for accuracy.)</p>	<p>Double-check the calculations and ensure that the Total Estimated Project Cost will equal the Total Project Funding.</p> <p>The Project Costs table will become a part of your loan contract, should this project be approved for funding.</p>	<p>No point value.</p> <p>Project Costs is not scored but will be checked for accuracy and cross-referenced with Readiness-to-Proceed.</p>
2.6	<p>Project Funding The Total Project Funding must equal the Total Estimated Project Cost in Question 2.5.</p> <p>List the local matching funds (if applicable) in the Loans and Local Revenue sections below.</p> <p>Please state the status of the project's funding sources as follows:</p> <ul style="list-style-type: none"> • Funds are <i>Planned</i> for if they are found in a formally adopted Capital Facilities Plan. • Funds are <i>Applied</i> for if a formal application has been submitted to a funding source, and the funding source considers that application or funding request as having been submitted (attach notification from funder that application has been received). • Funds are considered <i>Awarded</i> if a formal notice of approval for the funds is in place from the funding source (attach letter from funder or contract number). Local revenue must be in an approved budget to be considered in-hand. 	<p>Double-check the calculations and ensure that the Total Project Funding will equal the Total Estimated Project Cost. Carefully follow the instructions in the application and indicate the status of each funding sources. Ensure that your local revenue accounts for at least 5% of total cost.</p> <p>Make sure to attach grant and loan award letters or application-received letters, to support of your funding sources' status.</p>	<p>No point value.</p> <p>Project Funding is not scored but will be checked for accuracy and cross-referenced with Readiness-to-Proceed.</p>
2.7	<p>Are there any constraints on the identified funding sources in Question 2.6 Project Funding? Please explain.</p>	<p>Your answer will help identify stability and certainty of project funding for ready-to-proceed purposes.</p>	<p>No point value.</p>
2.8	<p>Indicate with a Y/N below which of the following financing options have been attempted for this project and provide dates of those attempts.</p> <p>Please describe whether the attempt was successful, and if not, why not. If an option has not been attempted, please explain why. (not scored)</p>	<p>Identify each (if any) type of attempt at financing this project the applicant has made.</p> <p>This information is not scored. The Board may take this information into consideration as a balancing factor when deliberating funding selection.</p>	<p>No point value. RCW 43.155.070(6) "...Each local government applicant shall provide documentation of attempts to secure additional local or other sources of funding for each public works project for which financial assistance is sought under this chapter."</p>

Section 3: Project Need and Solution

Q #	Question	Intent/Instructions	Scoring
3.1	For the applicant's primary system, as selected at the top of this application, identify the sub-category that is most affected by the proposed project. Check only one.	Do not check more than one box. Elements that impact the largest population receive the highest score. Must correspond and be reflected in Scope of Work's activities (question 2.2).	Maximum of 8 points.
<p>Questions 3.2 through 3.7 relate to the project need and the proposed solution, i.e., the project for which you are applying. Be thorough and complete in your responses. Include any additional backup data if necessary to clarify the degree of the problem. Attach relevant documents such as regulatory orders, negotiated letter of agreements, resolutions, ordinances, moratoriums, external agency correspondence, etc. This is your opportunity to tell the Board what is happening and how it is impacting your community. Projects will be evaluated based on four components:</p> <ul style="list-style-type: none"> ▪ The program priority in which the project falls; ▪ Need assessment; ▪ How well the situation is documented, and ▪ How well the proposed solution addresses the problem. 			Maximum of 52 points.

Q #	Question	Intent/Instructions
3.2	Please describe the current age, condition, and materials of the component of the system for which you are applying (example: 40-year old AC pipes that are deteriorating, etc.).	Precisely describe the current components of the system. Do NOT describe the solution's impact. Example: 30-year old lift station with a 20-year useful life; 100-year old wooden pipes.
3.3	What are the impacts the existing situation has, or will have, on the system's operation and expenses, if this project is not completed?	Precisely describe the current situation's impact on operations and expenses. Do NOT describe the solution's impact. Example: 47 line breaks in one month equals \$5,000 in unbudgeted overtime expenses.
3.4	What are the impacts the existing situation has, or will have, on the environment and/or endangered species, if this project is not completed?	Precisely describe the current situation's impact (if any) on the environment and/or endangered species. Do NOT describe the solution's impact. Example: CSOs have caused six shellfish bed closures in one month.
3.5	Is this project being done in partnership with any other organizations/agencies? If Yes, please identify the partner(s) and describe the roles of each partner. See Guidelines for details.	Identify project partners who have committed funding/resources to this project. Example: the City is contributing funds towards an upgraded regional wastewater treatment plant managed by the County. The Board may take this into consideration during deliberation of the preconstruction and construction loan list as a balancing factor.
3.6	Is this project being done to comply with emerging/maintaining/anticipating regulatory requirements or economic opportunities? If yes, please describe.	Identify any entities influencing the implementation of this project and give a detailed description of the new requirements and their impacts. Example: arsenic must be decreased to such a level that current equipment is incapable of meeting the new requirement.
3.7	Have any other measures/activities been undertaken to address the problem/situation/opportunity? If Yes, please describe. If No, explain why not?	Identify any and all measures taken to manage the existing situation. Example: repairs undertaken to extend the life of the system.
3.8-3.28	These are system-specific questions. <u>Only</u> answer those questions that relate to the primary system for which you are applying, as selected at the top of the application.	These questions focus on the technical, non-narrative, aspects of the system.

