### Infrastructure Study Committee

**Disappearing Task Force (DTF) Work Session Notes**

<table>
<thead>
<tr>
<th>DTFs Basic</th>
<th>Community</th>
<th>Economic</th>
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<tbody>
<tr>
<td>Clarification of State Policy Goals</td>
<td>State infrastructure assistance should help local governments ensure public health and safety and environmental quality, without rewarding bad system management.</td>
<td>Provide more help for disadvantaged communities seeking to improve economic growth and community vitality for their residents.</td>
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### Specific Program and Budget Changes

- Clarify funding criteria within the major policy areas and require consistent criteria across various agencies and programs that address the same policy area.
- Stop diverting PWAA.
- Spikes in REET should be diverted from GF to PWAA.
- Increase solid waste tax.
- Define level of need consistently in DOH, ECY, PWB.
- GMA compliance at time of application – consistent across programs.
- Increase to 25% PWAA for preconstruction activities.
- Exempt utilities from B&O tax.
- Define disadvantaged community based on free & reduced lunch for local elementary school(s); county unemployment 120% above the state average for the previous three years; or Small Business Administration’s HUB Zones criteria.
- Include funding for multipurpose community and cultural centers in distressed communities within the Community Services Facilities program.
- Increase funding for the Community Services Facilities program to include $22M, of the amount previously designated for the JDF, from PWAA, allowing $5M of that for technical assistance and planning.
- Eliminate JDF statute.
- Enhance CERB program to include urban areas and potentially bigger projects.
- Transfer $28M, of the amount previously designated for the JDF, from PWAA to CERB (starting with 2009-11 biennium).
- Clarify CERB funding criteria to prioritize projects compatible with policies above.

### Administrative Improvements

- Provide policy and budget decision makers with easily accessible data system that shows all assistance (grants, loans & tax benefits) for funded and proposed projects across multiple biennia and multiple programs and agencies. Use this data to eliminate unintended duplicate funding.
- Monitor actual outcomes against estimates used in applications.
- Eliminate delays caused by unnecessary legislative approval of project lists (Legislature should establish funding priorities at the time of appropriation and then hold executive branch accountable for achieving them).

Provide adequate funding for an expanded CERB program for diligent review of applications and monitoring of results.
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| Further Study | • Direct the state Treasurer’s Office to estimate potential savings (if any) if local governments were able to achieve state bond ratings for all debt for infrastructure projects.  
• Direct DOE and DOH to develop a set of case studies of drinking and wastewater systems that are facing current emergencies and describe what could have been done to prevent them.  
• Direct DOE to identify significant regional wastewater opportunities. |           |          |
|          | Direct OFM to develop a plan for reorganizing infrastructure assistance program into a consolidated “Infrastructure Bank” that uses the most appropriate state agency to provide technical assistance and outreach, to evaluate and prioritize projects according to need, and to provide due diligence and administration of contracts and loans. |           |          |
**Basic Infrastructure Notes:**

Regionalization:

TMDL will focus more attention on regional opportunities.  
Already intense pressure on efficiency  
We should build upon existing mechanisms for regional planning  
Tension between state control and central planning and local control and flexibility  
**Just make sure state assistance doesn’t enable inefficient scale**

Policy Goals:  
**Meet public health, safety and environmental quality needs.**

Prevent the need for state assistance by:  
- Ensuring that systems are built and operated well to begin with, and  
- Rates are adequate to cover depreciation or repair-replacement reserves, and  
- Ratepayer revenues are retained for system benefit.  
- When problems are identified, intervene and order compliance earlier.

Prioritize assistance for communities least able to finance the projects themselves  
Provide incentives for regional plans and system integration where there are significant efficiencies from larger scale.  
Reward good management of systems – don’t reward bad management

Other Discussions:  
GMA—funding gaps, compliance, consider common definitions of compliance or should the focus be on consistency with GMA policies

Prevention:  
- Require security in small systems  
- Comply with GASB 34—Require rates for depreciation  
- Community well plans  
- Develop case studies on failed systems to find out how to prevent them

Financing:  
- Stop diverting PWAA  
- Increase interest rates  
- Increase state taxes or fees  
- Increase local taxes or fees  
- Divert more money from GF to dedicated infrastructure accounts  
- TIF for basic infrastructure  
- Public-private partnerships  
- Levy a tax per sewer hook up  
- Tax on bottled water

Increase Value:  
- Expand PWB model  
- Eliminate serial dipping  
- Define local match to exclude other state assistance  
- Set interest rates based on need  
- Address adequate system management not through funding programs, but through regulation and oversight  
- Speed up assistance by eliminating legislative approval of lists  
- Align funding decisions with clearer state policy goals  
- Fix it First  
- Consolidate a single package of assistance  
- Encourage, maybe require, regional approaches  
- Improve access to assistance by smaller jurisdictions  
- Infrastructure bank—single point of assistance  
- Increase preconstruction loans to 25%  
- Use consistent criteria between programs
• Increase local sales or utility tax to cover compliance with federal and state requirements
• Streamline system

**Group 1:**

• **Consistent application**
  -- GMA compliance at time of application
  -- single portal/application
• **Revenue**—stop diverting money from Public Works Assistance Account
  -- consider bumping solid waste tax
  -- spikes in REET should be diverted to PWAA, possibly an infrastructure rainy day account.
• **Level of effort**
  -- stewardship
  -- consider compliance with GASB (general accounting standards)
• **Level of need**
  -- Department of Health, Department of Ecology, CDBG, Public Works Board should define need consistently and plan to move in that direction.
• **Prevention**
  -- Develop profile/case studies on failed systems.

