
Capital Budget Committee

HB 1959

Brief Description: Concerning public works.

Sponsors: Representatives Dunshee, Riccelli, Walsh, DeBolt, MacEwen and Ormsby; by request of Public Works Board.

Brief Summary of Bill

- Increases the Public Works Board membership, requires numerical ranking of Public Works Assistance Account project applications, and specifies factors to be considered when determining loan interest rates.

Hearing Date: 2/10/15

Staff: Meg VanSchoorl (786-7105).

Background:

Public Works Assistance Account.

The Public Works Assistance Account (Account) was established in 1985 to encourage local government self-reliance in meeting public works needs, and to assist in financing critical infrastructure projects. Moneys in the Account must be used to make loans and give financial guarantees, and may also be appropriated to provide state match for federal dollars under the Drinking Water State Revolving Fund. Loan repayments and revenues from three tax sources have historically been deposited into the Account.

Public Works Financing, Criteria, and Process.

The Public Works Board (Board) may make low-interest or interest-free loans from the Account to finance the acquisition, construction, repair, replacement, or improvement of the following local public works: bridges, streets, and roads; water systems; storm and sanitary sewage systems; and solid waste facilities, including recycling. For up to a maximum of 15 percent of

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

the biennial capital budget appropriation, the Board may make loans for pre-construction, emergency, and capital facilities planning. Local governments and special purpose districts, except port and school districts, are eligible to apply for loans from the Account. The Board may provide technical assistance. Existing debt or financial obligations may not be refinanced.

The Board must consider a number of factors in prioritizing projects: health and safety; unemployment rate; the Puget Sound Partnership Action Agenda; fiscal distress; permitting processes; relative project costs; number of communities served or funding the project; water system health and safety violations; Evergreen community recognition; and relative project benefits.

By November 1 of each even-numbered year, the Board must develop and submit to legislative fiscal committees a prioritized recommended funding list of public works construction projects. The Legislature may remove projects from the list, but may not change the priority order of the Board's recommendations. Funds cannot be obligated by the Board until the Legislature has appropriated funds for a specific list of projects.

Board Membership.

The Board is staffed by the Department of Commerce and includes 13 voting members: two elected officials and one public works manager representing cities; two elected officials and one public works manager representing counties; three members representing public utility and water-sewer districts; and four members representing the general public.

Summary of Bill:

The Account.

The Legislature finds that investing in local infrastructure systems assists state priority policy objectives and that the Account was created to strategically invest public funds as a priority policy objective. The Board is required to manage the Account so as to ensure its sustainability.

Public Works Financing, Criteria, and Process.

Loan Interest Rates. The Board's general authority to make "low-interest or interest-free" loans to local governments for construction, emergency public works projects, and preconstruction activities is replaced by a requirement that the Board consider five factors, in any order, when determining loan interest rates:

- the average daily market interest rate for tax-exempt municipal bonds, published in the Bond Buyer's Index for the three month period prior to the loan cycle;
- the length of the loan repayment period;
- the life of the asset being constructed;
- the applicant's financial hardship, as measured by an objective standard; and
- whether the applicant has a bond rating at the time of application.

Prioritization Process. The Board must assign a numeric ranking to the applications received for public works projects.

Board Membership.

The Board membership is increased from 13 to 17 by adding one member from each of the two major caucuses of the House of Representatives (House), appointed by the Speaker of the House, and one member from each of the two major caucuses of the Senate (Senate), appointed by the President of the Senate. Each appointed member may designate an alternate member from the same caucus to attend meetings from which the appointed member will be absent, and the designee will have the same voting and participation powers as other Board members.

Other.

Federal Funds. The Board must adopt policies and procedures to maximize local government use of federal funds to finance local infrastructure projects.

Investment Grade Efficiency Audit. For preconstruction and construction loans, the Board must contractually require an investment grade efficiency audit for public facilities for which an audit is obtainable, and may allow the audit costs to be financed as part of the loan.

Comprehensive Assessment of Infrastructure Needs. The Board must collaborate with others to provide the Governor and appropriate legislative committees every four years with an assessment of local infrastructure needs and potential in-state resources to meet the needs.

Appropriation: None.

Fiscal Note: Requested on 2/4/15.

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