

Washington

Initiate

Modernizing

Invest

Develop

Infrastructure

Streamline

Economic

Sustainability

Network

State

Assistance

Jobs

An Implementation Plan *Executive Summary*

Washington State Public Works Board
November 2011

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MEETING LEGISLATIVE INTENT

The approved 2011-2013 Capital Budget (ESHB 1497, Section 7028) directs the Public Works Board (Board), in concert with partner agencies, advocate organizations, and local governments, to prepare a plan to modernize the state's financial and technical infrastructure assistance network. The proviso calls for the plan to include a model for the new network, the method to implement the model, and the legislation necessary to adjust the state's budget and organizational structure to accommodate the new approach. These products are due to the Legislature by November 1, 2011.

The proviso's intent section is presented below:

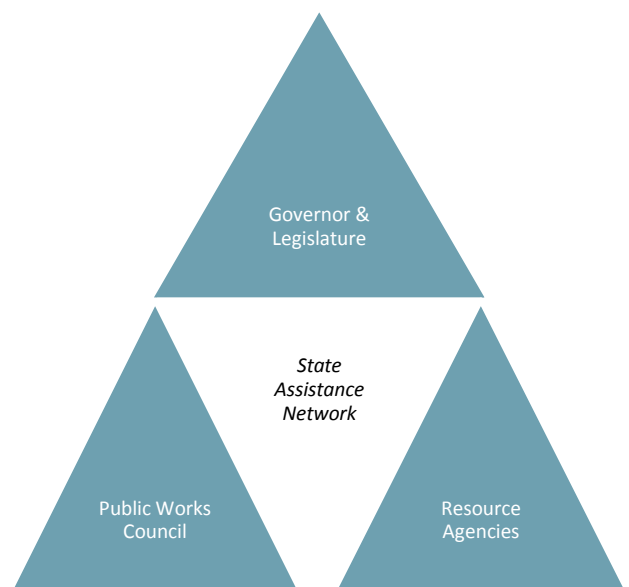
"The legislature intends to modernize state programs that provide financial and technical assistance related to local infrastructure by:

- a) clarifying the policy objectives and priorities for state assistance for local infrastructure;*
- b) eliminating redundancy among the various state programs;*
- c) increasing the speed of delivering state assistance and the ability to respond to emerging needs;*
- d) maximizing the acquisition and use of federal funding sources;*
- e) ensuring transparency in state and federal assistance;*
- f) improving access to the lowest cost private market financing; and*
- g) ensuring accountability and the periodic review of progress."*

