

HOUSE BILL REPORT

HB 3264

As Reported by House Committee On:
Capital Budget

Title: An act relating to public works projects.

Brief Description: Regarding public works projects.

Sponsors: Representatives Loomis, Ormsby, Lias and Wood.

Brief History:

Committee Activity:

Capital Budget: 2/4/08, 2/12/08 [DPS].

Brief Summary of Substitute Bill

- Expresses the Legislature's intent to adopt legislation to re-evaluate the policy goals and priorities for the Public Works Board.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Fromhold, Chair; Ormsby, Vice Chair; Schual-Berke, Vice Chair; Appleton, Blake, Chase, Dunshee, Eickmeyer, Flannigan, Hasegawa, Kelley, Pedersen, Sells and Upthegrove.

Minority Report: Do not pass. Signed by 7 members: Representatives McDonald, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Hankins, McCune, Pearson, Skinner and Smith.

Staff: Nona Snell (786-7153).

Background:

The PWAA, commonly known as the Public Works Trust Fund, was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects. All local governments except port districts and school districts are eligible to receive loans. The Public Works Board (PWB), within the Department of Community, Trade and Economic Development, is authorized to make low-

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interest or interest-free loans from the PWAA to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities.

The PWAA appropriation is made in the Capital Budget, but the PWB must submit the project list to the Legislature annually in separate legislation. Each year, the PWB is required to submit a list of public works projects to the Legislature for approval. The Legislature may remove projects from the list, but it may not add any projects or change the order of project priorities. Legislative approval is not required for pre-construction activities, planning loans, or emergency loans.

Summary of Substitute Bill:

Expresses legislative intent to adopt legislation to re-evaluate the policy goals and priorities for the Public Works Board.

Substitute Bill Compared to Original Bill:

The substitute bill strikes the entire bill, removing revisions to the Public Works Board Program. Language is added expressing the Legislature's intent to adopt legislation to re-evaluate the policy goals and priorities for the Public Works Board.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This is one of the three bills unanimously recommended by the Infrastructure Study Committee. The bill will help communities construct projects more quickly by eliminating legislative approval of the project loan list. Currently, the timing of fund availability is inopportune relative to the bidding cycle. The bill also aligns the state's priorities and goals with project funding and creates greater efficiencies.

The Governor supports the recommendations of the Infrastructure Study Committee. The bill is a trade-off, allowing the Legislature to make strategic investments and prioritize limited resources while the Public Works Board (PWB) continues to finance and rank projects and fund them more quickly. The current system needs to change because there are limited resources, and the bill allows the Legislature to strategically invest those resources by responding to needs. The bill also allows for appropriate accountability.

(With concerns) The PWB project loan list is successful now. If it is not broken, there's no need to fix it. There is currently a two-to-one ratio between the amount of funds available and the amount needed for basic infrastructure. The need for sewer and water projects does not go away because the funding is limited. The Berk Report acknowledged that the Public Works Assistance Account (PWAA) is one of the best infrastructure programs in the nation.

(Opposed) The bill does not reduce the number of infrastructure programs spread throughout agencies. The PWAA is one of the only successful tools available to address the basic infrastructure needs, and if the Legislature prioritizes projects, the economic development program favored at the moment will receive priority, and basic public works projects will be crowded out. A process for prioritizing categories has not been identified. Infrastructure funding should be looked at system-wide, not only focusing on the PWAA.

The Department of Community, Trade and Economic Development has concerns about the categories that will be identified by the Legislature, and those categories should not be put into statute. The bill would move the project selection process towards broad policies of a particular Legislature, unlike the current process of selecting PWAA projects, which is not political.

Communities' capital facilities plans should define the projects that need to be funded. A mechanism is needed to move funds between categories. The bill opens the PWAA up to any type of project, resulting in necessary water and sewer projects to be lower on the funding list.

The bill removes the Legislature's involvement and oversight, which is critical and should be maintained.

The existing revolving loan fund is like an endowment. This bill moves away from this self-supported revolving loan model. There should be good stewardship of the PWAA, and there should be additional revenue streams for the other categories.

Persons Testifying: (In support) Representative Loomis, prime sponsor; Representative Ormsby; and Scott Merriman, Office of Financial Management.

(With concerns) Kelly Snyder, Public Works Board; Dave Ducharme, Utility Contractors Association of Washington; Terri Jeffreys, Washington Realtors; Julie Murray, Washington State Association of Counties; Ashley Probart, Association of Washington Cities; and Rick Slunaker, Association of General Contractors.

(Opposed) Scott Hazelgrove, Washington Association of Sewer and Water Districts.

Persons Signed In To Testify But Not Testifying: None.