Q #	Question	Intent/Instructions
3.29	Need and solution narrative statement.	<p>This is your opportunity to tell us the ‘story’ of the problem to be solved.</p> <p>Use the Problem/Opportunity section to give a detailed description of the problem. This includes identifying what is failing or may fail. Describe the original limits compared to the existing strains (i.e., built to serve 100 ERUs, but is now handling 150 ERUs).</p> <p>Use the Solution section to clearly identify the solution to the problem identified in the above section. Be specific when identifying the problem being solved and the solution to that problem.</p> <p>Use the Result section to clearly identify the impact of the solution to the problem being solved. Specifically correlate the result with the problem and with the solution.</p> <p>Make sure to attach relevant documentation to support your need statement, such as regulatory orders, negotiated letters or agreements, moratoriums, resolutions, etc.</p>

Section 4: Local Management Effort

Q #	Question	Intent/Instructions	Scoring
4.1	Readiness-to-Proceed	<p>Identify any and all elements. Indicate their level of completion at the time of application by entering a percentage number from 0% to 100%. If you are not required to do a particular task as part of your project, identify N/A in “% completed at time of application” box.</p> <p>If the Cultural and Historical Review is completed, make sure to attach verification that consultation with both Department of Archaeological and Historic Preservation (DAHP) and the Tribe(s) has been completed.</p> <p>The readiness-to-proceed items must match the project’s Scope of Work as identified in Question 2.2 in this application, as well as the Project Schedule (Question 2.4). Identified uncompleted activities will become a part of your loan contract (in the Scope of Work), should this project be approved for funding.</p>	<p>Maximum of 19 points based on percentage completed at time of application.</p> <p>If marked N/A, in order to receive points, please clarify why activity is not required. These points are cumulative.</p> <p>It’s important to note that the Readiness-to-Proceed activities will be cross-checked for accuracy with your answers in the following sections:</p> <ul style="list-style-type: none"> • Project’s Scope of Work, Project Permits, • Project Costs, • Project Funding, and Project Schedule.
4.2	<p>What is the applicant’s process for establishing the project system’s maintenance schedule? How frequently is the system’s maintenance schedule reviewed and updated? Give two specific examples of maintenance or operations activities performed on this system. If unable to give two examples from the prior five years, please explain why not.</p>	<p>The purpose is to ensure and evaluate that the applicant has, and follows, a process to establish and implement scheduled maintenance activities.</p> <p>Make sure you describe two distinct examples, or explain why you can’t.</p>	Maximum of 1 point.
4.3	<p>List two distinct and separate capital improvements, other than <u>this</u> project, made to the system. If unable to give two examples from the prior five years, please explain why not.</p>	<p>This question is used to help evaluate capital investments in your systems.</p> <p>Make sure you describe two distinct examples, or explain why you can’t.</p>	Maximum of 1 point.
4.4	<p>Describe the planning and public involvement activities performed that identify and/or prioritize local public works maintenance and capital needs for the applicant system. Give two specific examples of planning activities performed on this system in the last five years. If unable to do so, please explain why not.</p>	<p>The purpose is to ensure and evaluate that the applicant has, and follows, a process to obtain public input when prioritizing capital improvement projects</p> <p>Make sure you describe two distinct examples, or explain why you can’t.</p>	Maximum of 1 point.

