### State Funding for Local Infrastructure

Joint Legislative Study Committee on Infrastructure and Funding Structures October 1, 2007

#### This Presentation Will Answer Basic Question about State Assistance for Local Infrastructure



#### The Presentation Will...

- 1. Describe WHO provides WHAT kinds of state financial assistance for local infrastructure.
- 2. Show WHERE the money comes from and WHEN the programs were started.
- 3. Explain HOW that financial assistance is provided.
- 4. Discuss WHY the state provides assistance for local infrastructure.



G (L)The Governor The Legislature Assistance Coordinating Interagency IACC is an independant Transportation **Freight Mobility** Superintendent of Archaeology and Community, Trade and non-profit staffed by Health Strategic Investment Ecology Improvement **Committee for Public Instruction Historic Preservation Economic Development** State-employee Board Board **Outdoor Recreation** volunteers Freight Mobility Urban Comid Program Wastewater Management School Construction Economic Development Public Works Board **Boating Facilities Program** Water Quality Program Program Assistance Program Division Urban Arterial Program Boating Infrastructure Drinking Water State Revolving Fund Child Care Facility Centennial Clean Small City Funding Programs Grant Program Fund Water Fund **County Road** Youth Athletic - Small City Arterial Administration Water System Acquisition **Rural Washington** Water Pollution Control Facilities Program Program -Small City Sidewalk Board and Rehabilition Program Loan Fund **Revolving Fund** ton State Program - Small City Preservation Program - Sidewalk Program - Route Transfer Program **Rural Arterial** Non-Highway and Off-R HUD Section 108 Clean Water Act Section 319 **listorical Society** Public Works Trust Fund Program Vehicle Activities Pro C Guaranteed Loans Nonpoint-Source Grants County Arterial Construction Loans Teservation Program CDBG Economic Heritage Capital cy Man - Emergency Loans Project Fund **Development Float Loans** Division - Pre-Construction Loans - Planning Loans **Business & Project** Pre-Disaster Mitigation Utilities and Development Unit Transportation Competitive Transportation Local Government ind and Water Commission ervation Fund Flood Mitigation Division Grade Crossing Protection Fund Assistance Highways and Local Rail National Recreational **Programs Division** Small Communititie Trails Program Public Assistance Initiative Rail Capital: - Freight Rail Endge Replacement, lehabilitation & Preventive Program Program over Rai Maintenance Hazard Mitigation Emergency Relief Program Grant Program Solid Waste Aviation Pedestrian & Bicycle Safety and Sale Routes to School Program - Domestic Water Local Airport Aid Grant Program - Sanitary Sewer Coordinated Prevention Storm Sewer Housing Grant Program - Solid Waste Division Basic Infrastructure Interim Construction **Remedial Action Grants** Public Tra Outdoor Recreation Float Grants/Loans Housing Trust - K-12 School Construction -Sate Drinking Water Fund Building for the - Community and Economic Development Other Infrastructure Action Grants - Historic Preservation Arts Farmworker Housing Housing Assistance 0 Infrastructure Loan Program Transportation Infrastructure - Pre- and Post-Disaster Relief Youth Recreational Shorelands and Facilities nvironmental Assistance gestion Mitigatio 0 Technical Transportation funding was excluded & Air Quality Community Services conomic Developmen Assistance Facilities Program from this report Commission Flood Control Assistance Ferry Boat Discretionary Rural Mobility Account Program G Member and Governor Legislature approves G Economic Development Public Lands Discretionary project list Added Projects: Strategic Reserve Account Paratransit / Special Needs Grants Local/Community Projects G Governor approves - Jobs in Communities project list Vanpool Capital Grants Program Source: Berk & Associates, 2005

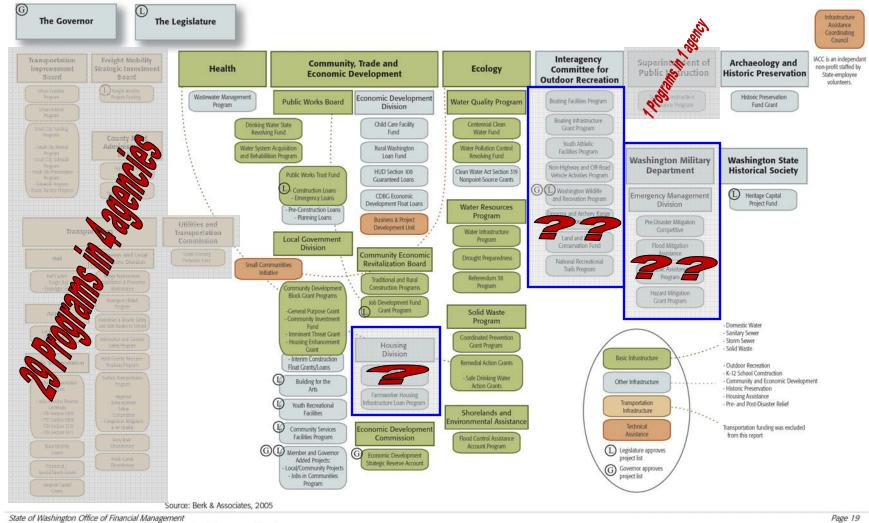
Exhibit 5 Basic Infrastructure Programs: A System of Programs Assembled Incrementally Over 30 Years

