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Summary

This report describes the status of infrastructure funding programs and tools in Washington State. It finds that local governments in Washington State are challenged to fund basic infrastructure such as sewer, water, parks and roads. The recession of 2008-2009 only made things tougher, with less tax revenue and less state aid funding.

Recent statewide studies, described more fully in this report, find that local governments cover almost three-quarters of total infrastructure costs through both dedicated and general funds. Challenges to funding infrastructure include loss of revenue from voter initiatives, increasing construction costs, fund usage restrictions and eligibility limitations, voter approval and super majority requirements, and more. For smaller jurisdictions, additional challenges include lack of economies of scale, limited and sometimes non-diversified tax bases, and limited access to private borrowing.

State and federal government aid to local jurisdictions covers the other quarter of the funding. However, the state's local aid system is complex and costly to participate in, needs better coordination among its programs, and lacks clear system-wide policy goals. The already challenging state system, which is comprised of many good individual funding programs, saw a significant decrease in funding because of the 2008-2009 recession.

At the same time, the state legislature enacted some new tools and additional flexibility options that provide some improvement. And, the impact of state cuts to capital programs was somewhat diminished by the infusion of one-time federal economic stimulus funding. These tools and options are described in this report.

Even with these limited and/or one-time improvements, local jurisdictions will continue to shoulder the burden of providing infrastructure. And, because accommodation of growth remains a paramount duty for local governments under the Growth Management Act, jurisdictions will need to be flexible, creative, and show leadership in order to successfully develop the infrastructure necessary to implement their growth management plans. This may require approaches such as greater use of voter-approved local taxes and fees, consideration of regional solutions, changes to level of service standards, adoption of demand management strategies, and monitoring.

Regarding state aid, all eyes will be looking at how the newly formed Department of Commerce addresses its responsibilities to comprehensively address infrastructure, and how future state budgets backfill this year's cuts to capital budget programs.
Introduction

In April 2008, the Puget Sound Regional Council's General Assembly adopted VISION 2040. VISION 2040 is a regional strategy to accommodate the additional 1.7 million people and 1.2 million new jobs forecast to be added to region between the years 2000 and 2040. Under VISION 2040, growth is focused in cities, which increases the need for infrastructure in areas that may already have older or out-of-date infrastructure.

VISION 2040 recognizes that local, state, and federal governments are challenged to keep up with the needs of a growing and changing population, and that the effective and efficient provision of public services and infrastructure is fundamental to healthy, safe, and economically vital communities. VISION 2040 also recognizes that careful planning in the scale and location of these facilities is essential for focusing growth, creating orderly development, and curbing sprawl.

Project scope of work

In May 2008, the Growth Management Policy Board of the Regional Council developed a draft scope of work for a project to investigate infrastructure funding sources. The project is based on two VISION 2040 multicounty planning policies and two implementation actions, which speak to researching existing and new funding for facilities and services - including natural resource planning and open space - to help local governments implement VISION 2040. These read as follows:

Multicounty Planning Policy General 4: Explore new and existing sources of funding for services and infrastructure, recognizing that such funding is vital if local governments are to achieve the regional vision.

Multicounty Planning Policy General 5: Identify and develop changes to regulatory, pricing, taxing, and expenditure practices, and other fiscal tools within the region to implement the vision.

General Action 3: The Puget Sound Regional Council, together with its member jurisdictions, shall investigate existing and new sources of funding for facilities and services - including natural resource planning and open space - to assist local governments as they accommodate growth and future development. Explore options to develop incentives for jurisdictions that take advantage of various funding mechanisms.

Development Patterns Action 4: The Puget Sound Regional Council, together with its member jurisdictions, will pursue additional funding mechanisms (including incentives) to develop projects and facilities in designated regional growth centers.

The purpose of the project was defined as "Provide information to members on various funding opportunities and options to pay for infrastructure." This includes researching available funding sources and assessing usage and barriers to usage.

A. VISION 2040 contains the region's adopted multicounty planning policies (adopted under the Washington State Growth Management Act per Revised Code of Washington 36.70A.210 (7)) which guide local and countywide planning.
Recognizing the significant body of recent and on-going work on this topic by multiple state-level and statewide stakeholders, the project was defined as (1) researching past efforts, (2) monitoring and participating in ongoing efforts, and (3) seeking to make this body of work relevant for the local government members of the Regional Council. Regional Council staff reviewed a large number of recent studies and reports, closely monitored two state infrastructure studies in 2008 and 2009, and monitored the outcomes of the 2009 legislative session.

