

**ESSB 5033** - H COMM AMD

By Committee on Capital Budget

ADOPTED AS AMENDED 04/12/2017

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 43.155.010 and 1996 c 168 s 1 are each amended to  
4 read as follows:

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

15 The legislature further finds that Washington's local governments  
16 have unmet financial needs for solid waste disposal, including  
17 recycling, and encourages the board to make an equitable geographic  
18 distribution of the funds.

19 It is the policy of the state of Washington to encourage self-  
20 reliance by local governments in meeting their public works needs and  
21 to assist in the financing of critical public works projects by  
22 making loans, grants, financing guarantees, and technical assistance  
23 available to local governments for these projects.

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

26 ((Unless the context clearly requires otherwise,)) The  
27 definitions in this section ((shall)) apply throughout this chapter  
28 unless the context clearly requires otherwise.

29 (1) "Board" means the public works board created in RCW  
30 43.155.030.

1 (2) "Capital facility plan" means a capital facility plan  
2 required by the growth management act under chapter 36.70A RCW or,  
3 for local governments not fully planning under the growth management  
4 act, a plan required by the public works board.

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

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

11 (5) "Local governments" means cities, towns, counties, special  
12 purpose districts, and any other municipal corporations or quasi-  
13 municipal corporations in the state excluding school districts and  
14 port districts.

15 (6) "Public works project" means a project of a local government  
16 for the planning, acquisition, construction, repair, reconstruction,  
17 replacement, rehabilitation, or improvement of streets and roads,  
18 bridges, water systems, or storm and sanitary sewage systems, lead  
19 remediation of drinking water systems, and solid waste facilities,  
20 including recycling facilities. A planning project may include the  
21 compilation of biological, hydrological, or other data on a county,  
22 drainage basin, or region necessary to develop a base of information  
23 for a capital facility plan.

24 (7) "Solid waste or recycling project" means remedial actions  
25 necessary to bring abandoned or closed landfills into compliance with  
26 regulatory requirements and the repair, restoration, and replacement  
27 of existing solid waste transfer, recycling facilities, and landfill  
28 projects limited to the opening of landfill cells that are in  
29 existing and permitted landfills.

30 (8) "Technical assistance" means training and other services  
31 provided to local governments to: (a) Help such local governments  
32 plan, apply, and qualify for loans, grants, and financing guarantees  
33 from the board, and (b) help local governments improve their ability  
34 to plan for, finance, acquire, construct, repair, replace,  
35 rehabilitate, and maintain public facilities.

36 (9) "Value planning" means a uniform approach to assist in  
37 decision making through systematic evaluation of potential  
38 alternatives to solving an identified problem.

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

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

4       (2) The board shall be composed of seventeen members as provided  
5 in this subsection:

6       (a) Thirteen members appointed by the governor for terms of four  
7 years, except that five members initially shall be appointed for  
8 terms of two years. ~~((The board))~~ These members shall include: ~~((a)~~  
9 ~~Three))~~ (i) Two members, ~~((two))~~ one of whom shall be an elected  
10 official~~((s))~~ and one shall be a public works manager or a finance  
11 director, appointed from a list of at least six persons nominated by  
12 ~~((the))~~ a state association of ~~((Washington))~~ cities or its  
13 successor; ~~((b) three))~~ (ii) two members, ~~((two))~~ one of whom shall  
14 be an elected official~~((s))~~ and one shall be a public works manager  
15 or a finance director, appointed from a list of at least six persons  
16 nominated by ~~((the Washington))~~ a state association of counties or  
17 its successor; ~~((c) three))~~ (iii) one member~~((s))~~ appointed from a  
18 list of at least ~~((six))~~ three persons nominated ~~((jointly))~~ by ~~((the~~  
19 ~~Washington))~~ a state association of public utility districts  
20 ~~((association and))~~ or its successor; (iv) one member appointed from  
21 a list of at least three persons nominated by a state association of  
22 water-sewer districts~~((r))~~ or ~~((their))~~ its successor~~((s))~~; and ~~((d)~~  
23 ~~four))~~ (v) seven members appointed from the general public with  
24 expertise in relevant fields. In appointing the ~~((four))~~ seven  
25 general public members, the governor shall ~~((endeavor to))~~ balance  
26 the geographical composition of the board and ~~((to))~~ include members  
27 with special expertise in relevant fields such as public finance,  
28 architecture and civil engineering, and public works construction.  
29 The governor shall appoint one of the general public members of the  
30 board as chair. The term of the chair shall coincide with the term of  
31 the governor.