State of Washington Office of Financial Management

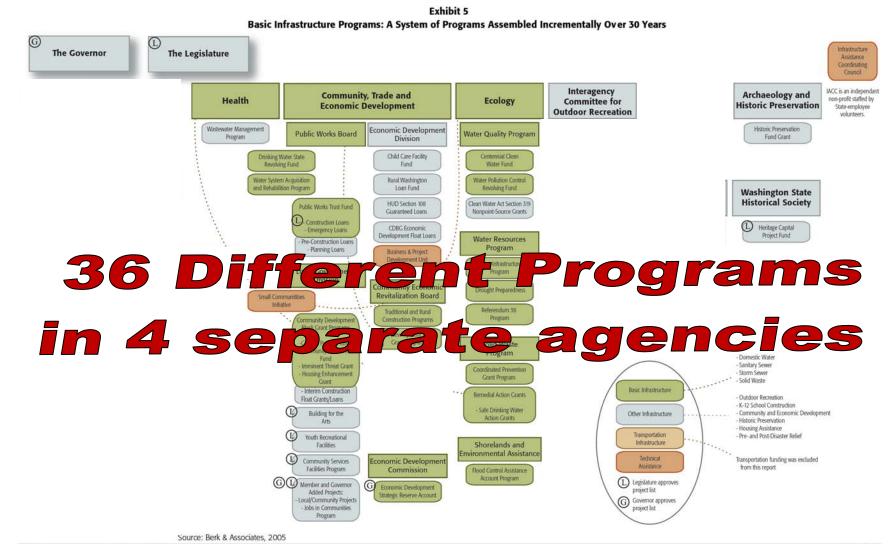
Inventory and Evaluation of the State's Public Infrastructure Programs and Funds

Brian Sims, Senate Committee Services and Nona Snell, Office of Program Research Page 19

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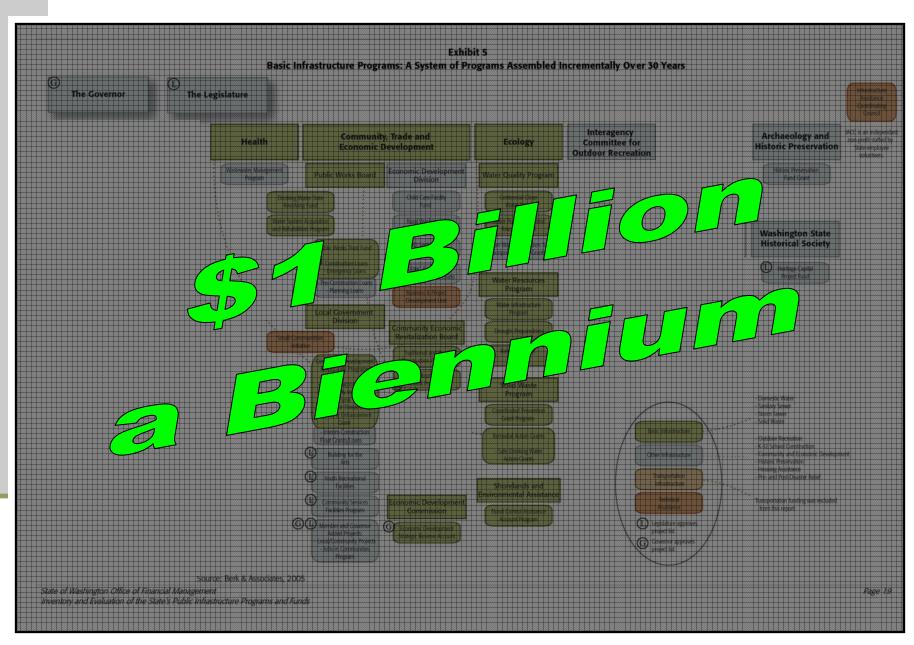
State of Washington Office of Financial Management Inventory and Evaluation of the State's Public Infrastructure Programs and Funds