Q #	Question	Intent/Instructions	Scoring
4.5	<p>During the last 12 month period, what three things have been done on the 1) Jurisdiction level to conserve Washington state's natural resources? 2) System level to conserve Washington state's natural resources?</p> <p>What aspect of this project will result in the conservation of Washington state's natural resources?</p>	<p>RCW 70.235.070 requires competitive state infrastructure funding programs to take into consideration the reduction of Greenhouse emission in the selection process. These three examples are activities that many jurisdictions are already doing as good stewards of the environment. What we are looking for here are the activities that have a positive impact on the environment and GHG emissions. Below are some examples that may be used, and that you may already doing:</p> <ul style="list-style-type: none"> • Commute Trip Reduction program • Converting to LED lighting • Converting to Hybrid vehicles • Using energy efficient pumps • Check the website for updated suggestions http://www.pwb.wa.gov/technical-assistance/Carbon-Reduction/Pages/default.aspx, or check with your RSC. <p>Make sure you describe three distinct examples, or explain why you can't.</p>	<p>Maximum of 3 points.</p>
<p>Example of jurisdiction level conservation efforts:</p> <ul style="list-style-type: none"> • Setting goals and/or policies to enact greenhouse gas emissions reduction targets; • Adopting comprehensive land use plans, or planning policies, that promote and support development patterns encouraging compact and transit-friendly communities, and protect natural resource lands from conversion; • Adopting policies that promote and support the generation and use of alternative energy; • Adopting policies that preserve forest, agricultural, and open space lands; • Etc. <p>Example of system level conservation efforts:</p> <ul style="list-style-type: none"> • Committing to sustainable design and construction practices for buildings or infrastructure; • Waste reduction and diversion policies such as methane recovery or waste to energy programs; • Equipment procurement policies that result in reduced consumption of fossil fuels; • Etc. <p>Example of project level conservation efforts:</p> <ul style="list-style-type: none"> • Using high performance sustainable building design, such as the use of green building standards; • Using green materials and high energy efficiency measures and appliances (Energy Star rated); • Promoting the use of recycled content materials for building construction; • Implementing new technologies, practices, and equipment to lower energy use for operation; • Using renewable energy (wind, geothermal, solar, water, etc.) distributed energy (solar photo-voltaic [PV] panes), and/or purchased green power; • Etc. 			

GUIDELINES FOR PREPARING THE SCOPE OF WORK

You are required to provide a clear description of the project to be financed in part by the Public Works Construction loan. The Project's Scope of Work provides a brief description of the activities undertaken to complete a project. The Scope of Work becomes part of the formal construction Loan Contract between your jurisdiction and the Public Works Board. The following are some guidelines to help you in preparing the Scope of Work.

General Guidelines

1. Provide a concise quantified description of the project, including length, width, capacities, and quantities.

Example: *"Replace existing water mains with approximately 5,000 feet of 12" PVC water main."*

2. Avoid making the Scope too detailed or too precise. Remember, the Scope of Work is part of your Loan Contract, and you may be required to complete all the work elements as described. Too much detail can unnecessarily limit your flexibility.

Instead of: "The project consists of installing 36,959 feet of 16" concrete pipe,"

Say: "The project consists of installing approximately 37,000 feet of 16" concrete pipe."

3. Try to make the Scope as inclusive as possible. You may be able to avoid a future Scope of Work change by anticipating ahead of time the worst-case and/or best case (e.g., low bids) scenario.

Making the Scope More Inclusive

If your project consists of utility work that requires trench patching and an overlay from roadway edge to roadway edge, include a statement to this effect in your Scope.

You may choose to write a "basic" Scope of Work with additional work elements added should low bids be received. The example below shows how this may be accomplished.

Example: Water Line Replacement

Basic Scope of Work: Replace approximately 8,000 feet of 8" water line and approximately 4,350 feet of 6" water line.

Phase II: If sufficient funds are available, an additional 1,200 feet of 6" line will be replaced.

CAUTION: Keep in mind while preparing your Scope that you will be expected to complete all the elements identified in your basic Scope, even if engineering review indicated additional work elements may be required or bids come in higher than anticipated.

Examples of Construction Project Scopes of Work

These examples illustrate the appropriate level of detail for your Scope of Work. Your particular project may be more complex than these and therefore, require more discussion. Just remember to make your descriptions as concise as possible.

Sewer Rehabilitation Project

This project consists of rehabilitating approximately 75,000 linear feet of existing concrete sanitary sewer pipe in the Pioneer Square sewage collection area. The existing pipes will be cleaned and television inspected. Repair of defective joints will include internal grouting, soft lining, or slip lining, as appropriate. Defective manholes will be rehabilitated and failed sections of pipe will be replaced, where appropriate. Associated street patching will also be included.

PERMIT AND REVIEW ASSISTANCE

For information and assistance on permits, visit the Office of Regulatory Assistance at <http://www.ora.wa.gov> or call 1-(800) 917-0043.

The Environmental Permitting Services arm of the Office of Regulatory Assistance is organized to help citizens, businesses, and project applicants understand and navigate Washington's environmental permitting processes. Staff located at the Service's One-Stop Service Center provides information and contacts for environmental permits issued by the local, state, and federal authorities.

REGIONAL SERVICE COORDINATOR MAP

Regional Service Coordinators are your primary contacts for all matters dealing with the Board's loan services, including project development, outlining options for funding, explaining the loan terms, etc.