32       (b) Four members from the legislature appointed for terms of four  
33 years. The speaker of the house of representatives shall appoint one  
34 member from each of the two major caucuses of the house of  
35 representatives and the president of the senate shall appoint one  
36 member from each of the two major caucuses of the senate.  
37 Additionally, the speaker of the house of representatives may  
38 designate one member from each of the two major caucuses of the house  
39 of representatives and the president of the senate may appoint one  
40 member from each of the two major caucuses of the senate as alternate

1 members to take the place of the appointed member on the board for  
2 meetings at which the member will be absent. The alternate member  
3 shall have all powers to vote and participate in board deliberations  
4 as the other board members.

5 (3) Staff support to the board shall be provided by the  
6 department.

7 (4) Nonlegislative members of the board shall receive no  
8 compensation but shall be reimbursed for travel expenses under RCW  
9 43.03.050 and 43.03.060. Legislative members of the board shall be  
10 reimbursed for travel in accordance with RCW 44.04.120.

11 (5) If a vacancy on the board occurs by death, resignation, or  
12 otherwise, the governor shall fill the vacant position for the  
13 unexpired term. Each vacancy in a position appointed from lists  
14 provided by the associations under subsection (2) of this section  
15 shall be filled from a list of at least three persons nominated by  
16 the relevant association or associations. Any members of the board,  
17 appointive or otherwise, may be removed by the governor for cause in  
18 accordance with RCW 43.06.070 and 43.06.080.

19 **Sec. 4.** RCW 43.155.040 and 1985 c 446 s 10 are each amended to  
20 read as follows:

21 The board may:

22 (1) Accept from any state or federal agency, loans or grants for  
23 the planning or financing of any public works project and enter into  
24 agreements with any such agency concerning the loans or grants;

25 (2) Provide technical assistance to local governments;

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

29 (4) Develop a program that provides grants and additional  
30 assistance to leverage federal programs, and other opportunities to  
31 target deeper financial assistance to communities with economic  
32 distress or projects that would result in rate increases to  
33 residential utility rates that exceed a determined percentage of  
34 median household income;

35 (5) Adopt rules under chapter 34.05 RCW as necessary to carry out  
36 the purposes of this chapter;

37 ~~((+5))~~ (6) Do all acts and things necessary or convenient to  
38 carry out the powers expressly granted or implied under this chapter.

1       **Sec. 5.** RCW 43.155.050 and 2015 3rd sp.s. c 4 s 959 and 2015 3rd  
2 sp.s. c 3 s 7032 are each reenacted and amended to read as follows:

3       The public works assistance account is hereby established in the  
4 state treasury. Money may be placed in the public works assistance  
5 account from the proceeds of bonds when authorized by the legislature  
6 or from any other lawful source. Money in the public works assistance  
7 account shall be used to make loans and grants and to give financial  
8 guarantees to local governments for public works projects. Moneys in  
9 the account may also be appropriated to provide for state match  
10 requirements under federal law for projects and activities conducted  
11 and financed by the board under the drinking water assistance  
12 account. Not more than (~~fifteen~~) twenty percent of the biennial  
13 capital budget appropriation to the public works board from this  
14 account may be expended or obligated for preconstruction loans and  
15 grants, emergency loans and grants, or loans and grants for capital  
16 facility planning under this chapter(~~(; of this amount, not more than~~  
17 ~~ten percent of the biennial capital budget appropriation may be~~  
18 ~~expended for emergency loans and not more than one percent of the~~  
19 ~~biennial capital budget appropriation may be expended for capital~~  
20 ~~facility planning loans)). Not more than ten percent of the biennial  
21 capital budget appropriation to the public works board from this  
22 account may be expended or obligated as grants for preconstruction,  
23 emergency, capital facility planning, and construction projects.  
24 During the 2015-2017 fiscal biennium, the legislature may transfer  
25 from the public works assistance account to the general fund, the  
26 water pollution control revolving account, and the drinking water  
27 assistance account such amounts as reflect the excess fund balance of  
28 the account. (~~During the 2013-2015 fiscal biennium, the legislature~~  
29 ~~may transfer from the public works assistance account to the~~  
30 ~~education legacy trust account such amounts as specified by the~~  
31 ~~legislature.) During the 2015-2017 fiscal biennium, the legislature~~  
32 ~~may appropriate moneys from the account for activities related to the~~  
33 ~~growth management act and the voluntary stewardship program. During~~  
34 ~~the 2015-2017 fiscal biennium, the legislature may transfer from the~~  
35 ~~public works assistance account to the state general fund such~~  
36 ~~amounts as specified by the legislature. (~~In the 2017-2019 fiscal~~~~  
37 ~~biennium the legislature intends to allocate seventy three million~~  
38 ~~dollars of future loan repayments paid into the public works~~  
39 ~~assistance account to support basic education.))~~~~

1       **Sec. 6.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to  
2 read as follows:

3       (1) In order to aid the financing of public works projects, the  
4 board may:

5       ~~((1))~~ (a) Make ~~((low interest or interest free))~~ loans or  
6 grants to local governments from the public works assistance account  
7 or other funds and accounts for the purpose of assisting local  
8 governments in financing public works projects. ~~((The board may~~  
9 ~~require such terms and conditions and may charge such rates of~~  
10 ~~interest on its loans as it deems necessary or convenient to carry~~  
11 ~~out the purposes of this chapter.))~~ Money received from local  
12 governments in repayment of loans made under this section shall be  
13 paid into the public works assistance account for uses consistent  
14 with this chapter.

15       ~~((2))~~ (b) Pledge money in the public works assistance account,  
16 or money to be received by the public works assistance account, to  
17 the repayment of all or a portion of the principal of or interest on  
18 obligations issued by local governments to finance public works  
19 projects. The board shall not pledge any amount greater than the sum  
20 of money in the public works assistance account plus money to be  
21 received from the payment of the debt service on loans made from that  
22 account, nor shall the board pledge the faith and credit or the  
23 taxing power of the state or any agency or subdivision thereof to the  
24 repayment of obligations issued by any local government.

25       ~~((3))~~ (c) Create such subaccounts in the public works  
26 assistance account as the board deems necessary to carry out the  
27 purposes of this chapter.

28       ~~((4))~~ (d) Provide a method for the allocation of loans, grants,  
29 and financing guarantees and the provision of technical assistance  
30 under this chapter.

31       (2)(a) When establishing interest rates for loan programs  
32 authorized in this chapter for projects which are supported by a rate  
33 base of at least fifty thousand equivalent residential units, the  
34 board must base interest rates on the average daily market interest  
35 rate for tax-exempt municipal bonds as published in the bond buyer's  
36 index for the period from sixty to thirty days before the start of  
37 the application cycle.

38       (b) For projects with a repayment period between five and twenty  
39 years, the rate must be fifty percent of the market rate.

1 (c) For projects with a repayment period under five years, the  
2 rate must be twenty-five percent of the market rate.

3 (d) For any year in which the average daily market interest rate  
4 for tax-exempt municipal bonds for the period from sixty to thirty  
5 days before the start of an application cycle is nine percent or  
6 greater, the board may cap interest rates at four percent for  
7 projects with a repayment period between five and twenty years and at  
8 two percent for projects with a repayment period under five years.

9 (e) The board may also provide reduced interest rates, extended  
10 repayment periods, or grants for projects that meet financial  
11 hardship criteria as measured by the affordability index or similar  
12 standard measure of financial hardship. The board may provide reduced  
13 interest rates, extended repayment periods, or grants for projects  
14 that are supported by a rate base of less than fifty thousand  
15 equivalent residential units.