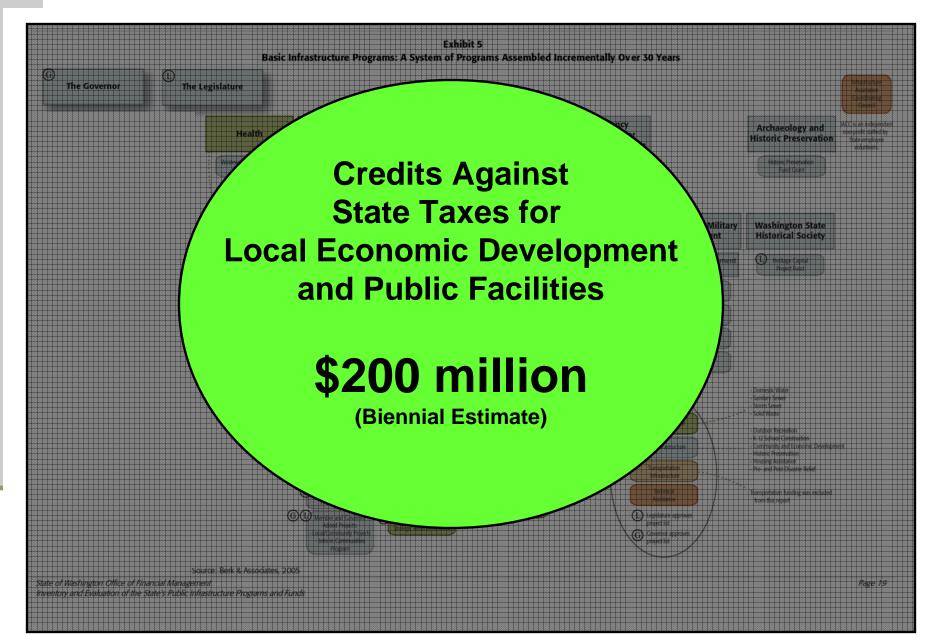
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### What's in the Infrastructure Piggy Bank?



Strucure   Public Works Board   Drinking Water Revolving Fund   Water System Acquisition & Replacement Program   Centennial Clean Water Fund   Pollution Control Revolving Fund   Drought Preparedness*   Water Infrastructure Program (watershed plans)   Flood Control Assistance Account*   Coordinated Prevention Grants   Safe Drinking Water Action Grants*	Budget 289,000 28,122 2,000 47,500 239,616 6,600 12,000 3,422 14,200 3,000	Budget 327,000 54,300 3,750 58,875 140,000 - 14,000 3,961 25,500
Public Works Board Drinking Water Revolving Fund Water System Acquisition & Replacement Program Centennial Clean Water Fund Pollution Control Revolving Fund Drought Preparedness* Water Infrastructure Program (watershed plans) Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	28,122 2,000 47,500 239,616 6,600 12,000 3,422 14,200	54,300 3,750 58,875 140,000 - 14,000 3,961
Water System Acquisition & Replacement Program Centennial Clean Water Fund Pollution Control Revolving Fund Drought Preparedness* Water Infrastructure Program (watershed plans) Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	2,000 47,500 239,616 6,600 12,000 3,422 14,200	3,750 58,875 140,000 - 14,000 3,961
Centennial Clean Water Fund Pollution Control Revolving Fund Drought Preparedness* Water Infrastructure Program (watershed plans) Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	47,500 239,616 6,600 12,000 3,422 14,200	58,875 140,000 - 14,000 3,961
Pollution Control Revolving Fund Drought Preparedness* Water Infrastructure Program (watershed plans) Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	239,616 6,600 12,000 3,422 14,200	140,000 - 14,000 3,961
Drought Preparedness* Water Infrastructure Program (watershed plans) Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	6,600 12,000 3,422 14,200	- 14,000 3,961
Water Infrastructure Program (watershed plans) Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	12,000 3,422 14,200	3,961
Flood Control Assistance Account* Coordinated Prevention Grants Safe Drinking Water Action Grants*	3,422 14,200	3,961
Coordinated Prevention Grants Safe Drinking Water Action Grants*	14,200	
Safe Drinking Water Action Grants*		25,500
	3,000	
Sub Total		3,000
	645,460	630,386
/ & Economic Development		
Building for the Arts	4,690	12,000
Youth Recreation Facilities	3,300	9,050
Community Services Facilities	5,345	10,147
Local Community Projects (Gov & Member Requests)	68,050	170,712
Child Care Facility Fund*	117	500
Rural Washington Loan Fund	4,127	4,127
Heritage Capital Projects	4,664	10,000
Historic Preservation Fund	5,000	5,500
Economic Dev Strategic Reserve Account*	4,000	4,000
CERB Traditional	20,449	20,000
Economic Dev Grants/CERB-JDF	50,000	50,000
Community Dev. Block Grants*	26,742	26,742
Sub Total	196,484	322,778
	841,944	953,164
funded through Capital Budget or allocation of larger capital	ital budget item	*
	& Economic Development   Building for the Arts   Youth Recreation Facilities   Community Services Facilities   Local Community Projects (Gov & Member Requests)   Child Care Facility Fund*   Rural Washington Loan Fund   Heritage Capital Projects   Historic Preservation Fund   Economic Dev Strategic Reserve Account*   CERB Traditional   Economic Dev Grants/CERB-JDF   Community Dev. Block Grants*   Sub Total	& Economic DevelopmentBuilding for the Arts4,690Youth Recreation Facilities3,300Community Services Facilities5,345Local Community Projects (Gov & Member Requests)68,050Child Care Facility Fund*117Rural Washington Loan Fund4,127Heritage Capital Projects4,664Historic Preservation Fund5,000Economic Dev Strategic Reserve Account*4,000CERB Traditional20,449Economic Dev Grants/CERB-JDF50,000Community Dev. Block Grants*26,742Sub Total196,484

