

---

SECOND SUBSTITUTE HOUSE BILL 1484

---

State of Washington

63rd Legislature

2014 Regular Session

By House Capital Budget (originally sponsored by Representatives Stanford and Warnick; by request of Washington State Department of Commerce)

READ FIRST TIME 02/05/14.

1 AN ACT Relating to the public works board; amending RCW 43.155.010,  
2 43.155.020, 43.155.030, 43.155.050, and 43.155.070; adding new sections  
3 to chapter 43.155 RCW; and repealing RCW 43.155.040, 43.155.060,  
4 43.155.065, 43.155.068, 43.155.110, and 43.155.120.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 43.155.010 and 1996 c 168 s 1 are each amended to read  
7 as follows:

8 (1) ~~The legislature finds that ((there exists in the state of~~  
9 ~~Washington over four billion dollars worth of critical projects for the~~  
10 ~~planning, acquisition, construction, repair, replacement,~~  
11 ~~rehabilitation, or improvement of streets and roads, bridges, water~~  
12 ~~systems, and storm and sanitary sewage systems. The December, 1983~~  
13 ~~Washington state public works report prepared by the planning and~~  
14 ~~community affairs agency documented that local governments expect to be~~  
15 ~~capable of financing over two billion dollars worth of the costs of~~  
16 ~~those critical projects but will not be able to fund nearly half of the~~  
17 ~~documented needs.~~

18 ~~The legislature further finds that Washington's local governments~~  
19 ~~have unmet financial needs for solid waste disposal, including~~

1 ~~recycling, and encourages the board to make an equitable geographic~~  
2 ~~distribution of the funds))~~ while local governments are responsible for  
3 creating, developing, managing, financing, operating, and maintaining  
4 local infrastructure systems, state priority policy objectives are  
5 served by investing financial and technical resources in these local  
6 systems. A significant backlog of projects to build, repair, and  
7 improve local public infrastructure systems exists. The state intends  
8 to strategically invest resources to address this backlog and to  
9 promote the following priority policy objectives:

10 (a) Efficient use of state resources;

11 (b) Preservation and enhancement of health and safety;

12 (c) Abatement of pollution and protection of the environment;

13 (d) Creation of new, family wage jobs, and avoidance of shifting  
14 existing jobs from one Washington state community to another;

15 (e) Fostering economic development consistent with chapter 36.70A  
16 RCW;

17 (f) Efficiency in delivery of goods and services, public transit,  
18 and transportation;

19 (g) Avoidance of additional costs to state and local governments  
20 that adversely impact local residents and small businesses; and

21 (h) Reduction of the overall cost of public infrastructure.

22 (2) It is the policy of the state of Washington to encourage self-  
23 reliance by local governments in meeting their public works needs and  
24 to assist in the financing of critical public works projects by  
25 ((making loans, financing guarantees,)) providing financial and  
26 technical assistance ((available)) to local governments for these  
27 projects.

28 **Sec. 2.** RCW 43.155.020 and 2009 c 565 s 33 are each amended to  
29 read as follows:

30 Unless the context clearly requires otherwise, the definitions in  
31 this section shall apply throughout this chapter.

32 (1) "Board" means the public works board created in RCW 43.155.030.

33 (2) "Capital facility plan" means a capital facility plan required  
34 by the growth management act under chapter 36.70A RCW or, for local  
35 governments not fully planning under the growth management act, a plan  
36 required by a regulating state agency or the public works board.

1       (3) "Construction" means construction of public works projects as  
2 defined within this chapter.

3       (4) "Department" means the department of commerce.

4       ~~((4) "Financing guarantees" means the pledge of money in the~~  
5 ~~public works assistance account, or money to be received by the public~~  
6 ~~works assistance account, to the repayment of all or a portion of the~~  
7 ~~principal of or interest on obligations issued by local governments to~~  
8 ~~finance public works projects.))~~

9       (5) "Director" means the director of the department.

