

WHAT'S NEW WITH THE PUBLIC WORKS BOARD?

Everything!



PROGRAM CHANGES FROM ESHB 1677

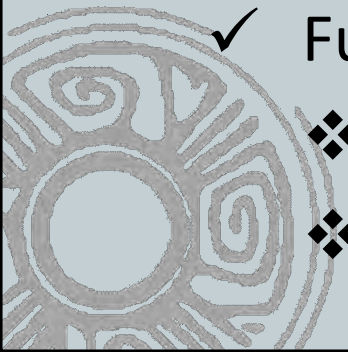
ESHB enacted substantive changes to RCW 43.155, the Board's authorizing statute.

1. No longer need Legislative Approval for construction loans
2. New authority to provide limited forgivable loans
3. Loan Parameters (interest rates/loan cap)
 - Allows those that need the help to get a rate that their community can absorb
4. Removed prohibition on water and sewer projects
5. Emphasized Value Planning and Lead remediation in water systems.

WHAT DOES IT MEAN?

No Legislative approval required for construction loans

- The Board does not anticipate having construction resources to loan out this biennium, but...
- Next biennium there will be four funding window for projects – every six months.
- The fall windows will align with other funders (DOE/DOH).
- This will enable the Board to assist in making projects whole – last of the funding, fund activities not eligible in other programs, etc.
- ✓ Funding windows and awards each year:
 - ❖ May applications due – August award made
 - ❖ November applications due - February award made



PRE-CONSTRUCTION AND EMERGENCY

- The Board has authorized six funding windows for Pre-Construction and Emergency starting in January 2018 - **Pending passage of the capital budget (SB 5891 has \$19M in resources for preconstruction and emergency)**
 - ✓ Funding/Award Windows:
 - ❖ January apply - February award
 - ❖ March apply - April award
 - ❖ May apply - June award
 - ❖ July apply - August award
 - ❖ September apply - October award
 - ❖ November apply – December award



LOAN TERMS

Interest Rates – **Legislature requires** that the Board establish interest rates based on the following decision points:

1. Whether or not the system being financed is rate-based
2. If the rate-based system is supported by a rate base of 50,000 ERUs or more, and
 - All rate based projects for non-financially distressed applicants supported by 50,000 ERUs receive an interest rate of 50% of the average daily market rate for tax exempt municipal bonds
3. The length of time it will take to repay the loan



SAMPLE INTEREST RATES

Interest Rates – The Board has determined that for consistency purposes:

- All interest rates will start with a base of 50% of the average daily market rate (ADMR) for tax exempt municipal bonds

Table 1 – STANDARD RATE FOR ALL LOANS WITH A REPAYMENT PERIOD OF 20 YEARS OR MORE

Applicant Financial Status	Interest Rate	Examples assuming a 3.1% ADMR
Standard base rate	50% of ADMR	$3.1\% \times 50\% = 1.6\%$ Interest Rate
Hardship	80% of Non-Distressed Rate	$1.6\% \times 80\% = 1.3\%$ Interest Rate
Extreme Hardship	50% of Non-Distressed Rate	$1.6\% \times 50\% = 0.8\%$ Interest Rate

Table 2 – STANDARD RATE FOR ALL LOANS WITH A REPAYMENT PERIOD OF 5 YEARS OR LESS

Applicant Financial Status	Interest Rate	Examples assuming a 3.1% ADMR
Standard base rate	50% of ADMR	$3.1\% \times 50\% = 1.6\%$ Interest Rate
Hardship	80% of Non-Distressed Rate	$1.6\% \times 80\% = 1.3\%$ Interest Rate
Extreme Hardship	50% of Non-Distressed Rate	$1.6\% \times 50\% = 0.8\%$ Interest Rate

HARDSHIP

The Board has the authority to provide reduced interest rates and extended loan repayment periods for all applicants that meet financial hardship criteria as measured by the affordability index (AI) for rate based projects or Debt Service Coverage Ratio (DSCR) for not rate based projects.

- AI is used to gauge the level of a rate-based system's financial hardship. It measures the impact of the system debt at the individual level.
- DSCR is used to gauge the level of a non-rate-based system's financial hardship. It measures the impact of the system debt at the community level.