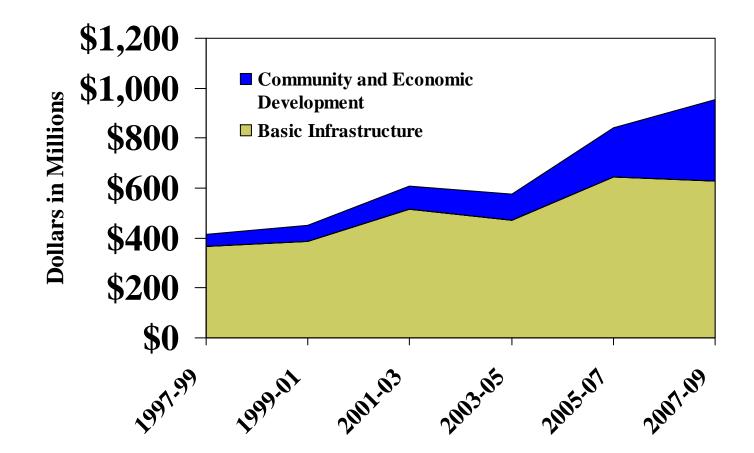
Brian Sims, Senate Committee Services and

Nona Snell, Office of Program Research

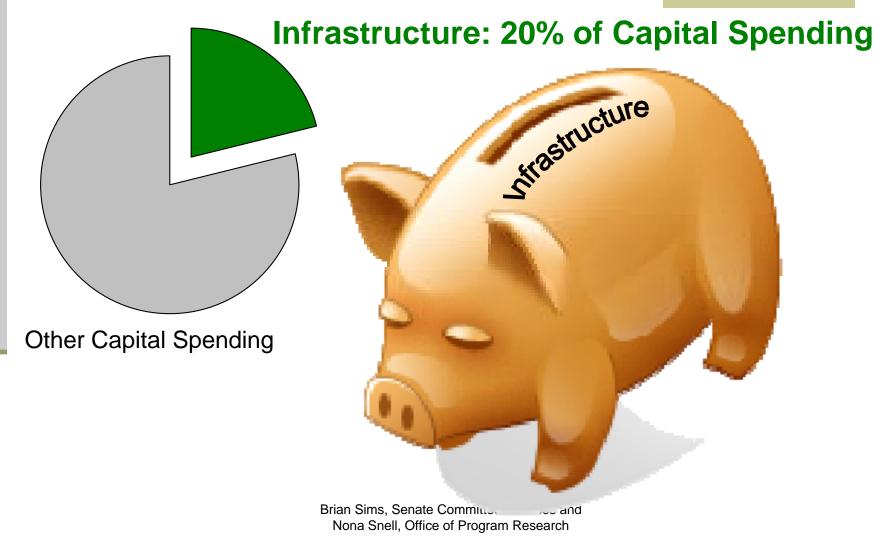
#### Simplest View

	Dollars in Thousands		2005-07	2007-09
			Budget	Budget
Ba	asic Infra	strucure		
	Wastewate	er & Drinking Water (some roads & bridges)	609,238	586,925
	Droughts, Floods, Streams & Toxics		36,222	43,461
	Subtotal		645,460	630,386
C	ommunit	y & Economic Development		
	Economic	Development	78,576	78,127
	Other Com	nmunity Development	117,908	244,651
		Subtotal	196,484	322,778
Т	otal		841,944	953,164

#### Ten-year Growth: Basic Infrastructure Doubled, Community & Economic Development up Five Fold



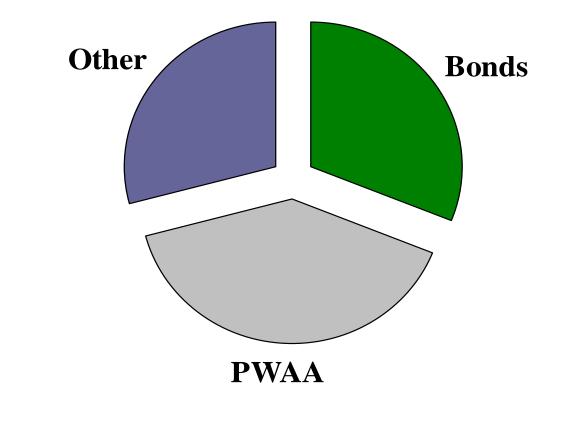
### What's in the Infrastructure Piggy Bank?