10       (6) "Emergency" means a construction project made necessary by a  
11 natural disaster or an immediate and emergent threat to the public  
12 health and safety due to unforeseen or unavoidable circumstances as  
13 evidenced by a local government declaration.

14       (7) "Financial assistance" means loans unless otherwise specified  
15 in this chapter or by the legislature.

16       (8) "Local government(~~(s)~~)" means ~~((cities))~~ a city, town(~~(s)~~),  
17 ~~((counties))~~ county, special purpose district(~~(s)~~), and any other  
18 municipal corporation(~~(s)~~) or quasi-municipal corporation(~~(s)~~) in the  
19 state, excluding school districts and port districts, authorized by law  
20 to fund public works.

21       ~~((6))~~ (9) "Planning project" means the process through which a  
22 jurisdiction creates and adopts a capital facilities plan, a  
23 comprehensive system plan, or equivalent.

24       (10) "Policy objectives" means state priorities that guide the  
25 investment of public works assistance account funds as enumerated in  
26 this chapter.

27       (11) "Preconstruction" means activities including, but not limited  
28 to, project planning, design, engineering, bid document preparation,  
29 environmental studies, right-of-way acquisition, and other preliminary  
30 phases of construction projects as determined by the public works  
31 board.

32       (12) "Public works project" means a project of a local government  
33 ~~((for))~~ listed in a capital facilities plan or equivalent that results  
34 in the planning, acquisition, construction, repair, reconstruction,  
35 replacement, rehabilitation, or improvement of streets and roads,  
36 bridges, water systems, or storm and sanitary sewage systems and solid  
37 waste facilities, including recycling facilities. A planning project

1 may include the compilation of biological, hydrological, or other data  
2 on a county, drainage basin, or region necessary to develop a base of  
3 information for a capital facility plan.

4 ~~((7) "Solid waste or recycling project" means remedial actions  
5 necessary to bring abandoned or closed landfills into compliance with  
6 regulatory requirements and the repair, restoration, and replacement of  
7 existing solid waste transfer, recycling facilities, and landfill  
8 projects limited to the opening of landfill cells that are in existing  
9 and permitted landfills.~~

10 ~~(8))~~ (13) "Technical assistance" means training and other services  
11 provided to local governments to:

12 ~~(a) ((Help such local governments plan, apply, and qualify for  
13 loans and financing guarantees from the board, and (b) help local  
14 governments improve their ability to plan for, finance, acquire,  
15 construct, repair, replace, rehabilitate, and maintain public  
16 facilities))~~ Improve their ability to plan for, finance, acquire,  
17 construct, reconstruct, and maintain infrastructure systems; and/or

18 (b) Improve their technical, financial, and/or managerial capacity  
19 to operate their infrastructure systems in a manner consistent with  
20 federal and state requirements and ensure long-term sustainability of  
21 the systems.

22 **Sec. 3.** RCW 43.155.030 and 1999 c 153 s 58 are each amended to  
23 read as follows:

24 (1) The public works board is hereby created.

25 (2) The board shall be composed of thirteen members appointed by  
26 the governor for terms of four years(~~(, except that five members  
27 initially shall be appointed for terms of two years))~~). The board shall  
28 include: (a) Three members, including two (~~(of whom shall be))~~ elected  
29 officials and one (~~(shall be a public works manager))~~ official working  
30 in public works or a related field, appointed from a list of (~~(at least  
31 six))~~) persons nominated by the association of Washington cities or its  
32 successor; (b) three members, including two (~~(of whom shall be))~~  
33 elected officials and one (~~(shall be a public works manager))~~ official  
34 working in public works or a related field, appointed from a list of  
35 (~~(at least six))~~) persons nominated by the Washington state association  
36 of counties or its successor; (c) (~~(three members appointed from a list  
37 of at least six persons nominated jointly by the Washington public~~

1 utility districts association and a state association of water-sewer  
2 districts, or their successors)) one member appointed from a list of  
3 persons nominated by the Washington public utility districts  
4 association or its successor; (d) two members appointed from a list of  
5 persons nominated by the Washington association of sewer and water  
6 districts or its successor; and ((+d)) (e) four members appointed from  
7 the general public. In appointing the four general public members, the  
8 governor shall endeavor to balance the geographical composition of the  
9 board and to include members with special expertise in relevant fields  
10 ((such as public finance, architecture and civil engineering, and  
11 public works construction)). The governor shall appoint one of the  
12 general public members of the board as chair. The term of the chair  
13 shall coincide with the term of the governor.