We welcome the opportunity to work with you to forge new partnerships with other public services, and can help you integrate with other state and federal programs.

For more information contact your Regional Service Coordinator or Public Works Board Administrative Services at (360) 725-2744, or by writing to:

Public Works Board
 1011 Plum St SE
 Post Office Box 42525
 Olympia, WA 98504-2525



Washington State Department of Commerce Public Works Board Regional Service Coordinators



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FREQUENTLY USED ACRONYMS

CFP	Capital Facilities Plan
CDBG	Community Development Block Grant
DOE	Washington State Department of Ecology
DOH	Washington State Department of Health
DWSRF	Drinking Water State Revolving Fund
EO 05-05	Governor's Executive Order 05-05
GHG	Greenhouse Gas
GIS	Geographical Information System
GMA	Growth Management Act
IGEA	Investment Grade Efficiency Audit
L&I	Washington State Department of Labor and Industries
MHI	Median Household Income
PWB	Public Works Board
PWeB	Public Works Board's web-based database system
RCW	Revised Code of Washington
REET	Real Estate Excise Tax
ROW	Right-Of-Way
USDA, RD	United States Department of Agriculture, Rural Development
WAC	Washington Administrative Code

KEY LEGISLATION FOR THE BOARD'S PROGRAMS

RCW 43.155 Public Works Projects:	http://apps.leg.wa.gov/RCW/default.aspx?cite=43.155
WAC 399-10:	http://apps.leg.wa.gov/WAC/default.aspx?cite=399-10
WAC 399-20:	http://apps.leg.wa.gov/WAC/default.aspx?cite=399-20
WAC 399-30:	http://apps.leg.wa.gov/WAC/default.aspx?cite=399-30
WAC 399-40:	http://apps.leg.wa.gov/WAC/default.aspx?cite=399-40
WAC 399-50:	http://apps.leg.wa.gov/WAC/default.aspx?cite=399-50

EXECUTIVE ORDER 05-05 CULTURAL/HISTORIC REVIEW APPLICANT CHECKLIST

Tribal Consultation	1. Project has federal funding or permitting in addition to state funding and is subject to Section 106 . EO 05-05 is superseded by Section 106.	Contact Heather Youckton (360) 725-2744 N/A, proceed to box 2
	2. Initiate Tribal Consultation: Send EZ-1 form and any additional project information to Tribe(s). This may include project description, site location, cultural surveys, maps, etc.	Proceed to box 3
	3. Tribe responds/doesn't respond to applicant: a. "No Historic Properties Affected" → Tribal consultation is complete. b. Tribe requests further information, e.g., Cultural Survey, Inadvertent Discovery Plan, Monitoring Plan. c. Tribe does not respond (30-day grace period).	If a. applies, proceed to box 6 If b. applies, proceed to box 4 If c. applies, proceed to box 6
	4. Applicant submits requested information to Tribe and: a. Tribe agrees with proposed plan. b. Tribe does not agree with plan; further action is required. Negotiation between parties to create Memorandum of Understanding (MOU).	If a. applies, proceed to box 11 If b. applies, contact DAHP, funding agency & Tribe(s) to negotiate MOU
	5. No response from Tribe(s): Applicant must wait 30 full days, not including mailing time for response. If no correspondence is received, a follow-up call will be made to Cultural Coordinator of the Tribe. Tribal consultation is complete.	Tribal Consultation Is Complete.
DAHP Consultation	6. Project has federal funding in addition to state funding and is subject to Section 106 . EO 05-05 is superseded by Section 106. Cultural review to be completed by lead federal agency	Contact Heather Youckton (360) 725-2744 N/A, proceed to box 7
	7. Applicant initiates EO 05-05 process by sending EZ-1 and/or EZ-2 forms to DAHP.	Proceed to box 8
	8. Applicant receives DAHP letter responding to EZ1 form: a. "No Historic Properties Affected" → DAHP consultation is complete. b. DAHP requests further information, e.g., Cultural Survey, Inadvertent Discovery Plan, and Monitoring Plan.	If a. applies, proceed to box 11 If b. applies, proceed to box 9
	9. Applicant submits the requested information to DAHP.	Proceed to box 10.
Documents	10. DAHP sends letter to applicant that DAHP's requirements are complete.	DAHP Consultation Is Complete.
	11. Send copies of all letters and correspondence regarding Tribal consultation and DAHP documentation to your Contracts Administration Unit (CAU) Project Manager.	CAU needs all documentation before approving const. draws
	12. Both DAHP & Tribe(s) have been consulted and project has no cultural impact and/or has been mitigated to the satisfaction of both DAHP and the Tribe(s).	EO 05-05 Process Is Complete