HARDSHIP – CONSTRUCTION PROJECTS

The Board has the authority to provide reduced interest rates and extended loan repayment periods for all applicants that meet financial hardship criteria as measured by the affordability index (AI) for rate based projects or Debt Service Coverage Ratio (DSCR) for non rate based projects.

Table 3 – FINANCIAL HARDSHIP RANGES FOR ALL LOANS WITH A REPAYMENT PERIOD OF 20 YEARS OR MORE (CONSTRUCTION PROJECTS)

Non-Hardship AI Range	Interest Rate	Hardship AI Range	Interest Rate	Severe Hardship AI Range	Interest Rate
0.0% – 2.0%	50% of ADMR	2.1% - 3.5%	80% of the non- hardship rate	3.5% ↑	50% of non- hardship rate
Non-Hardship DSCR Range	Interest Rate	Hardship DSCR Range	Interest Rate	Severe Hardship DSCR Range	Interest Rate
1.5% ↑	50% of ADMR	1.4% - 1.2%	80% of the non hardship rate	1.0%↓	50% of non- hardship rate

HARDSHIP – PRE-CONSTRUCTION PROJECTS

The Board has the authority to provide reduced interest rates and extended loan repayment periods for all applicants that meet financial hardship criteria as measured by the affordability index (AI) for rate based projects or Debt Service Coverage Ratio (DSCR) for not rate based projects. On a case-by-case basis applicant/projects that exceed the Severe Hardship (AI/DSCR) may receive a % of the loan as forgivable.

Table 3 – FINANCIAL HARDSHIP RANGES FOR ALL LOANS WITH A REPAYMENT PERIOD OF 5 YEARS OR LESS (PRE-CONSTRUCTION PROJECTS)

Non-Hardship AI Range	Interest Rate	Hardship AI Range	Interest Rate	Severe Hardship AI Range	Interest Rate
0.0% – 2.0%	25% of ADMR	2.1% - 3.5%	80% of the non- hardship rate	3.5% ↑	50% of non- hardship rate
Non-Hardship DSCR Range	Interest Rate	Hardship DSCR Range	Interest Rate	Severe Hardship DSCR Range	Interest Rate
1.5% ↑	25% of ADMR	1.4% - 1.2%	80% of the non hardship rate	1.0% ↓	50% of non- hardship rate

PROHIBITION ON WATER AND SEWER PROJECTS REMOVED

- The Board will once again be able to provide assistance for water and sewer projects.
- There is still an emphasis on maximizing federal resources.
 - ✓ Legislature removed the legislative approval process in order for the Board to partner with other funding programs to better utilize federal dollars.
 - ✓ Legislature created the IMSIT to ensure the coordination and collaboration among the programs both financially and programmatically.



FOR MORE INFORMATION CONTACT

Anyone of our project/contract staff:

Connie Rivera
Program Manager

Connie.rivera@commerce.wa.gov

360.725.3088

Carrie Calleja
Client Service Representative

Carrie.calleja@commerce.wa.gov

360.725.3015

Jacquie Andresen
Client Service Representative

Jacquie.andresen@commerce.wa.gov

360.725.3089

Isaac Huang
Client Service Representative

Isaac.huang@commerce.wa.gov

360.725.3162



WHAT'S NEW WITH THE PUBLIC WORKS BOARD?

Everything!

ESHB 1677 CHANGED EVERYTHING

The 2017 Legislature passed ESHB 1677 that made significant changes to the Board's authorizing statute, and gave new directives and responsibilities

There are two distinct areas – which will be addressed today.

1. New Responsibilities
2. Program Modifications

ESHB 1677 NEW RESPONSIBILITIES

- Directed the Board to Create and facilitate the Interagency Multijurisdictional System Improvement Team “IMSIT”
- In partnership with:
 - Department of Commerce
 - Department of Ecology
 - Department of Health

IMSIT... THE CORE GROUP

Scott Hutsell, Chair

Public Works Board



Public Works Board

Infrastructure is Fundamental

Mark Barkley, Assistant Director

Local Government Division

Department of Commerce



Department of Commerce

Jeff Nejedly, Financial Section Manager

Water Quality

Department of Ecology



DEPARTMENT OF
ECOLOGY
State of Washington

Kristin Bettridge, Financial Manager

Department of Health



IMSIT... Not Just Another study!