14 (3) ((Staff support to the board shall be provided by the  
15 department.

16 (+4)) Members of the board shall receive no compensation but shall  
17 be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

18 ((+5)) (4) If a vacancy on the board occurs by death, resignation,  
19 or otherwise, the governor shall fill the vacant position for the  
20 unexpired term. Each vacancy in a position appointed from lists  
21 provided by the associations under subsection (2) of this section shall  
22 be filled from a list of ((at least three)) persons nominated by the  
23 relevant association or associations. Any members of the board((+  
24 appointive or otherwise,)) may be removed by the governor for cause in  
25 accordance with RCW 43.06.070 and 43.06.080.

26 NEW SECTION. Sec. 4. A new section is added to chapter 43.155 RCW  
27 to read as follows:

28 (1) In order to assist local governments, the board:

29 (a) Must manage the public works assistance account in such a way  
30 as to ensure its sustainability;

31 (b) Must execute contracts or otherwise financially obligate funds  
32 from the public works assistance account for projects approved for  
33 funding by the board;

34 (c) May approve public works projects for financial assistance  
35 under the following programs:

36 (i) Construction;

37 (ii) Preconstruction;

1 (iii) Capital facilities planning;  
2 (iv) Emergency;  
3 (v) Energy or water efficiency;  
4 (vi) Water system acquisition and rehabilitation as created by RCW  
5 70.119A.190; and

6 (vii) Any other program authorized by the legislature;

7 (d) Must, before November 1st of each year, develop and submit to  
8 the appropriate fiscal committees of the senate and house of  
9 representatives a ranked list of qualified public works projects which  
10 have been evaluated by the board and are recommended for funding by the  
11 legislature. The board must establish the ranked list based, at a  
12 minimum, on the factors provided in section 10 of this act. The  
13 maximum amount of funding that the board may recommend for any  
14 jurisdiction is ten million dollars per biennium. For each project on  
15 the ranked list, as well as for eligible projects not recommended for  
16 funding, the board must document the numerical ranking that was  
17 assigned;

18 (e) May not sign contracts or otherwise financially obligate funds  
19 from the public works assistance account before the legislature has  
20 appropriated funds for a specific list of public works projects. The  
21 legislature may remove projects from the ranked list recommended by the  
22 board. The legislature may not change the ranked order of the projects  
23 recommended for funding by the board;

24 (f) May provide grants for water system acquisition and  
25 rehabilitation projects;

26 (g) May not refinance existing debt or financial obligations of  
27 local governments, except for short-term debt associated with  
28 construction projects approved by the board or other cases as defined  
29 in rule by the board;

30 (h) Must provide technical assistance as defined in RCW 43.155.020.

31 (2) Subsection (1)(d) and (e) of this section does not apply to  
32 financial assistance provided through the preconstruction, capital  
33 facilities planning, emergency, energy or water efficiency programs,  
34 water system acquisition and rehabilitation, or any other programs  
35 authorized by the legislature.

36 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.155 RCW  
37 to read as follows:

1 (1) Beginning November 1, 2014, and November 1st every even-  
2 numbered year thereafter, the board must report to the governor and  
3 appropriate fiscal committees of the legislature on: (a) How the board  
4 is using the state's priority policy objectives identified in RCW  
5 43.155.010 to guide its investment of public works assistance account  
6 funds; and (b) the outcomes produced by these investment choices.