**Group 2:**

• Eliminate legislative approval of project lists with a sunset; for 5 years do not require the legislature to approve the list of projects and evaluate this change at the end of 5 years.
• Increase to 25% pre-construction activities in PWTF.
• Criteria should be consistent between programs (DOH, ECY, CDBG, PWB.
• Local sales or utility tax authority to meet federal and state requirements.

**Group 3**

• Take dollars from what would be for inappropriate earmarks and create a new account (revolving) with more criteria and need based. Meet gaps or for programs without a revenue stream.
• Get dollars to applicants faster—one-stop help desk; or put forward the right loan application—a clearing house.
• Create new funding mechanism:
  -- utility tax on water/sewer district that goes to a revolving fund;
  -- state utility tax earmarked for infrastructure;
  -- more to utilities by exempting from B&O tax.

**Group 4**

• Look at streamlining existing system;
• Interest rates at sustainable level;
• Study and look at a mechanism for replacing infrastructure systems and emergencies; operations and maintenance.
• All projects must go through a competitive process;
• Education—share personnel resources throughout the state; partner with other groups to cover the need.
Economic Development Notes:

Policy goals:
- Focus on Job Creation (permanent jobs, not temporary construction jobs)
- Administer programs to allow flexible, quick turn around
- Focus on Jobs that move the state to the economy of the future
  - good wages, stable
  - Competitive with global economy
- Balance with other state policy goals – internal consistency (e.g. GMA)
- Measure success based on long term rate of return (based on state plan)

Ideas:
- Provide predictable level of resources
- Projects must be consistent with adopted GMA plans
- Use cluster analysis to define industries and jobs to promote
- Consider the Jobs-Housing imbalance and the impact on transportation system
- Consider the needs of disadvantaged communities in prioritizing economic development spending
- Projects must be consistent with local plans that are consistent with state plans
- Allow local government to take advantage of small local opportunities
- Support redevelopment projects with the appropriate tools
- State energy policy must be considered in state economic development plan
Community Development Notes:

**Group 1 Recommendations:**
- Reduce the match requirements for distressed communities and multi purpose facilities.
- Include community centers in grant programs.
- Reduce member earmarks in the capital budget.
- Reduce competitive grants by increasing and shifting funds to distressed communities.
- Include set-asides in grant programs for distressed communities.
- Award higher points to distressed communities in competitive programs.
- Allow flexibility to bundle multiple sources.
- Include incentive for using schools for community development programs.
- Provide regional help in navigating state assistance.
- Review Department of Archaeology and Historic Preservation’s requirements that may affect the timing of permitting (Ex. Order 05-05).
- Review information on other infrastructure programs; i.e., Housing Finance Commission.

**Group 2 Recommendations:**
- Introduce a Community Development Fund bill that will include the following:
  - Amended definition of Distressed Community – analyze the options (see below) recommended by the task force for free and reduced lunch, HUB Zones, and countywide unemployment rate.
  - Definition of Community Development using the group recommendations (see below).
  - Applicant eligibility the same as SHB 2325.
  - Objective/purpose the same as SHB 2325.
  - No requirement for match, project cap, or that the state funds be the last spend for the portion of the project for which it’s intended.
  - Use weighted scoring criteria.
  - Add equitable geographic distribution as a balancing factor and prioritize projects that have never previously received funding from the state.
  - Consider the level of distress.
- Apply a consistent definition of distressed communities to state programs.
- Use regional “circuit riders” to provide information/technical assistance to distressed communities. Use Infrastructure Assistance Coordinating Council (IACC) and similar models.
- Use rolling application cycles to accommodate emerging projects where appropriate.

**Possible Definitions of Distressed Community:**
- Percentage of elementary school students eligible or free and reduced lunch
- County unemployment 120% above the state average for the previous three years
- Small Business Administration’s HUB Zones criteria.

**Possible Definitions of Community Development:**
- To develop vibrant communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expanded economic opportunities for residents of distressed communities.
- To strengthen the health, safety, self-reliance and economic vitality of individuals and families.
- To develop viable communities by promoting integrated and accessible services that provides a healthy and safe environment and expand economic opportunity for distressed communities. The primary means towards this end is the development of partnerships among all levels of government and the private sector.