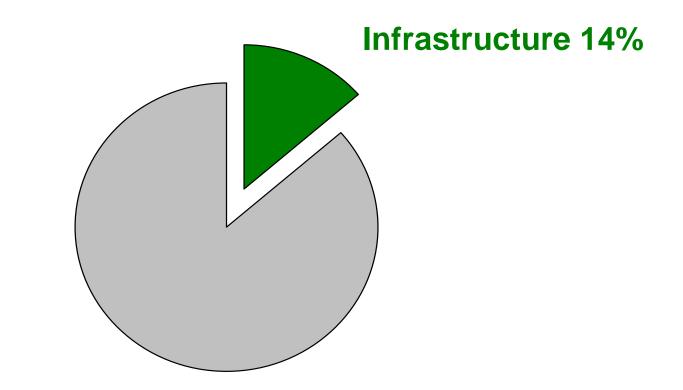


## Where? When?

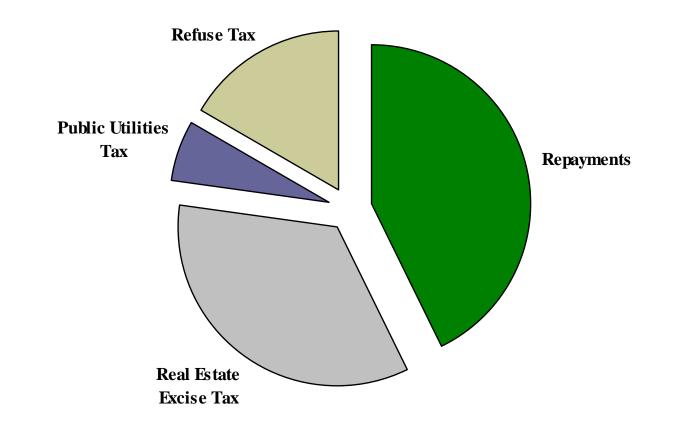
Where does the State Money for Infrastructure come from?



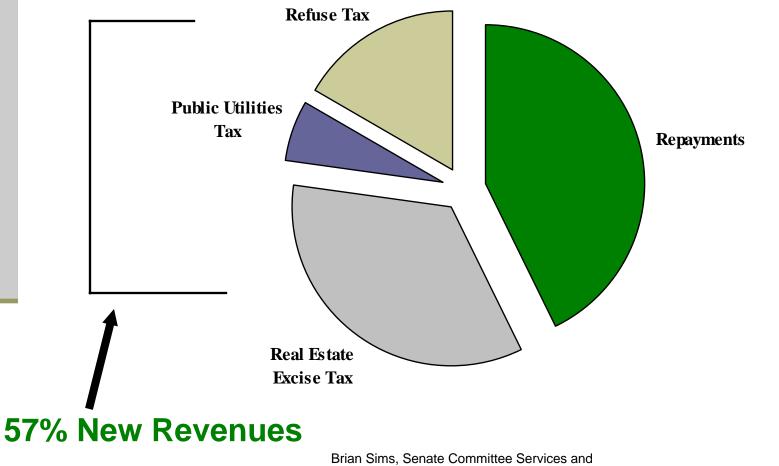
## What Slice of the Bond Budget goes to Infrastructure?