7 (2) The board must:

8 (a) Establish and maintain direct collaborative relations with  
9 governmental, private, and other financing organizations, advocate  
10 groups, and other stakeholders associated with infrastructure  
11 financing;

12 (b) Provide direct information and advice to the governor and  
13 appropriate committees of the legislature on matters related to local  
14 government infrastructure financing; and

15 (c) At the direction of the governor, provide information and  
16 advocacy at the national level on matters related to local government  
17 infrastructure financing.

18 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.155 RCW  
19 to read as follows:

20 The board must:

21 (1) Consistent with the guidelines issued by the office of  
22 financial management and in consultation with the department, prepare  
23 biennial operating and capital budgets and, as needed, update these  
24 budgets during the biennium;

25 (2) Accept or reject any gifts, grants, or loans of funds,  
26 property, or financial or other aid in any form from any other source  
27 on any terms and conditions that are not in conflict with this chapter;

28 (3) Adopt rules under chapter 34.05 RCW as necessary to carry out  
29 the purposes of this chapter; and

30 (4) Do and perform all acts and things necessary or convenient to  
31 carry out the powers expressly granted or implied under this chapter.

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.155 RCW  
33 to read as follows:

34 (1) The department must:

35 (a) In collaboration with the board, and in accordance with the

1 board's operating budget, provide staff to the board necessary to  
2 efficiently and effectively carry out the duties of this chapter; and

3 (b) Submit the board's operating and capital budgets in accordance  
4 with guidelines set by the office of financial management.

5 (2) The director must:

6 (a) Be accountable to the board for operating and capital  
7 expenditures from the account; and

8 (b) Represent the interests and concerns of the board as a member  
9 of the governor's executive cabinet.

10 **Sec. 8.** RCW 43.155.050 and 2013 2nd sp.s. c 4 s 983 are each  
11 amended to read as follows:

12 (1) The public works assistance account is hereby established in  
13 the state treasury. Money may be placed in the public works assistance  
14 account from the proceeds of bonds when authorized by the legislature  
15 or from any other lawful source. Money received from local governments  
16 in repayment of loans made under section 4 of this act must be paid  
17 into the public works assistance account for uses consistent with this  
18 chapter. Money in the public works assistance account shall be used  
19 ~~((to make loans and to give financial guarantees to local governments~~  
20 ~~for public works projects. Moneys in the account may also be~~  
21 ~~appropriated to provide for state match requirements under federal law~~  
22 ~~for projects and activities conducted and financed by the board under~~  
23 ~~the drinking water assistance account)) for purposes as authorized by~~  
24 this chapter.

25 (2) A minimum of eighty-five percent of the biennial capital budget  
26 appropriation to the public works board from this account shall be  
27 obligated for construction loans. Not more than fifteen percent of the  
28 biennial capital budget appropriation to the public works board from  
29 this account may be ~~((expended or))~~ obligated for ~~((preconstruction~~  
30 ~~loans, emergency loans, or loans for capital facility planning under~~  
31 ~~this chapter; of this amount, not more than ten percent of the biennial~~  
32 ~~capital budget appropriation may be expended for emergency loans and~~  
33 ~~not more than one percent of the biennial capital budget appropriation~~  
34 ~~may be expended for capital facility planning loans)) programs other~~  
35 than construction loans. Within this fifteen percent, state match for  
36 federal programs or funds for other state programs may be obligated.  
37 During the ~~((2011-2013 and))~~ 2013-2015 fiscal biennium, the legislature



1 may transfer from the public works assistance account to the general  
2 fund, the water pollution control revolving account, and the drinking  
3 water assistance account such amounts as reflect the excess fund  
4 balance of the account. (~~During the 2011-2013 fiscal biennium, the~~  
5 ~~legislature may appropriate moneys from the account for economic~~  
6 ~~development, innovation, and export grants, including brownfields; main~~  
7 ~~street improvement grants; and the loan program consolidation board.~~)  
8 During the 2013-2015 fiscal biennium, the legislature may transfer from  
9 the public works assistance account to the education legacy trust  
10 account such amounts as specified by the legislature.