16 (3) All local public works projects aided in whole or in part  
17 under the provisions of this chapter shall be put out for competitive  
18 bids, except for emergency public works under RCW 43.155.065 for  
19 which the recipient jurisdiction shall comply with this requirement  
20 to the extent feasible and practicable. The competitive bids called  
21 for shall be administered in the same manner as all other public  
22 works projects put out for competitive bidding by the local  
23 governmental entity aided under this chapter.

24 **Sec. 7.** RCW 43.155.065 and 2001 c 131 s 3 are each amended to  
25 read as follows:

26 The board may make low-interest or interest-free loans or grants  
27 to local governments for emergency public works projects. Emergency  
28 public works projects shall include the construction, repair,  
29 reconstruction, replacement, rehabilitation, or improvement of a  
30 public water system that is in violation of health and safety  
31 standards and is being operated by a local government on a temporary  
32 basis. The loans or grants may be used to help fund all or part of an  
33 emergency public works project less any reimbursement from any of the  
34 following sources: (1) Federal disaster or emergency funds, including  
35 funds from the federal emergency management agency; (2) state  
36 disaster or emergency funds; (3) insurance settlements; or (4)  
37 litigation.

1       **Sec. 8.** RCW 43.155.068 and 2001 c 131 s 4 are each amended to  
2 read as follows:

3       (1) The board may make (~~(low interest or interest free)~~) loans or  
4 grants to local governments for preconstruction activities on public  
5 works projects before the legislature approves the construction phase  
6 of the project. Preconstruction activities include design,  
7 engineering, bid-document preparation, environmental studies, right-  
8 of-way acquisition, value planning, and other preliminary phases of  
9 public works projects as determined by the board. The purpose of the  
10 loans and grants authorized in this section is to accelerate the  
11 completion of public works projects by allowing preconstruction  
12 activities to be performed before the approval of the construction  
13 phase of the project by the legislature.

14       (2) Projects receiving loans or grants for preconstruction  
15 activities under this section must be evaluated using the priority  
16 process and factors in RCW 43.155.070(~~((2))~~). The receipt of a loan  
17 or grant for preconstruction activities does not ensure the receipt  
18 of a construction loan or grant for the project under this chapter.  
19 Construction loans or grants for projects receiving a loan or grant  
20 for preconstruction activities under this section are subject to  
21 legislative approval under RCW 43.155.070 (~~((4) and (5))~~) (7). The  
22 board shall adopt a single application process for local governments  
23 seeking both a loan or grant for preconstruction activities under  
24 this section and a construction loan for the project.

25       **Sec. 9.** RCW 43.155.070 and 2015 3rd sp.s. c 3 s 7033 are each  
26 amended to read as follows:

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

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

32       (b) The local government must have developed a capital facility  
33 plan; and

34       (c) The local government must be using all local revenue sources  
35 which are reasonably available for funding public works, taking into  
36 consideration local employment and economic factors.

37       (2) Except where necessary to address a public health need or  
38 substantial environmental degradation, a county, city, or town  
39 planning under RCW 36.70A.040 may not receive financial assistance



1 under this chapter unless it has adopted a comprehensive plan,  
2 including a capital facilities plan element, and development  
3 regulations as required by RCW 36.70A.040. This subsection does not  
4 require any county, city, or town planning under RCW 36.70A.040 to  
5 adopt a comprehensive plan or development regulations before  
6 requesting or receiving financial assistance under this chapter if  
7 such request is made before the expiration of the time periods  
8 specified in RCW 36.70A.040. A county, city, or town planning under  
9 RCW 36.70A.040 that has not adopted a comprehensive plan and  
10 development regulations within the time periods specified in RCW  
11 36.70A.040 may apply for and receive financial assistance under this  
12 chapter if the comprehensive plan and development regulations are  
13 adopted as required by RCW 36.70A.040 before executing a contractual  
14 agreement for financial assistance with the board.

