
Capital Budget Committee

HB 1484

Brief Description: Concerning the public works board.

Sponsors: Representatives Stanford and Warnick; by request of Washington State Department of Commerce.

Brief Summary of Bill

- Sets out state policy objectives to be served by the Public Works Assistance Account.
- Authorizes the Public Works Board to approve projects for non-traditional public works systems under certain conditions.
- Modifies project prioritization criteria and a requirement related to compliance with the Growth Management Act.

Hearing Date: 2/15/13

Staff: Meg Van Schoorl (786-7105).

Background:

Public Works Assistance Account

The Public Works Assistance Account (Account) was established in 1985 to encourage local government self-reliance in meeting public works needs, and assist in financing critical infrastructure projects. Moneys in the Account must be used to make loans and give financial guarantees, and may also be appropriated to provide state match for federal dollars under the Drinking Water State Revolving Fund. Loan repayments and revenues from three tax sources have historically been deposited into the Account.

Public Works Financing, Criteria and Process

The Public Works Board (Board) may make low-interest or interest-free loans from the Account to finance the acquisition, construction, repair, replacement, or improvement of local: bridges, streets, and roads; water systems; storm and sanitary sewage systems; and solid waste facilities, including recycling. For up to a maximum of 15 percent of the biennial capital budget

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appropriation, the Board may make loans for pre-construction, emergency, and capital facilities planning. Local governments and special purpose districts, except port and school districts, are eligible to apply for loans from the Account. The Board may provide technical assistance. Existing debt or financial obligations may not be refinanced.

The Board must consider a number of factors in prioritizing projects: health and safety; unemployment rate; the Puget Sound Partnership Action Agenda; fiscal distress; permitting processes; relative project costs; number of communities served or funding the project; water system health and safety violations; Evergreen community recognition; and relative project benefits.

A county, city or town planning under the Growth Management Act must be in compliance with comprehensive plan and development regulations before submitting an application for a loan.

By November 1 of each even-numbered year, the Board must develop and submit to legislative fiscal committees a prioritized recommended funding list of public works construction projects. The Legislature may remove projects from the list, but may not change the priority order of the Board's recommendations. Funds cannot be obligated by the Board until the Legislature has appropriated funds for a specific list of projects.

Public Works Board - Membership

The Board is staffed by the Department of Commerce (Commerce) and includes 13 voting members: two elected officials and one public works manager representing cities; two elected officials and one public works manager representing counties; three members representing public utility and water-sewer districts; and four members representing the general public.

Summary of Bill:

Intent and Definitions

The Legislature finds that local governments are responsible for developing, managing, financing and maintaining local infrastructure systems. The Legislature also finds that a significant backlog of local projects exists. The state intends to strategically invest resources in local systems to address the backlog and serve priority state policy objectives including: public health and safety, environmental protection, economic development, well-managed systems, leverage of federal funds, state and federal regulatory requirements, and technical assistance capacity.

Definitions are added or revised for "capital facility plan," "construction," "director," "emergency," "financial assistance," "local government," "nontraditional system," "planning project," "policy objectives," "preconstruction," "public works project," "technical assistance," and "traditional system." Definitions of "financing guarantees" and "solid waste or recycling project" are removed.

The Account

The Board must manage the Account to ensure its sustainability and must execute contracts and otherwise obligate funds in the Account for Board-approved projects.

Of the biennial capital budget appropriation from the Account, at least 85 percent must be obligated for construction loans. No more than 15 percent may be obligated for programs other than construction loans including state match for federal programs or funding for other state programs.

Public Works Financing, Criteria and Process

The Board is authorized to approve projects in traditional systems under the construction, preconstruction, planning, emergency, energy or water efficiency, water system acquisition and rehabilitation, and other legislatively-authorized programs. By November 1 of every year, the Board must develop and submit to legislative fiscal committees a recommended funding list of qualified public works construction projects in traditional systems. Prioritization of the list is not required.

Beginning August 1, 2014, after all eligible public works projects in traditional systems are approved for funding, the Board is authorized to approve projects in nontraditional systems under the construction, emergency, energy or water efficiency, and preconstruction programs. Beginning November 1, 2014, the Board may develop and submit to legislative fiscal committees a recommended funding list of qualified public works construction projects in nontraditional systems. Prioritization of the list is not required.

The Legislature may remove projects from the lists. Funds cannot be obligated by the Board until the Legislature has appropriated funds for a specific list of projects.

The Board may use some or all of the following criteria to prioritize projects for recommendation for funding by the Legislature: balanced fund distribution by geography, system and jurisdiction type; health and safety impact on a large percentage of the community; system consolidation or regionalization; unemployment rate; system management; promotion of sustainable resource use and environmental quality; readiness to proceed; and other Board-determined criteria.

Several factors that must currently be considered by the Board are removed.

A county, city or town planning under the Growth Management Act must be in compliance with comprehensive plan and development regulations before executing a contract for financial assistance with the Board.

The Board may provide grants for Water System Acquisition and Rehabilitation projects. The Board must provide technical assistance. The Board may not provide financial guarantees and may not refinance local government existing debt or financial obligations except for certain short-term debt.

Board - Membership

Modifications are made to Board positions. The requirement to have two Board members who are city and county public works managers is changed to two Board members who are city and county officials working in public works or a related field. The requirement to have three members jointly nominated by the Washington Public Utility Districts Association (PUD Association) and a state association of water-sewer districts (Sewer and Water District Association) is changed to require separate nominations: one member appointed from a list of

PUD Association nominees, and two members appointed from a list of Sewer and Water District Association nominees.

Other

Beginning in June 2015 and every four years after, the Board may provide a comprehensive assessment of local infrastructure needs and potential resources to the Governor and legislative committees.

The Board must collaborate with infrastructure financing-related organizations, provide advice to the Governor and legislative committees, and at the Governor's direction, provide information and advocacy nationally. The respective responsibilities of the Board and Commerce are set out.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.