11 **Sec. 9.** RCW 43.155.070 and 2013 2nd sp.s. c 19 s 7032 are each  
12 amended to read as follows:

13 (1) To qualify for financial assistance under this chapter the  
14 board must determine that a local government meets all of the following  
15 conditions:

16 (a) The city or county must be imposing a tax under chapter 82.46  
17 RCW at a rate of at least one-quarter of one percent;

18 (b) The local government must have developed a capital facility  
19 plan; (~~and~~)

20 (c) The local government must be using all local revenue sources  
21 which are reasonably available for funding public works, taking into  
22 consideration local employment and economic factors; and

23 (d) The local government can demonstrate the financial capacity to  
24 repay the loan.

25 (2) Except where necessary to address a public health need or  
26 substantial environmental degradation, a county, city, or town planning  
27 under RCW 36.70A.040 may not receive financial assistance under this  
28 chapter unless it has adopted a comprehensive plan, including a capital  
29 facilities plan element, and development regulations as required by RCW  
30 36.70A.040. This subsection does not require any county, city, or town  
31 planning under RCW 36.70A.040 to adopt a comprehensive plan or  
32 development regulations before requesting or receiving financial  
33 assistance under this chapter if such request is made before the  
34 expiration of the time periods specified in RCW 36.70A.040. A county,  
35 city, or town planning under RCW 36.70A.040 that has not adopted a  
36 comprehensive plan and development regulations within the time periods  
37 specified in RCW 36.70A.040 may apply for and receive financial

1 assistance under this chapter if the comprehensive plan and development  
2 regulations are adopted as required by RCW 36.70A.040 before executing  
3 a contractual agreement for financial assistance with the board.

4 (3) In considering awarding financial assistance for public  
5 facilities to special districts requesting funding for a proposed  
6 facility located in a county, city, or town planning under RCW  
7 36.70A.040, the board must consider whether the county, city, or town  
8 planning under RCW 36.70A.040 in whose planning jurisdiction the  
9 proposed facility is located has adopted a comprehensive plan and  
10 development regulations as required by RCW 36.70A.040.

11 ~~(4) ((The board must develop a priority process for public works~~  
12 ~~projects as provided in this section. The intent of the priority~~  
13 ~~process is to maximize the value of public works projects accomplished~~  
14 ~~with assistance under this chapter. The board must attempt to assure~~  
15 ~~a geographical balance in assigning priorities to projects. The board~~  
16 ~~must consider at least the following factors in assigning a priority to~~  
17 ~~a project:~~

18 ~~(a) Whether the local government receiving assistance has~~  
19 ~~experienced severe fiscal distress resulting from natural disaster or~~  
20 ~~emergency public works needs;~~

21 ~~(b) Except as otherwise conditioned by RCW 43.155.110, whether the~~  
22 ~~entity receiving assistance is a Puget Sound partner, as defined in RCW~~  
23 ~~90.71.010;~~

24 ~~(c) Whether the project is referenced in the action agenda~~  
25 ~~developed by the Puget Sound partnership under RCW 90.71.310;~~

26 ~~(d) Whether the project is critical in nature and would affect the~~  
27 ~~health and safety of a great number of citizens;~~

28 ~~(e) Whether the applicant's permitting process has been certified~~  
29 ~~as streamlined by the office of regulatory assistance;~~

30 ~~(f) Whether the applicant has developed and adhered to guidelines~~  
31 ~~regarding its permitting process for those applying for development~~  
32 ~~permits consistent with section 1(2), chapter 231, Laws of 2007;~~

33 ~~(g) The cost of the project compared to the size of the local~~  
34 ~~government and amount of loan money available;~~

35 ~~(h) The number of communities served by or funding the project;~~

36 ~~(i) Whether the project is located in an area of high unemployment,~~  
37 ~~compared to the average state unemployment;~~