15 (3) In considering awarding financial assistance for public  
16 facilities to special districts requesting funding for a proposed  
17 facility located in a county, city, or town planning under RCW  
18 36.70A.040, the board must consider whether the county, city, or town  
19 planning under RCW 36.70A.040 in whose planning jurisdiction the  
20 proposed facility is located has adopted a comprehensive plan and  
21 development regulations as required by RCW 36.70A.040.

22 ~~(4) ((The board must develop a priority process for public works~~  
23 ~~projects as provided in this section. The intent of the priority~~  
24 ~~process is to maximize the value of public works projects~~  
25 ~~accomplished with assistance under this chapter. The board must~~  
26 ~~attempt to assure a geographical balance in assigning priorities to~~  
27 ~~projects. The board must consider at least the following factors in~~  
28 ~~assigning a priority to a project:~~

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

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

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

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

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

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

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

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

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

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

13 ~~(k) Except as otherwise conditioned by RCW 43.155.120, and~~  
14 ~~effective one calendar year following the development of model~~  
15 ~~evergreen community management plans and ordinances under RCW~~  
16 ~~35.105.050, whether the entity receiving assistance has been~~  
17 ~~recognized, and what gradation of recognition was received, in the~~  
18 ~~evergreen community recognition program created in RCW 35.105.030;~~

19 ~~(l) The relative benefit of the project to the community,~~  
20 ~~considering the present level of economic activity in the community~~  
21 ~~and the existing local capacity to increase local economic activity~~  
22 ~~in communities that have low economic growth; and~~

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

24 ~~(5) For the 2015-2017 fiscal biennium, in place of the criteria,~~  
25 ~~ranking, and submission processes for construction loan lists~~  
26 ~~provided in subsections (4) and (7) of this section:)~~

27 ~~(a) The board must develop a process ((for numerically ranking))~~  
28 ~~to prioritize applications ((for construction)) and funding of loans~~  
29 ~~and grants for public works projects submitted by local governments.~~  
30 ~~The board must consider, at a minimum and in any order, the following~~  
31 ~~factors in ((assigning a numerical ranking to a)) prioritizing~~  
32 ~~projects:~~

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

35 ~~(ii) The extent to which the project leverages ((nonstate)) other~~  
36 ~~funds;~~

37 ~~(iii) The extent to which the project is ready to proceed to~~  
38 ~~construction;~~

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

1 (v) Whether the project promotes the sustainable use of resources  
2 and environmental quality, as applicable;

3 (vi) Whether the project consolidates or regionalizes systems;

4 (vii) Whether the project encourages economic development through  
5 mixed-use and mixed income development consistent with chapter 36.70A  
6 RCW;

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

9 (ix) Achieving equitable distribution of funds by geography and  
10 population;

11 (x) The extent to which the project meets the following state  
12 policy objectives:

13 (A) Efficient use of state resources;

14 (B) Preservation and enhancement of health and safety;

15 (C) Abatement of pollution and protection of the environment;

16 (D) Creation of new, family-wage jobs, and avoidance of shifting  
17 existing jobs from one Washington state community to another;

18 (E) Fostering economic development consistent with chapter 36.70A  
19 RCW;

20 (F) Efficiency in delivery of goods and services (~~(, public~~  
21 ~~transit,)~~) and transportation; and

22 (~~(G) ((Avoidance of additional costs to state and local~~  
23 ~~governments that adversely impact local residents and small~~  
24 ~~businesses; and~~

25 ~~(H))~~) Reduction of the overall cost of public infrastructure;  
26 ((~~and~~))

27 (xi) Whether the applicant sought or is seeking funding for the  
28 project from other sources; and

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

31 (b) Before ((~~November~~)) September 1, ((2016)) 2018, and each year  
32 thereafter, the board must develop and submit a report regarding the  
33 construction loans and grants to the office of financial management  
34 and appropriate fiscal committees of the senate and house of  
35 representatives ((~~a ranked list of qualified public works projects~~  
36 ~~which have been evaluated by the board and are recommended for~~  
37 ~~funding by the legislature~~)). The report must include:

38 (i) The total number of applications and amount of funding  
39 requested for public works projects;

1 (ii) A list and description of projects approved in the preceding  
2 fiscal year with project scores against the board's prioritization  
3 criteria;

4 (iii) The total amount of loan and grants disbursements made from  
5 the public works assistance account in the preceding fiscal year;

6 (iv) The total amount of loan repayments in the preceding fiscal  
7 year for outstanding loans from the public works assistance account;

8 (v) The total amount of loan repayments due for outstanding loans  
9 for each fiscal year over the following ten-year period; and

10 (vi) The total amount of funds obligated and timing of when the  
11 funds were obligated in the preceding fiscal year.

12 (c) The maximum amount of funding that the board may  
13 ((recommend)) provide for any jurisdiction is ten million dollars per  
14 biennium. ((For each project on the ranked list, as well as for  
15 eligible projects not recommended for funding, the board must  
16 document the numerical ranking that was assigned.

17 (6)) (5) Existing debt or financial obligations of local  
18 governments may not be refinanced under this chapter. Each local  
19 government applicant must provide documentation of attempts to secure  
20 additional local or other sources of funding for each public works  
21 project for which financial assistance is sought under this chapter.

22 ((7)) (6) Before ((November)) September 1st of each ((even-  
23 numbered)) year, the board must develop and submit to the appropriate  
24 fiscal committees of the senate and house of representatives a  
25 description of the loans and grants made under RCW 43.155.065((7))  
26 and 43.155.068((7) and subsection (10) of this section during the  
27 preceding fiscal year and a prioritized list of projects which are  
28 recommended for funding by the legislature, including one copy to the  
29 staff of each of the committees. The list must include, but not be  
30 limited to, a description of each project and recommended financing,  
31 the terms and conditions of the loan or financial guarantee, the  
32 local government jurisdiction and unemployment rate, demonstration of  
33 the jurisdiction's critical need for the project and documentation of  
34 local funds being used to finance the public works project. The list  
35 must also include measures of fiscal capacity for each jurisdiction  
36 recommended for financial assistance, compared to authorized limits  
37 and state averages, including local government sales taxes; real  
38 estate excise taxes; property taxes; and charges for or taxes on  
39 sewerage, water, garbage, and other utilities)).

1       ~~((8))~~ (7) The board may not sign contracts or otherwise  
2 financially obligate funds from the public works assistance account  
3 before the legislature has appropriated funds to the board for ~~((a~~  
4 ~~specific list of))~~ the purpose of funding public works projects under  
5 this chapter. ~~((The legislature may remove projects from the list~~  
6 ~~recommended by the board. The legislature may not change the order of~~  
7 ~~the priorities recommended for funding by the board.~~

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

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

13       ~~((11))~~ (8) To qualify for loans, grants, or pledges for solid  
14 waste or recycling facilities under this chapter, a city or county  
15 must demonstrate that the solid waste or recycling facility is  
16 consistent with and necessary to implement the comprehensive solid  
17 waste management plan adopted by the city or county under chapter  
18 70.95 RCW.

19       ~~((12))~~ (9) After January 1, 2010, any project designed to  
20 address the effects of storm water or wastewater on Puget Sound may  
21 be funded under this section only if the project is not in conflict  
22 with the action agenda developed by the Puget Sound partnership under  
23 RCW 90.71.310.

24       ~~((13) During the 2015-2017 fiscal biennium,))~~ (10) For projects  
25 involving repair, replacement, or improvement of a wastewater  
26 treatment plant or other public works facility for which an  
27 investment grade efficiency audit is reasonably obtainable, the  
28 public works board must require as a contract condition that the  
29 project sponsor undertake an investment grade efficiency audit. The  
30 project sponsor may finance the costs of the audit as part of its  
31 public works assistance account program loan or grant.