**Report contents**

This report summarizes the status of infrastructure funding in Washington State. It integrates the information in multiple recent infrastructure studies, covering both findings and recommendations. It then addresses the outcomes of the most recent legislative session, covering new infrastructure legislation and budget impacts to capital programs. It then concludes with a description of potential opportunities in the federal stimulus funding program. This discussion is supported by a series of appendices:

- **Appendix A - Available taxes, grants, loans, and fees:** This appendix lists all the local and state infrastructure-related funding sources available to local jurisdictions. It also includes information of the range of fees being imposed by cities in Washington.

- **Appendix B - Infrastructure sources in the American Recovery and Reinvestment Act:** This appendix summarizes all of the potential sources of funding for infrastructure in the federal stimulus act.

- **Appendix C - Infrastructure planning framework:** This appendix describes the planning context for infrastructure, and includes requirements under the Washington State Growth Management Act and the infrastructure-related provisions in VISION 2040.

- **Appendix D - Cases from the Central Puget Sound Growth Management Hearings Board:** Building on the planning context in Appendix C, this appendix describes the most relevant cases and findings from the Central Puget Sound Growth Management Hearings Board. It addresses requirements for a capital facilities element, the relationship between GMA goal 12 (Public facilities and services) and comprehensive plan mandatory element 3 (Capital facilities element), reassessment process options if there is a funding shortfall, and a discussion of interjurisdictional issues.

- **Appendix E - Summaries of studies:** This appendix provides a detailed summary of each of the studies referenced in this report. Each summary lists the study elements/questions, key findings, and key recommendations.

- **Appendix F - Resources and sources of information:** Finding useful information on infrastructure can be difficult, given the diverse set of potential funding sources and information clearinghouses. This appendix provides information on how to access infrastructure funding sources and other related information.

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B. The primary focus of the project is on city and county funding options (rather than agencies such as ports, special purpose districts, or utilities) in the central Puget Sound region. Additionally, the focus is on funding rather than infrastructure capacity, design, delivery, management or planning; where these intersect with funding, they are discussed.
Local governments in Washington (39 counties and 281 cities, plus 1,700 special districts) own, operate and fund a diverse array of public infrastructure that is used to deliver a wide range of public services. Not all of the types of infrastructure owned or operated by local governments are addressed in Growth Management planning. Examples of the range of infrastructure owned or operated by local governments include: street, road, highway, trail or transit systems; water, sewer, storm water, irrigation or solid waste facilities and systems; schools, libraries, parks and recreation facilities; community, human service and cultural centers for various purposes; fire stations, criminal justice facilities, port facilities, public hospitals, public housing and general government buildings.

Prior to 1990, when the Growth Management Act (GMA or "the Act") was adopted, few local governments planned for the construction and maintenance of capital facility systems in a comprehensive way. Even fewer developed multi-year financing plans. In order to receive federal or state funding, many local governments completed water and sewer system plans or six-year transportation improvement plans. These plans may or may not have been directly connected to comprehensive land use plans, and the plans’ population and employment growth assumptions.

After the GMA was enacted, a larger number of jurisdictions completed long term utility, transportation and parks and recreation plans that were connected to the community’s land use plan and its growth assumptions. Communities completed more detailed individual system plans and added capital facility categories over time. For the first time in many communities, all of the capital facilities requirements of the community were considered for funding along with the annual operating budget of the jurisdiction.

While the comprehensive planning framework has produced more detailed and thorough plans, jurisdictions have struggled to fund their plans. With jurisdictions now facing their third round of major updates (central Puget Sound jurisdictions are scheduled to adopt by the end of 2011), jurisdictions are trying to find ways to fund the infrastructure necessary to accommodate projected growth.

Studies

Recognizing these challenges, the Legislature and a number of non-profit stakeholders over the past half decade have conducted a significant amount of research on the topic of infrastructure. Some studies have focused on local funding aspects (such as how well available local and state aid resources match local needs) and some have focused on state funding aspects (such as how well state programs function as a system). The following graphic depicts the chronological history of these studies.

These studies attempt to detail funding sources, source usage, needs and gaps, and suggest strategies for amending existing or adding new funding sources. They also contain recommendations for revisions to existing planning requirements.