1       ~~(j) Whether the project is the acquisition, expansion, improvement,~~  
2 ~~or renovation by a local government of a public water system that is in~~  
3 ~~violation of health and safety standards, including the cost of~~  
4 ~~extending existing service to such a system;~~

5       ~~(k) Except as otherwise conditioned by RCW 43.155.120, and~~  
6 ~~effective one calendar year following the development of model~~  
7 ~~evergreen community management plans and ordinances under RCW~~  
8 ~~35.105.050, whether the entity receiving assistance has been~~  
9 ~~recognized, and what gradation of recognition was received, in the~~  
10 ~~evergreen community recognition program created in RCW 35.105.030;~~

11       ~~(l) The relative benefit of the project to the community,~~  
12 ~~considering the present level of economic activity in the community and~~  
13 ~~the existing local capacity to increase local economic activity in~~  
14 ~~communities that have low economic growth; and~~

15       ~~(m) Other criteria that the board considers advisable.~~

16       ~~(5) For the 2013-2015 fiscal biennium, in place of the criteria,~~  
17 ~~ranking, and submission processes for construction loan lists provided~~  
18 ~~in subsections (4) and (7) of this section:~~

19       ~~(a) The board must develop a process for numerically ranking~~  
20 ~~applications for construction loans submitted by local governments.~~  
21 ~~The board must consider, at a minimum and in any order, the following~~  
22 ~~factors in assigning a numerical ranking to a project:~~

23       ~~(i) Whether the project is critical in nature and would affect the~~  
24 ~~health and safety of many people;~~

25       ~~(ii) The extent to which the project leverages nonstate funds;~~

26       ~~(iii) The extent to which the project is ready to proceed to~~  
27 ~~construction;~~

28       ~~(iv) Whether the project is located in an area of high~~  
29 ~~unemployment, compared to the average state unemployment;~~

30       ~~(v) Whether the project promotes the sustainable use of resources~~  
31 ~~and environmental quality;~~

32       ~~(vi) Whether the project consolidates or regionalizes systems;~~

33       ~~(vii) Whether the project encourages economic development through~~  
34 ~~mixed use and mixed income development consistent with chapter 36.70A~~  
35 ~~RCW;~~

36       ~~(viii) Whether the system is being well-managed in the present and~~  
37 ~~for long-term sustainability;~~

1       ~~(ix) Achieving equitable distribution of funds by geography and~~  
2 ~~population;~~  
3       ~~(x) The extent to which the project meets the following state~~  
4 ~~policy objectives:~~  
5       ~~(A) Efficient use of state resources;~~  
6       ~~(B) Preservation and enhancement of health and safety;~~  
7       ~~(C) Abatement of pollution and protection of the environment;~~  
8       ~~(D) Creation of new, family wage jobs, and avoidance of shifting~~  
9 ~~existing jobs from one Washington state community to another;~~  
10       ~~(E) Fostering economic development consistent with chapter 36.70A~~  
11 ~~RCW;~~  
12       ~~(F) Efficiency in delivery of goods and services, public transit,~~  
13 ~~and transportation;~~  
14       ~~(G) Avoidance of additional costs to state and local governments~~  
15 ~~that adversely impact local residents and small businesses; and~~  
16       ~~(H) Reduction of the overall cost of public infrastructure; and~~  
17       ~~(xi) Other criteria that the board considers necessary to achieve~~  
18 ~~the purposes of this chapter.~~  
19       ~~(b) Before November 1, 2014, the board must develop and submit to~~  
20 ~~the appropriate fiscal committees of the senate and house of~~  
21 ~~representatives a ranked list of qualified public works projects which~~  
22 ~~have been evaluated by the board and are recommended for funding by the~~  
23 ~~legislature. The maximum amount of funding that the board may~~  
24 ~~recommend for any jurisdiction is ten million dollars per biennium.~~  
25 ~~For each project on the ranked list, as well as for eligible projects~~  
26 ~~not recommended for funding, the board must document the numerical~~  
27 ~~ranking that was assigned.~~  
28       ~~(6) Existing debt or financial obligations of local governments may~~  
29 ~~not be refinanced under this chapter. Each local government applicant~~  
30 ~~must provide documentation of attempts to secure additional local or~~  
31 ~~other sources of funding for each public works project for which~~  
32 ~~financial assistance is sought under this chapter.~~  
33       ~~(7) Before November 1st of each even-numbered year, the board must~~  
34 ~~develop and submit to the appropriate fiscal committees of the senate~~  
35 ~~and house of representatives a description of the loans made under RCW~~  
36 ~~43.155.065, 43.155.068, and subsection (10) of this section during the~~  
37 ~~preceding fiscal year and a prioritized list of projects which are~~  
38 ~~recommended for funding by the legislature, including one copy to the~~