## Where does the Money for the PWAA come from?

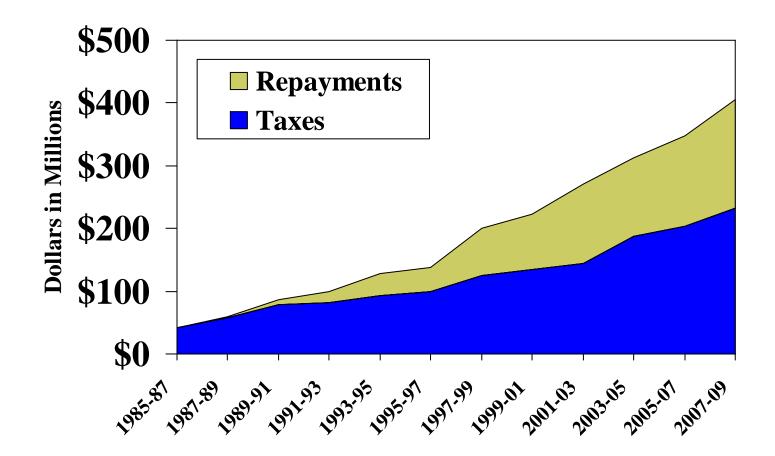


## Where does the Money for the PWAA come from?



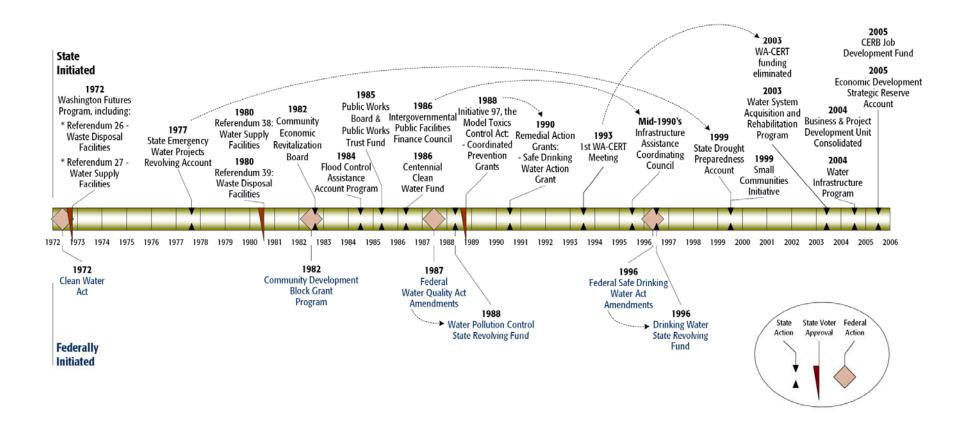
Nona Snell, Office of Program Research

## How have revenues for PWAA loans grown?



### When were Infrastructure Programs Started?

Exhibit 5 Basic Infrastructure Programs: A System of Programs Assembled Incrementally O ver 30 Years Timeline of Program Creation: 1972 - 2006



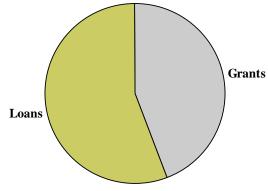


### How is State Assistance for Local Infrastructure provided?

Dollars in Thousands	2007-09		
Dollars in mousands	Budget	Loans	Grants
Basic Infrastrucure			
Wastewater & Drinking Water (some roads & bridges)	586,925	522,300	64,625
Droughts, Floods, Streams & Toxics	43,461	-	43,461
Subtotal	630,386	522,300	108,086
Community & Economic Development			
Economic Development	78,127	10,127	68,000
Other Community Development	244,651	250	244,401
Subtotal	322,778	10,377	312,401
Total	953,164	532,677	420,487

### How is State Assistance for Local Infrastructure Provided?

	2007-09 Budget	Loans	Grants
Basic Infrastrucure			
Wastewater & Drinking Water (some roads & bridges)	586,925	522,300	64,625
Droughts, Floods, Streams & Toxics	43,461	-	43,461
Community & Economic Development			
Economic Development	78,127	10,127	68,000
Other Community Development	244,651	250	244,401
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### How is State Assistance for Local Infrastructure Provided?

	2007-09		
	Budget	Loans	Grants
Basic Infrastrucure		104.10	
Wastewater & Drinking Water (some roads & bridges)	586,925	522,300	64,625
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		Gra	nts
Loans			
			Wastewate Drinking W
Brian Sims, Senate Commit	Loa	ans	-
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### How does a Low Interest Loan Help?

#### Let's say you want to buy a house for \$400,000



## How does a Low Interest Loan Help?

#### OK. Let's say you want to buy a house for \$400,000



# How does a Low Interest Loan Help?

Even with 20% Down, the monthly payment takes too much of your monthly income. What to do?

	<b>Traditional</b> <b>Mortgage</b> (On your own)
Down Payment	\$80,000
Financed	\$320,000
Loan Terms	6.4% 30 yrs
Monthly Payment	\$2,002

### How does a Low Interest Loan Help?

#### **Rich Relatives!**

	Traditional Mortgage (On your own)
Down Payment	\$80,000
Financed	\$320,000
Loan Terms	6.4% 30 yrs
Monthly Payment	\$2,002



# How does a Low Interest Loan Help?

#### Aunt Effie offers a low interest LOAN

	Traditional Mortgage (On your own)	Aunt Effie's Deal
Down Payment	\$80,000	\$80,000
Gift		
Financed	\$320,000	\$320,000
Loan Terms	6.4% 30 yrs	3.2% 30 yrs
Monthly Payment	\$2,002	Senate Committee Services and

### How does a Low Interest Loan Help?

#### Uncle Bob wants to give you a **GRANT** For a bigger down payment

	Traditional Mortgage (On your own)	Aunt Effie's Deal	Uncle Bob's Deal
Down Payment	\$80,000	\$80,000	\$80,000
Gift			\$100,000
Financed	\$320,000	\$320,000	\$220,000
Loan Terms	6.4% 30 yrs	3.2% 30 yrs	6.4% 30 yrs
Monthly Payment	\$2,002	Sonato Committee Services and	

