

HOUSE BILL REPORT

HB 3185

As Reported by House Committee On:
Capital Budget

Title: An act relating to water system acquisition and rehabilitation.

Brief Description: Providing for a water system acquisition and rehabilitation program.

Sponsors: Representatives Appleton, Dunshee and Crouse.

Brief History:

Committee Activity:

Capital Budget: 2/1/08, 2/12/08 [DPS].

Brief Summary of Substitute Bill

- Establishes the Water System Acquisition and Rehabilitation Program (WSARP) in statute.
- Requires the Department of Health, in consultation with the Public Works Board, to report on the WSARP and make recommendations regarding strengthening the WSARP and increasing financial assistance provided through the WSARP.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Fromhold, Chair; Ormsby, Vice Chair; Schual-Berke, Vice Chair; McDonald, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Appleton, Blake, Chase, Dunshee, Eickmeyer, Flannigan, Hankins, Hasegawa, Kelley, McCune, Pearson, Pedersen, Sells, Skinner, Smith and Upthegrove.

Staff: Nona Snell (786-7153).

Background:

The Water System Acquisition and Rehabilitation Program (WSARP) provides grants to municipal water systems to acquire and rehabilitate water systems that have water quality problems or deteriorated infrastructure.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Grants may be used to pay for a portion of planning, design, and other pre-construction activities, system acquisition, and capital construction costs. Applicants with sound drinking water utility management that own at least one municipal Group A public water system are eligible for funding, including counties, cities, and special purpose districts.

The WSARP is jointly administered by the state Department of Health (DOH), the Public Works Board (PWB), and the Department of Community, Trade and Economic Development (DCTED).

The WSARP is not established in statute, but funding for the WSARP has been provided through the following Capital Budget appropriations:

- 2003: \$4 million was appropriated. Twenty-eight water systems were acquired and rehabilitated with the funds;
- 2005: \$2 million was appropriated. Twelve water systems are in the process of being acquired and rehabilitated; and
- 2007: \$3.75 million was appropriated, including \$1 million for the City of Republic to acquire and rehabilitate a water system. Additionally, 14 water systems will be acquired and rehabilitated.

The Drinking Water Revolving Loan Fund (DWRLF) program provides loans to community and nonprofit non-community water systems for capital improvements that increase public health protection and compliance with drinking water regulations. The basic interest rate is 1.5 percent. The DWRLF program is jointly managed by the DOH and the PWB, in partnership with the DCTED.

Summary of Substitute Bill:

The DOH is required to provide grants for the acquisition of small water systems through the WSARP to the extent that funding is appropriated for the program. The program is jointly administered by the DOH, the PWB, and the DCTED. The agencies are directed to adopt guidelines based on the DWRLF, also jointly administered by those same agencies. The WSARP grants may not exceed 25 percent of the funds allocated to the appropriation in a fiscal year.

The DOH, in consultation with the PWB, is required to report on the WSARP by January 1, 2009, and to make recommendations regarding strengthening the WSARP and increasing financial assistance.

Substitute Bill Compared to Original Bill:

The substitute bill requires the DOH to provide financial assistance through WSARP to the extent that funding is appropriated. The reporting entity is changed from the Joint Legislative Audit and Review Committee to the DOH in consultation with the PWB.

The report review and recommendations must include the identification of regulations and adequate capitalization opportunities, the cost to agencies administering the WSARP, project

priority setting processes, and the allowance that eligible purveyors that have previously acquired a failing water system be eligible for grants to cover any costs of rehabilitating the failing water system. The report must also include a survey of estimated funding needs.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The WSARP has been funded in recent capital budgets. This bill has strong support from districts that have small water systems. Grant funding will close the gap between the cost of a system and the amount a district can afford. The WSARP will assist small districts provide safe water to their customers and will provide a more structured WSARP, rather than an ad hoc method of providing the WSARP.

(In support with concerns) A long-term funding source is needed for this WSARP. The study should not be conducted by the Joint Legislative Audit and Review Committee. The WSARP should be reviewed by the DOH, the DCTED, or another department that is familiar with the existing program. The prioritization of projects and administrative costs also need to be reviewed.

(Opposed) None.

Persons Testifying: (In support) Representative Appleton, prime sponsor; and Bill Clarke, Public Utility Districts.

(In support with concerns) Denise Clifford, Department of Health.

Persons Signed In To Testify But Not Testifying: None.