1 ~~staff of each of the committees. The list must include, but not be~~  
2 ~~limited to, a description of each project and recommended financing,~~  
3 ~~the terms and conditions of the loan or financial guarantee, the local~~  
4 ~~government jurisdiction and unemployment rate, demonstration of the~~  
5 ~~jurisdiction's critical need for the project and documentation of local~~  
6 ~~funds being used to finance the public works project. The list must~~  
7 ~~also include measures of fiscal capacity for each jurisdiction~~  
8 ~~recommended for financial assistance, compared to authorized limits and~~  
9 ~~state averages, including local government sales taxes; real estate~~  
10 ~~excise taxes; property taxes; and charges for or taxes on sewerage,~~  
11 ~~water, garbage, and other utilities.~~

12 ~~(8) The board may not sign contracts or otherwise financially~~  
13 ~~obligate funds from the public works assistance account before the~~  
14 ~~legislature has appropriated funds for a specific list of public works~~  
15 ~~projects. The legislature may remove projects from the list~~  
16 ~~recommended by the board. The legislature may not change the order of~~  
17 ~~the priorities recommended for funding by the board.~~

18 ~~(9) Subsection (8) of this section does not apply to loans made~~  
19 ~~under RCW 43.155.065, 43.155.068, and subsection (10) of this section.~~

20 ~~(10) Loans made for the purpose of capital facilities plans are~~  
21 ~~exempted from subsection (8) of this section.~~

22 ~~(11) To qualify for loans or pledges for solid waste or recycling~~  
23 ~~facilities under this chapter, a city or county must demonstrate that~~  
24 ~~the solid waste or recycling facility is consistent with and necessary~~  
25 ~~to implement the comprehensive solid waste management plan adopted by~~  
26 ~~the city or county under chapter 70.95 RCW.~~

27 ~~(12) After January 1, 2010, any project designed to address the~~  
28 ~~effects of storm water or wastewater on Puget Sound may be funded under~~  
29 ~~this section only if the project is not in conflict with the action~~  
30 ~~agenda developed by the Puget Sound partnership under RCW 90.71.310.~~

31 ~~(13) During the 2013-2015 fiscal biennium,)) When awarding~~  
32 ~~financial assistance, the board must consider:~~

33 ~~(a) Whether the entity receiving assistance is a Puget Sound~~  
34 ~~partner, as defined in RCW 90.71.010. Entities that are not eligible~~  
35 ~~to be a Puget Sound partner due to geographic location, composition,~~  
36 ~~exclusion from the scope of the action agenda developed by the Puget~~  
37 ~~Sound partnership under RCW 90.71.310, or for any other reason, may not~~  
38 ~~be given less preferential treatment than Puget Sound partners; and~~

1        (b) Whether the project is referenced in the action agenda  
2 developed by the Puget Sound partnership under RCW 90.71.310.

3        (5) For projects involving repair, replacement, or improvement of  
4 a wastewater treatment plant or other public works facility for which  
5 an investment grade efficiency audit is obtainable, the public works  
6 board must require as a contract condition that the project sponsor  
7 undertake an investment grade efficiency audit. The project sponsor  
8 may finance the costs of the audit as part of its public works  
9 assistance account program loan.