## How does a Low Interest Loan Help?

#### The deals are essentially the same

	<b>Traditional</b> <b>Mortgage</b> (On your own)	Aunt Effie's Deal	Uncle Bob's Deal
Down Payment	\$80,000	\$80,000	\$80,000
Gift			\$100,000
Financed	\$320,000	\$320,000	\$220,000
Loan Terms	6.4% 30 yrs	3.2% 30 yrs	6.4% 30 yrs
Monthly Payment	\$2,002	<b>\$1,384</b>	\$1,376

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Nona Snell, Office of Program Research

### How does a Low Interest Loan Help?

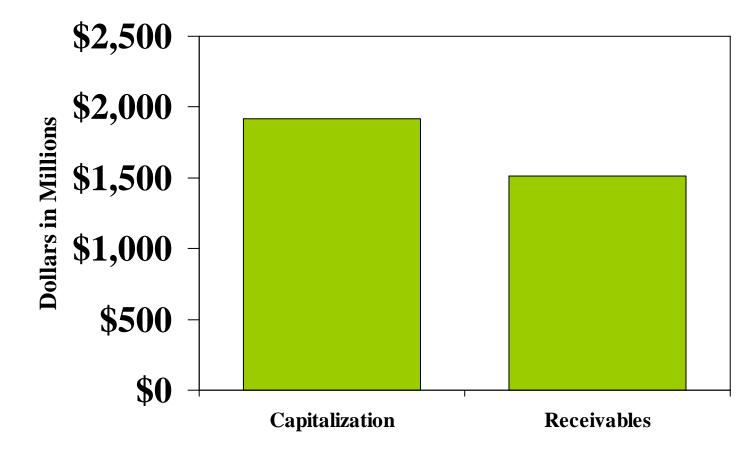
#### What are the two deals worth?

	Aunt Effie's Deal	Uncle Bob's Deal
Gift		\$100,000
Low Interest Loan	\$320,000	
Monthly Payment	\$1,384	\$1,376
Total Gift	\$222,000	\$225,000
Present Value	\$145,000	\$147,000

### How does a Low Interest Loan Help?

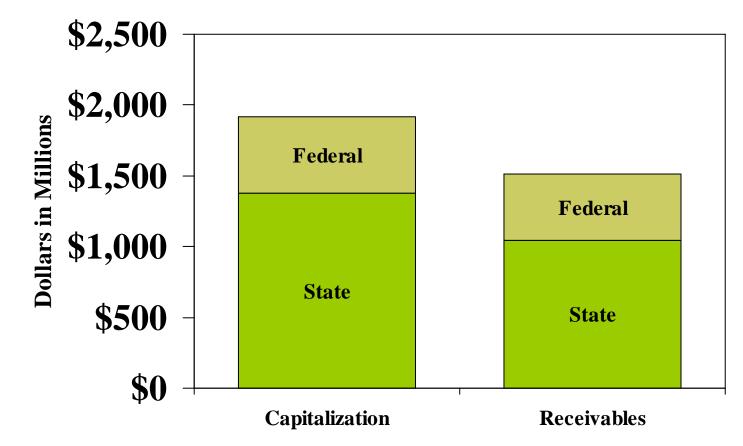
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Community & Economic Development			
Economic Development	78,127	10,127	68,000
Other Community Development	244,651	250	244,401
Total	953,164	532,677	420,487
Estimated Value		159,803	420,487

## How big are the loan revolving funds?





## How big are the loan revolving funds?







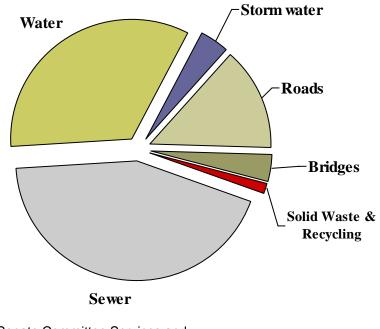


Why does the State help pay for Local Infrastructure?

- To help bridge the gap between a backlog of local infrastructure repairs and upgrades and the financial capacity of local government.
- To mitigate the financial impact of meeting higher state standards for health and safety and environmental protection.
- To assist community for job creation or retention, and economic and community development.