- Excerpt from ESHB 1497, Section 7028

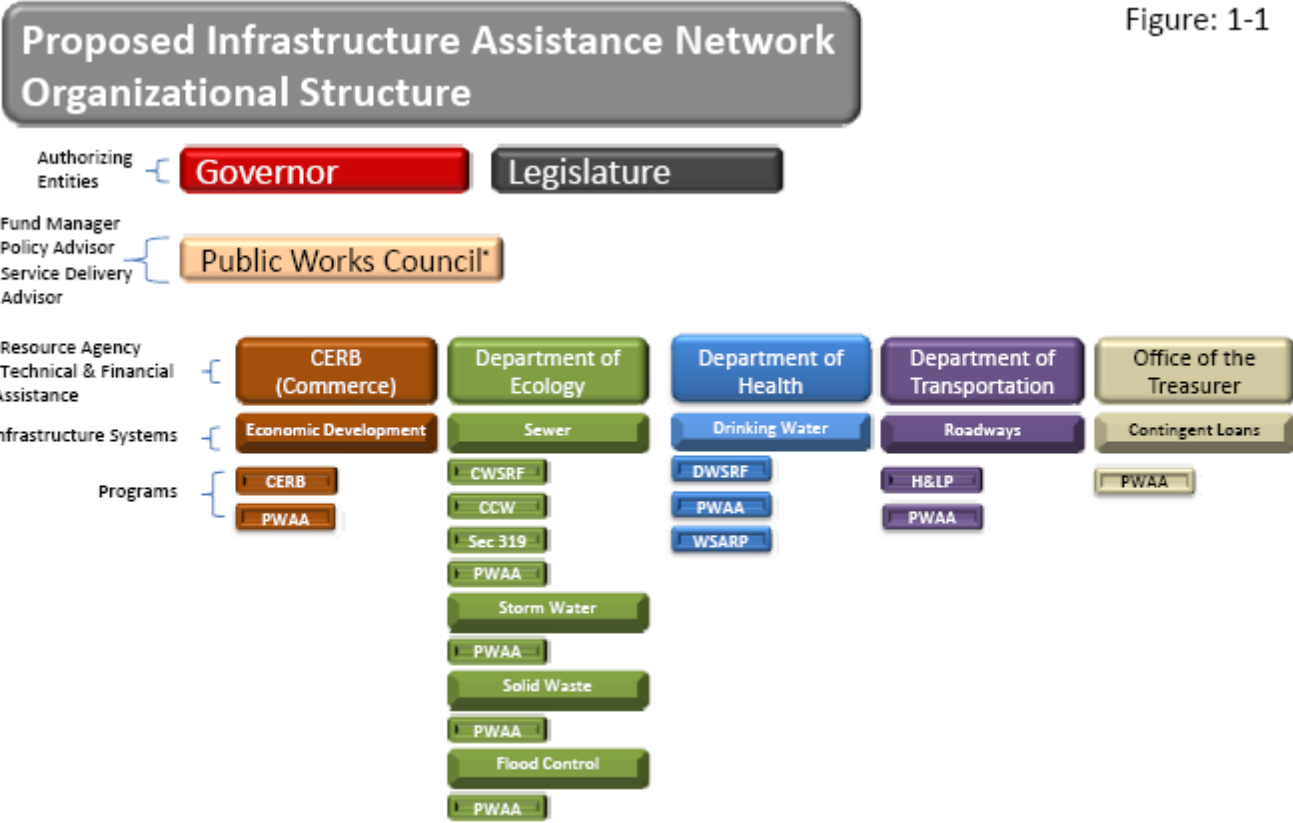
To initiate the process, the Board, in consultation with its partners, identified five policy objectives for the Governor and the Legislature to consider as the core of this proposal.

- Preserve, enhance, or achieve public health and safety of the people
- Protect the state's environment
- Promote economic development
- Sustain local infrastructure systems
- Sustain the state infrastructure assistance capacity



This proposal creates a new service delivery paradigm where state resources are concentrated in Resource Agencies that already are responsible for assisting local organizations. Resource Agencies are granted authority to use Public Works Assistance Account (PWAA) funds to address technical and financial infrastructure needs. The resources in the PWAA are redirected to the five Resource Agencies to augment their infrastructure assistance programs or create new ones. Figure 1-1 illustrates the proposed organizational structure.

Figure: 1-1



*Administrative services provided by the Department of Commerce

This proposal creates efficiencies and reduces redundancy by eliminating the Public Works Board and its four infrastructure programs. The Board transitions from a financing authority to the Public Works Council, a policy body focused on coordinating and streamlining the state’s infrastructure assistance system.

To expedite the financing process, legislative approval of the Public Works Trust Fund Construction Loan List is eliminated in this proposal. The Council continuously assesses local needs, identifies emergent issues, and recommends modifications to the assistance network to ensure a timely response to those needs.

The Council, works with the state administrators of federal programs and their respective federal agencies, to identify and maximize federal resources available to finance local infrastructure projects.

Transparency and accountability are overarching principles guiding the delivery of Washington’s infrastructure assistance. Through regular and thorough reporting to the Governor and the Legislature, the

Council reinforces this commitment to transparency and accountability.

The Contingent Loan Agreement program, administered by the Office of the State Treasurer, makes resources available to support local bond offerings in order to increase access to the private financing market.

ADDRESSING LEGISLATIVE CONSIDERATIONS

ESHB 1497, Section 7028 also outlines considerations the Legislature intended the new model to address. These are:

“The board, state agencies, and local partners must consider, among other things, consolidation of state appropriations to support policy-focused investments including water quality, safe drinking water, storm water, economic development, access to private financing, solid waste and recycling, and flood levees. In addition, they must consider consolidating assistance packages, streamlining application processes, and clarify the respective responsibilities of state and local

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agencies in planning for, developing and maintaining local public infrastructure.”