10        ~~((14))~~ (6)(a) For ((public works assistance account)) all  
11 construction loan application rounds ~~((conducted during the 2013-2015~~  
12 ~~fiscal biennium))~~, the board must implement policies and procedures  
13 designed to maximize local government use of federally funded drinking  
14 water and clean water state revolving funds operated by the state  
15 departments of health and ecology. The board, department of ecology,  
16 and department of health must jointly develop evaluation criteria and  
17 application procedures that will increase access of eligible drinking  
18 water and wastewater projects to the public works assistance account  
19 for short-term preconstruction financing and to the federally funded  
20 state revolving funds for construction financing. The procedures must  
21 also strengthen coordinated funding of preconstruction and construction  
22 projects.

23        (b) For all construction loan projects ~~((proposed to the~~  
24 ~~legislature for funding during the 2013-2015 fiscal biennium))~~, the  
25 board must base interest rates on the average daily market interest  
26 rate for tax-exempt municipal bonds as published in the bond buyer's  
27 index for the period from sixty to thirty days before the start of the  
28 application cycle. For projects with a repayment period between five  
29 and twenty years, the rate must be sixty percent of the market rate.  
30 For projects with a repayment period under five years, the rate must be  
31 thirty percent of the market rate. The board must also provide reduced  
32 interest rates, extended repayment periods, or forgivable principal  
33 loans for projects that meet financial hardship criteria as measured by  
34 the affordability index or similar standard measure of financial  
35 hardship.

36        (c) By December 1, 2013, the board must recommend to the  
37 appropriate committees of the legislature statutory language to make  
38 permanent these new criteria, procedures, and financing policies.

1        NEW SECTION.    **Sec. 10.**    A new section is added to chapter 43.155  
2    RCW to read as follows:

3        The intent of the project selection process is to promote state  
4    policy objectives as identified in this chapter and to maximize the  
5    value of projects financed under this chapter. The board must develop  
6    a process for numerically ranking construction loan applications  
7    submitted by local governments. The board must consider, at a minimum  
8    and in any order, the following factors in assigning a numerical  
9    ranking to a project:

10        (1) Whether the project is critical in nature and would affect the  
11    health and safety of many people;

12        (2) The extent to which the project leverages nonstate funds;

13        (3) The extent to which the project is ready to proceed to  
14    construction;

15        (4) Whether the project is located in an area of high unemployment,  
16    compared to the average state unemployment;

17        (5) Whether the project promotes the sustainable use of resources  
18    and environmental quality;

19        (6) Whether the project consolidates or regionalizes systems;

20        (7) Whether the project encourages economic development through  
21    mixed-use and mixed income development consistent with chapter 36.70A  
22    RCW;

23        (8) Whether the system is being well-managed in the present and for  
24    long-term sustainability;

25        (9) Achieving equitable distribution of funds by geography and  
26    population;

27        (10) The extent to which the project meets state policy objectives  
28    identified in this chapter; and

29        (11) Other criteria that the board considers necessary to achieve  
30    the purposes of this chapter.

31        NEW SECTION.    **Sec. 11.**    The following acts or parts of acts are  
32    each repealed:

33        (1) RCW 43.155.040 (General powers of the board) and 1985 c 446 s  
34    10;

35        (2) RCW 43.155.060 (Public works financing powers--Competitive bids  
36    on projects) and 1988 c 93 s 2 & 1985 c 446 s 11;

1           (3) RCW 43.155.065 (Emergency public works projects) and 2001 c 131  
2 s 3, 1990 c 133 s 7, & 1988 c 93 s 1;

3           (4) RCW 43.155.068 (Loans for preconstruction activities) and 2001  
4 c 131 s 4 & 1995 c 363 s 2;

5           (5) RCW 43.155.110 (Puget Sound partners) and 2007 c 341 s 25; and

6           (6) RCW 43.155.120 (Administering funds--Preference to an evergreen  
7 community) and 2008 c 299 s 30.

--- END ---