## What kinds of Gaps has the PWAA bridged?

• To help bridge a gap between a backlog of local infrastructure repairs and upgrades and the financial capacity of local government



#### The "Why" drives the program: A Tale of Two Wastewater Assistance Programs

 To help bridge a gap between a backlog of local infrastructure repairs and upgrades and the financial capacity of local government

> PWB provides low interest loans For wastewater systems

To mitigate the financial impact of meeting higher state standards for health and safety and environmental protection

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#### The "Why" drives the program: A Tale of Two Wastewater Assistance Programs

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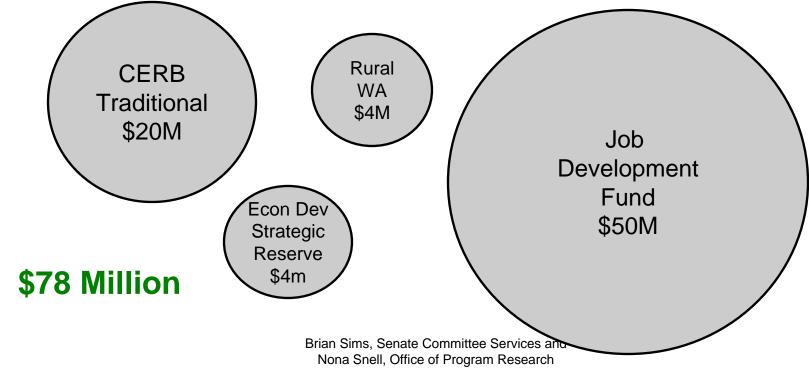
Interest rates 0-2% based on local match

To mitigate the financial impact of meeting higher state standards for health, safety & environmental protection

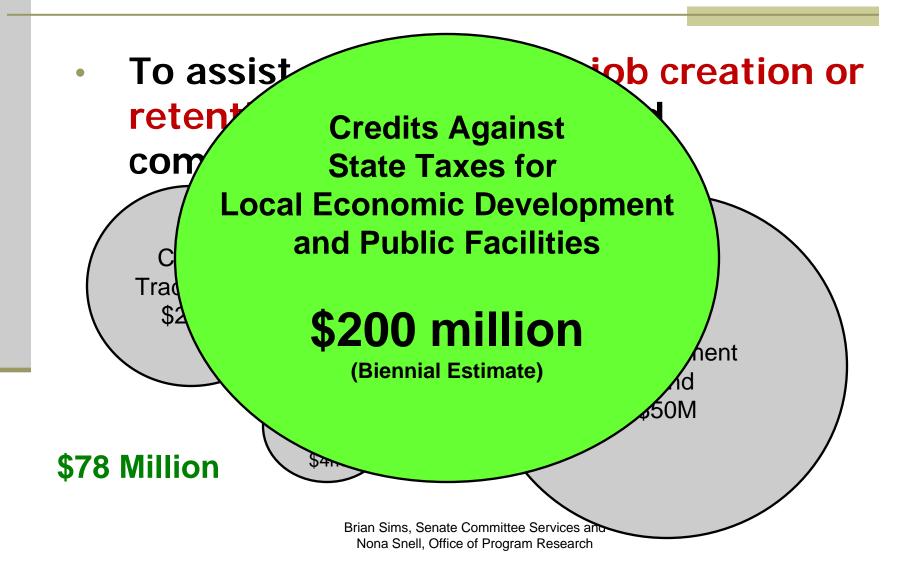
> DOE provides low interest loans and grants for wastewater systems

Interest rate 0% to 60% of bond market based on financial hardship Why are the State's Economic Development Programs Infrastructure Programs?

 To assist community for job creation or retention, and economic and community development.

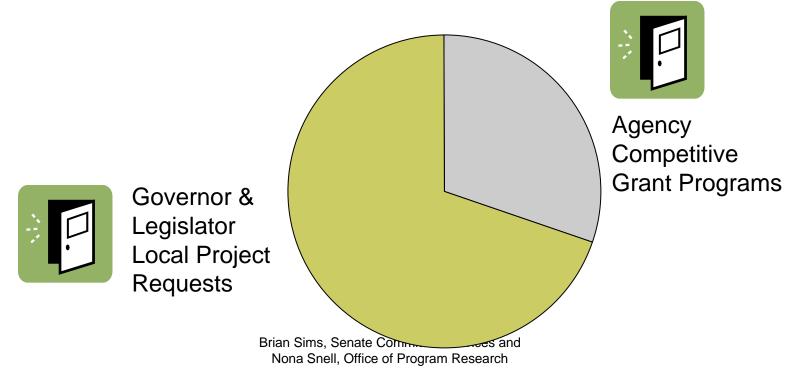






Two Doors to Local Community Development Project Funding

 To assist community for job creation or retention, and economic and community development.



#### Good Reporters always have More Questions than Answers



# Key Questions you might want to consider...

- 1. What is the need for state assistance for local infrastructure and how is it measured?
- 2. What are the consequences of not meeting that need?
- **3**. How are projects prioritized within available resources?
- 4. Are current allocations aligned with priorities?
- 5. Who pays/who should pay for different kinds of infrastructure?
- 6. What gaps and overlaps exist among the various state infrastructure assistance programs?
- 7. Are there efficiencies in accessing and administering the infrastructure assistance programs?