- Excerpt from ESHB 1497, Section 7028

The proviso directed the Board to:

- Develop this plan in consultation with a consortium of organizations;
- Align state investments with state policies;
- Include economic development, access to private financing, and flood control/levees;
- Streamline the process for local governments to acquire funding; and
- Ensure the respective responsibilities of the state and local organizations for sustaining local infrastructure are enumerated.

RECOMMENDING SIGNIFICANT CHANGE

This proposal recommends changes to the existing state infrastructure assistance:

- A. Eliminate the Public Works Board and its four financial assistance programs. The Board is replaced with the Public Works Council that acts as the fund manager of the Public Works Assistance Account (PWAA) and a policy advisor to the Governor and Legislature on local infrastructure financing and service delivery.
- B. Designate the Community Economic Revitalization Board, Departments of Ecology, Health, Transportation, and the Office of the State Treasurer as Resource Agencies to deliver financial and technical assistance.
- C. Authorize the Council to recommend to the Governor and Legislature how PWAA funds are appropriated to Resource Agencies.
- D. Consolidate applications for assistance into one application per infrastructure system, which is administered by the appropriate Resource Agency.
- E. Standardize interest rates, terms, and conditions. To the extent possible, these terms

are consistent across infrastructure systems and are adjusted biennially by the Council.

- F. Coordinate technical assistance with an emphasis on organizational capacity and system viability.
- G. Create a Contingent Loan Agreement Program administered by the Office of the State Treasurer.
- H. Eliminate legislative approval of the annual Public Works Construction Loan List.

MODIFYING ROLES AND RESPONSIBILITIES

Chapter Two: The Modernized Financial Assistance Network and Chapter Three: The Modernized Technical Assistance Network articulate the design, coordination, and delivery of the state’s financial and technical assistance. The cornerstone of this proposal is a comprehensive, interrelated network of state agencies committed to assisting local governments.

An array of financial and technical assistance services is included in this proposal. In the current network, some of the eligible infrastructure systems do not have access to both financial and technical assistance.

This proposal adds to the authorities of RCW 43.155 by including:

- Economic development and flood control /levees systems as eligible systems
- Ports as eligible jurisdictions

This proposal emphasizes the collaboration of Resource Agencies to ensure access to information, financing, and best practices for local organizations. The network encourages local organizations to be self-reliant and capable of planning for, developing, and operating infrastructure systems by providing coordinated technical and financial assistance.

APPROPRIATING FUNDS

This proposal adjusts the manner in which the Public Works Assistance Account (PWAA) is appropriated. Federal and state funds currently appropriated for specific financing programs (e.g., the Drinking Water State Revolving Fund administered by the Department of Health or the Centennial Clean Water Program

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administered by the Department of Ecology) are not modified by this proposal.

PWAA funds are appropriated to:

- The Council to oversee and coordinate the infrastructure assistance network;
- Resource Agencies to finance projects and provide technical assistance; and
- The Office of the State Treasurer to develop and implement a Contingent Loan Program.