Purpose:

- Identify, Implement, and Report on System improvements that achieve the designated outcomes identified in ESHB 1677 (regarding infrastructure financing in Washington State)
- Including mechanisms to ensure periodic, system-wide review and ongoing achievement of designated outcomes
- Initial focus is on “Water”
 - Drinking
 - Sanitary
 - Storm/Culverts

IMSIT... Not Just Another study!

Purpose:

- Focus on achieving the designated outcomes within existing program structures
- Identify barriers and propose solutions
- Identify alternate financing mechanisms, Including mechanisms to ensure periodic, system-wide review and ongoing achievement of designated outcomes
- Provide briefings to the Public Works Board
- PWB will provide a report to the Legislature

IMSIT... WHO

- IMSIT shall be made of the core group of the four agencies identified, and other
 - State Agencies
 - Federal Agencies
 - Industry Associations
 - End Users
 - Industry Experts

IMSIT... SCOPE OF WORK

Using Lean Methods

- Streamline
- Remove redundancies,
- Align funding cycles
- Align with State Priorities
- Standardize – across agency, program, and state and federal when possible
- Identify – Implement - Report

IMSIT... OUTCOMES

- Sustainability
- Resiliency
- Increased Local Capacity and Accountability
- Better Communication
- Better Collaboration
- Ease of Access
- Clear Roles and Responsibilities

IMSIT... RESEARCH

- How do other States address infrastructure financing?
- Best Practices – are there best practices that we as a state can adopt from other states?

WHAT HAVE WE DONE SO FAR

Inventory of Assets

- As a state, what are we doing right?