32       ~~((14)(a) For public works assistance account application rounds~~  
33 ~~conducted during the 2015-2017 fiscal biennium,))~~ (11) The board must  
34 implement policies and procedures designed to maximize local  
35 government ~~((use))~~ consideration of ~~((federal))~~ other funds to  
36 finance local infrastructure ~~((including, but not limited to,~~  
37 ~~drinking water and clean water state revolving funds operated by the~~  
38 ~~state departments of health and ecology. Projects that are eligible~~  
39 ~~for the drinking water and clean water state revolving funds may~~  
40 ~~receive public works board preconstruction loans. Projects that are~~

1 eligible for the drinking water and clean water state revolving funds  
2 are not eligible for public works board construction loans. For  
3 purposes of this subsection "eligible for drinking water and clean  
4 water state revolving funds" means:

5 (i) Projects that have applied to the state revolving funds and  
6 are awaiting a funding decision;

7 (ii) Projects that have been rejected for funding solely due to  
8 not meeting readiness requirements; and

9 (iii) Projects that have not applied, but would likely be  
10 eligible if the project applied and met the project readiness  
11 requirements.

12 (b) For all construction loan projects proposed to the  
13 legislature for funding during the 2015-2017 fiscal biennium, the  
14 board must base interest rates on the average daily market interest  
15 rate for tax-exempt municipal bonds as published in the bond buyer's  
16 index for the period from sixty to thirty days before the start of  
17 the application cycle. For projects with a repayment period between  
18 five and twenty years, the rate must be sixty percent of the market  
19 rate. For projects with a repayment period under five years, the rate  
20 must be thirty percent of the market rate. The board must also  
21 provide reduced interest rates, extended repayment periods, or  
22 forgivable principal loans for projects that meet financial hardship  
23 criteria as measured by the affordability index or similar standard  
24 measure of financial hardship)).

25 **Sec. 10.** RCW 43.155.075 and 2001 c 227 s 10 are each amended to  
26 read as follows:

27 In providing loans and grants for public works projects, the  
28 board shall require recipients to incorporate the environmental  
29 benefits of the project into their applications, and the board shall  
30 utilize the statement of environmental benefits in its prioritization  
31 and selection process, when applicable. For projects funded under  
32 this chapter, the board may require a local government to have  
33 sustainable asset management best practices in place; provide a long-  
34 term financial plan to demonstrate a sound maintenance program; have  
35 a long-term financial plan for loan repayments in place; and undergo  
36 value planning at the predesign project stage, where the greatest  
37 productivity gains and cost savings can be found. The board shall  
38 also develop appropriate outcome-focused performance measures to be  
39 used both for management and performance assessment of the loan and

1 grant program. To the extent possible, the department should  
2 coordinate its performance measure system with other natural  
3 resource-related agencies as defined in RCW 43.41.270. The board  
4 shall consult with affected interest groups in implementing this  
5 section.

6 NEW SECTION. **Sec. 11.** (1) An interagency, multijurisdictional  
7 system improvement team must identify, implement, and report on  
8 system improvements that achieve the designated outcomes, including:

9 (a) Projects that maximize value, minimize overall costs and  
10 disturbance to the community, and ensure long-term durability and  
11 resilience;

12 (b) Projects that are designed to meet the unique needs of each  
13 community, rather than the needs of particular funding programs;

14 (c) Project designs that maximize long-term value by fully  
15 considering and responding to anticipated long-term environmental,  
16 technological, economic and population changes;

17 (d) The flexibility to innovate, including utilizing natural  
18 systems, addressing multiple regulatory drivers, and forming regional  
19 partnerships;

20 (e) The ability to plan and collaborate across programs and  
21 jurisdictions so that different investments are packaged to be  
22 complementary, timely, and responsive to economic and community  
23 opportunities;

24 (f) The needed capacity for communities, appropriate to their  
25 unique financial, planning, and management capacities, so they can  
26 design, finance, and build projects that best meet their long-term  
27 needs and minimize costs;

28 (g) Optimal use and leveraging of federal and private  
29 infrastructure dollars; and

30 (h) Mechanisms to ensure periodic, system-wide review and ongoing  
31 achievement of the designated outcomes.