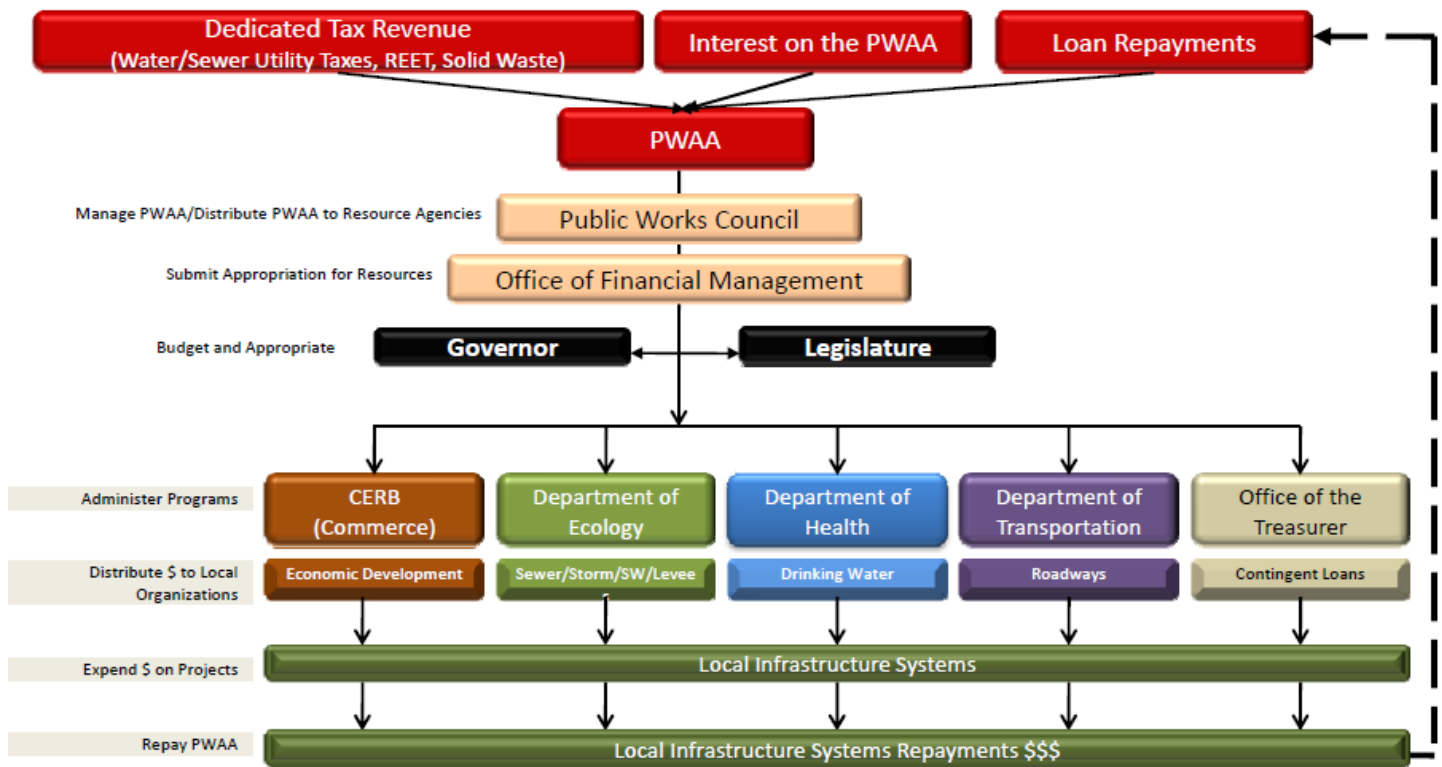
The proposed flow of the resources into, through, and out of the PWAA is depicted in Figure 1-2.

The proposal focuses on securing PWAA funds for local government use and streamlines the manner in which those funds are acquired by local governments.

Further, the model calls for the maximized acquisition and use of federal funds by the Resource Agencies in cooperation with the Council.

Proposed Flow of PWAA Resources

Figure: 1-2



*It is important to note, that current resources earmarked for specific systems (i.e. DWSRF=Drinking Water State Revolving Fund =DOH) will remain with those Resources Agencies for those purposes.

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The proposed budget, described in detail in Chapter Four, adjusts only the manner in which the Public Works Assistance Account (PWAA) is appropriated. Federal and state funds currently appropriated for specific financing programs (e.g., the Drinking Water State Revolving Fund administered by the Department of Health or the Centennial Clean Water Program administered by the Department of Ecology) are not modified by this proposal.

PWAA funds are appropriated to:

- A. The Council, for overseeing the infrastructure assistance network;
- B. Resource Agencies, for financing projects and providing technical assistance; and
- C. The Office of the State Treasurer, for developing and implementing a Contingent Loan Program.

All agencies receiving funds from the PWAA will be required to prepare and submit a fiscal note that describes in detail their anticipated operating costs. These fiscal notes will identify administrative and technical assistance costs for the 2013-2015 Biennium. The estimates in Figure 4-1 are likely to change significantly as a result of the fiscal note process. An alternative budget proposal, with reduced administrative costs, can be found in [Appendix K](#).