INVENTORY OF ASSETS

Legislation/Government

Silos – Individual Structures

ECOLOGY

COMMERCE

HEALTH

PWB

SCI
Self
Generated

Coordination

IACC
Nonprofit

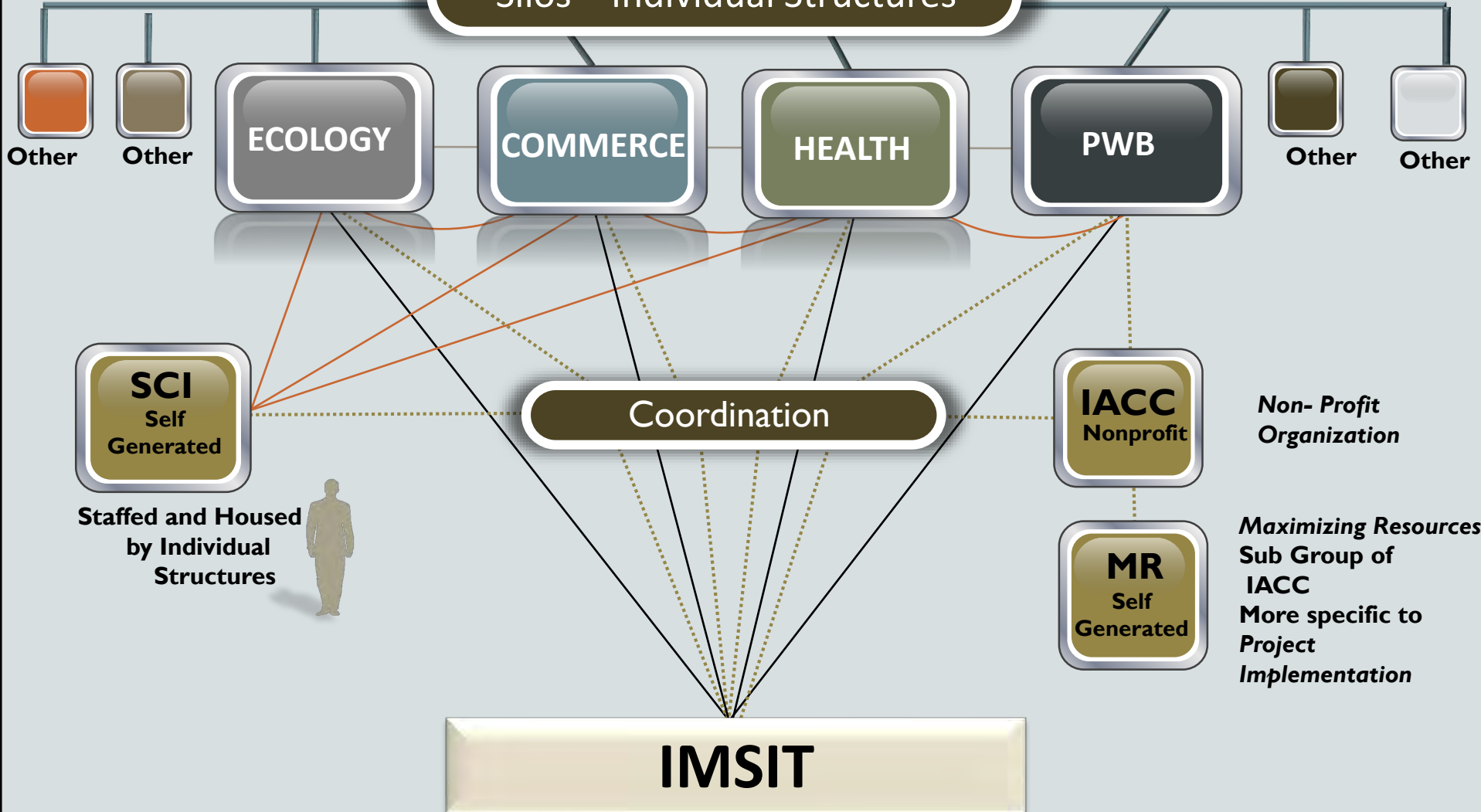
*Non- Profit
Organization*

MR
Self
Generated

*Maximizing Resources
Sub Group of
IACC
More specific to
Project
Implementation*

IMSIT

Legislative Directive Enhance Coordination and Collaboration



INVENTORY OF ASSETS

Water and Sewer Focused
Not a Legislatively authorized

Small Communities Initiative

Operates with 3 FTE's
Self Generated



- Intensive programmatic focus on water
- Extensive long range technical assistance
- Supports extremely low capacity jurisdictions
- Help resolve problems collaboratively – capacity building, technical advice and strategies
- Support to meet same mandates of larger cities that often lack administrative, technical or financial capacity to do so effectively



IMSIT

Legislative Directive Enhance Coordination and Collaboration

INVENTORY OF ASSETS

Fosters Coordination
Among Agencies

IACC

DOH, ECY, COMM, PWB
and many more

IACC Board

Annual
Conference

Utilities

Tech
Teams

Awards

Engineering
Community

Networking
Collaboration

Training
Presentations
CEUs

Education &
Training

Regional
Training

Resource
Sheets

Standardized
Procedures

Environmental
Review

Funding
Program
Summaries

Income
Survey

IMSIT

- Generates Individual Level Resolution
- Agencies Commit Staff as and Extension of Their Current Job

INVENTORY OF ASSETS

Maximizing Resources - MR

- Workgroup supporting IACC and Agencies
- Bridge between silos
- Within individual agencies points of connection and collaboration
- Everyone working together (the power of MANY attacking the problem)
- Best practice model
- National group for statewide duplication of IACC
- Knowledge and experience (human capital)
 - Expertise
 - Longevity

IMSIT

NEXT STEPS

1. Identify and work with other agencies, groups, and end users to achieve goals
2. To enable compete transparency:
 - Develop page on Public Works Board website with all material developed
 - Develop Interested Parties list to disseminate information
3. Gather input on gaps, barriers, and challenges
4. Develop opportunities to work on individual gaps, barriers, and challenges, processes and develop solutions.
 - Work Sessions in Olympia ?
 - Work sessions around the state?
 - Open to suggestions
 - Want participation

NEXT STEPS

5. Develop mechanism to implement solutions
6. Bring industry experts together to identify alternate financing mechanisms for the state to consider
7. Develop report that will include:
 - Process
 - Barriers and Challenges
 - Solutions
 - Propose language to legislatively eliminate barriers
8. Develop a means to have periodic review to continue to move forward in a coordinated manner

WANT TO PARTICIPATE?

Ways to participate

1. Review material and comment on website: www.pwb.wa.gov
2. Join the Interested Parties List and receive updates
3. Participate in Work Sessions

To join, contact Barbara Smith at:

360.725.2744

Barbara.Smith@commerce.wa.gov