32 (2) The system improvement team must consist of representatives  
33 of state infrastructure programs that provide funding for drinking  
34 water, wastewater, and storm water programs, including but not  
35 limited to representatives from the department of ecology, department  
36 of health, and the department of commerce. The system improvement  
37 team may invite representatives of other infrastructure programs,  
38 such as transportation and energy, as needed in order to achieve  
39 efficiency, minimize costs, and maximize value across infrastructure

1 programs. The system improvement team shall also consist of  
2 representatives of users of those programs, representatives of  
3 infrastructure project builders, and other parties the system  
4 improvement team determines would contribute to achieving the desired  
5 outcomes, including but not limited to representatives from a state  
6 association of cities, a state association of counties, a state  
7 association of public utility districts, a state association of water  
8 and sewer districts, a state association of general contractors, and  
9 a state organization representing building trades. A representative  
10 from the department of ecology, department of health, and department  
11 of commerce shall facilitate the work of the system improvement team.

12 (3) The system improvement team must focus on achieving the  
13 designated outcomes within existing program structures and  
14 authorities. The system improvement team shall use lean practices to  
15 achieve the designated outcomes.

16 (4) The system improvement team shall provide briefings as  
17 requested to the public works board on the current state of  
18 infrastructure programs to build an understanding of the  
19 infrastructure investment program landscape and the interplay of its  
20 component parts.

21 (5) If the system improvement team encounters statutory or  
22 regulatory barriers to system improvements, the system improvement  
23 team must inform the public works board and consult on possible  
24 solutions. When achieving the designated outcomes would be best  
25 served through changes in program structures or authorities, the  
26 system improvement team must report those findings to the public  
27 works board.

28 (6) This section expires June 30, 2021.

29 NEW SECTION. **Sec. 12.** The public works board, in consultation  
30 with stakeholders, including the system improvement team and  
31 financing experts, must evaluate and report on other financing  
32 approaches that could be established to provide access to financing  
33 for local governments who have trouble accessing the existing private  
34 credit market at reasonable rates for infrastructure. The public  
35 works board must submit the report to the appropriate fiscal  
36 committees of the senate and house of representatives and the office  
37 of financial management by December 1, 2018."

38 Correct the title.



EFFECT: Adds lead remediation of drinking water systems to the definition of a public works project and adds a definition of "value planning."

Increases the Public Works Board (PWB) from 13 members to 17 members, adding four Legislators (two from each chamber) and modifies the makeup of the board, increasing the number of members that have expertise in relevant fields.

Authorizes the PWB to develop a program that provides grants and other assistance to communities with economic distress or when utility projects would increase certain rates.

Increases the amount for preconstruction and emergency loans and grants from 15% to 20% of appropriation and limits the total amount of grants to 10% of the biennial appropriations.

Specifies that for projects supported with a ratepayer base of at least 50,000, the interest rate be tied to the tax-exempt municipal market rates with adjustments, including a capped rate.

Authorizes the PWB to provide reduced interest rates, extended repayment periods and grants for projects that meet hardship criteria or are supported by a ratepayer base of fewer than 50,000.

Removes the requirement that the PWB submit a numerically ranked list for construction loans to the Legislature for funding and that the Legislature fund specific projects from a ranked list.

Requires the PWB to use the criteria in statute for prioritizing applications for construction loans and grants.

Specifies that the PWB may not sign contracts or obligate funds before the legislature has appropriated funds to the PWB to administer for public works projects.

Requires the PWB provide a report by September 2018, and annually after, regarding public works projects for the prior year.

Directs the PWB to implement policies to maximize local government's consideration of other funds to finance projects.

Allows the PWB to require local governments to demonstrate long-term financial plans to repay loans, support maintenance, and to undergo value planning during predesign for projects funded through the Public Works Assistance program.

Establishes an interagency, multijurisdictional system improvement team (Team) to identify, implement, and report on specified system improvements.

Directs the PWB, in consultation with stakeholders, including the Team and financial experts, to evaluate and report on other financing approaches that could provide access to financing for local government.

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