Figure 4-1: Base-Level Model for Distributing PWAA Resources in 2013-2015**

Organization		Operating	Technical Assistance	Capital	Total Budget
Washington Public Works Council		\$1,000,000	\$900,000	\$0	\$1,900,000
Department of Commerce		\$600,000	\$0	\$0	\$600,000
Community Economic Revitalization Board	Economic Development	\$450,000	\$50,000	\$15,000,000	\$15,500,000
Department of Ecology	Sewer	\$4,260,000	\$2,130,000	\$213,000,000	\$219,390,000
Department of Ecology	Storm Water	\$450,000	\$50,000	\$15,000,000	\$15,500,000
Department of Ecology	Solid Waste/Recycling	\$450,000	\$50,000	\$15,000,000	\$15,500,000
Department of Ecology	Flood Control/Levee	\$450,000	\$50,000	\$15,000,000	\$15,500,000
Department of Health	Drinking Water	\$1,820,000	\$910,000	\$91,000,000	\$93,730,000
Department of Transportation	Roadways	\$920,000	\$460,000	\$46,000,000	\$47,380,000
Office of the State Treasurer	Contingent Loans	\$200,000	\$0	\$5,000,000	\$5,200,000
Total		\$10,600,000	\$4,600,000	\$415,000,000	\$430,200,000

**Rounding has occurred.

IMPLEMENTATION PHASES

The development and implementation of the changes proposed here will evolve as initial steps are taken, and adjustments are made, to continue the modernization of Washington’s infrastructure assistance network.

The next steps illustrated in Figure 1-3 capture milestones within the four phases of this implementation plan. The timeframes identified for each of the activities are approximations.

The four-phases include:

- A. *Design/Approval* – Identifies current and new concepts or proposals necessary to begin modernization efforts.
- B. *Initiation* - Prioritizes improvements needed and standardizes current practices.
- C. *Implementation* - The Council and Resource Agencies begin operating under the new design with an even greater emphasis on coordination and simplicity.
- D. *Adjustment* – Continues to assess and improve the modernized network

Figure: 1-3

Infrastructure Modernization: Next Steps

Design/Approval July 2011-June 2012	Initiation July 2012-June 2013	Implementation July 2013-June 2015	Adjustment* July 2015-June 2017
<p>Organizational Changes: New Council Proposed Resource Agencies Proposed</p> <p>Budget: PWAA Changes Planned</p> <p>Legislation & Policy: Statutory Changes Proposed State Policy Priorities Proposed Needs Assessment Planned Options to Maximize Federal Funds Proposed</p> <p>Technical Assistance (TA): Revised TA Plan Proposed</p> <p>Financial Programs: Single Application & Cycles Proposed Standard Rates & Terms Proposed Contingent Loan Program Proposed Accelerated Loan Models Proposed</p>	<p>Organizational Changes: New Council Appointed Resource Agencies Approved</p> <p>Budget: PWAA Fund Distribution Approved 2013-2015 Budget Approved Interagency Agreements with Resource Agencies Executed</p> <p>Legislation & Policy: Statutory Changes Approved State Policy Priorities Approved Needs Assessment Conducted Options to Maximize Federal Funds Approved</p> <p>Technical Assistance (TA): Revised TA Plan Developed</p> <p>Financial Programs: Single Application & Cycles Approved Standard Rates & Terms Approved Contingent Loan Program Designed Accelerated Loan Models Designed</p>	<p>Organizational Changes: New Council Operational Resource Agencies Adjusted</p> <p>Budget: PWAA Fund Distribution Used 2015-2017 Budget Approved Interagency Agreements with Resource Agencies Executed</p> <p>Legislation & Policy: Statutory Changes Made State Policy Priorities Used Needs Assessment Conducted Options to Maximize Federal Funds Used</p> <p>Technical Assistance (TA): Revised TA Plan Implemented</p> <p>Financial Programs: Single Application & Cycles Used Standard Rates & Terms Used Contingent Loans Made Accelerated Loan Models Used New Programs & Systems Used</p>	<p>Organizational Changes: Council Adjusted Resource Agencies Adjusted</p> <p>Budget: PWAA Fund Distribution Adjusted 2017-2019 Budget Approved Interagency Agreements with Resource Agencies Adjusted</p> <p>Legislation & Policy: Statutory Changes Made State Policy Priorities Adjusted Needs Assessment Conducted Options to Maximize Federal Funds Adjusted</p> <p>Technical Assistance (TA): Revised TA Plan Adjusted</p> <p>Financial Programs: Single Application & Cycles Adjusted Standard Rates & Terms Adjusted Contingent Loan Program Adjusted Accelerated Loan Models Adjusted New Programs & Systems Considered</p> <p>*Activities will be periodically adjusted according to the revised biennial plan</p>
<p>Results Reported to the Governor & Legislature</p>			