Following are some of the key funding issues highlighted in these reports; however, given the focus on funding, it is important to briefly comment on Washington State’s tax system. Typical measures of a good tax system are adherence to principles such as fairness, stability, adequacy, regressiveness, simplicity, and the effect on economic vitality. As concluded in a well-regarded study a few years ago, Washington’s current system - with a heavy reliance on sales and property taxes - is fundamentally inequitable to low- and middle-income people, unfair to many businesses, and subject to sharp fluctuations in revenue. The state’s tax structure doesn’t work well in today’s economy with its greater dependence on the service sector and, if current trends continue, the tax structure will be even less adequate in the future. This inadequate and inequitable tax system is the context within which local jurisdictions make decisions about funding infrastructure.

**Findings**

This section is composed of three parts - overall system findings, local funding, and state funding. Descriptions of infrastructure-related local, state and federal funding sources are found in *Appendices A* and *B*. Given that some studies are a few years old, the information below relies more heavily on the studies released in the last two years. Also, where applicable, findings have been updated to reflect the outcomes of the recent legislative session.

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Overall

- **Overall funding levels** - Approximately $9.1 billion has been invested in local infrastructure since 1998. The primary funding sources for local infrastructure are in the form of bonds (70%), loans (23%) and grants (7%).

- **Challenges by facility funding type** - Different types of infrastructure are funded differently: some have dedicated funding, some are rate-based, some are general fund, and some are provided by junior taxing districts. This means that different issues exist for different facility types.

- **Geographic differences** - Ninety percent of state infrastructure grant/loan funds go to local governments. High-growth counties received 69 percent of all state loans and 58 percent of grants (although there are differences among fund types such as water quality versus economic development). Smaller and more rural jurisdictions struggle to secure private financing (i.e., bonding), which therefore makes them more dependent on state aid.

- **Growing funding gap** - Determining the ‘funding gap’ is complex. For many years, reports have pointed to the difficulty in assembling good data on needs, resources, and gaps. Complications include data sets (such as the State Auditor's Local Government Financial Reporting System) that are incomplete and/or self-reported, varied level of service standards, lack of clarity between funded versus unfunded lists in comprehensive plans, and challenges in separating costs for required project elements versus those included for aesthetic and design reasons. Conversely, Capital Facility Elements sometimes contain only projects that can be funded with available resources, meaning projections of needs may be understated.

While the data is incomplete, and multiple caveats exist to the analysis, the funding gap is growing in all infrastructure areas, but particularly in the areas of roads (including drainage) and water.

![Figure 2: Funding Sources Available to Cities for Capital Projects](source: AWC, Washington's Invisible Backbone, p. 22, 2008)
Local infrastructure funding

The studies show that local governments cover almost three-quarters of total infrastructure costs through a variety of sources, including general fund revenues, bond and debt financing, and local option taxes and fees. These are described in Appendix A: Available taxes, grants, loans, and fees.

Some of the common themes regarding the challenges of funding local infrastructure include the following:

- **Available sources** - As shown in the adjoining graphic, local governments have a variety of potential fund sources. Each source has its own unique strengths and weaknesses.

- **Funding challenges** - State initiatives have constrained local government’s ability to fund infrastructure, both through general fund sources such as property tax, as well as dedicated sources such as vehicle excise taxes; Infrastructure competes for general fund dollars against other important public goods that a local jurisdiction wishes to, or is required to, provide; Commodity prices have increased; Financing local projects requires a patchwork assemblage of funding sources; and Some local option taxes are difficult to implement because of restrictions on eligible uses or non-supplanting provisions.

- **Funding source utilization** - Voter approval requirements, including some super-majority requirements, have limited the use of some funding sources. Not surprisingly, non-voter approved sources are more widely used. For example, statewide, 57 percent of jurisdictions use Real Estate Excise Taxes, whereas only 27 percent have local improvement districts. Because voter-authorized taxes are not as widely used, capacity exists. However, these sources require careful planning and cost estimation, good public outreach and support, and, ultimately, political leadership to impose new taxes, or higher rates or fees to fund local infrastructure.

- **Opportunities for efficiency** - Many local projects have multiple state sources included as part of the funding package; smaller projects are twice as likely to have multiple transactions. While necessary to complete the funding package, this creates inefficiencies and increases overall project completion timeframes and costs.

- **Challenges by jurisdiction size** - Financing mechanisms vary based on jurisdiction size and, to some extent, project size. For larger projects in larger jurisdictions, private bonding has been more available, with over 80 percent of total project costs covered by bonds, whereas they cover less than 25 percent in smaller jurisdictions. Larger jurisdictions face higher levels of use (especially in regional hubs where infrastructure also serves non-residents) and infrastructure is provided in expensive urban environments with sometimes more stringent regulatory or aesthetic standards.

Smaller jurisdictions have fewer private market options and are therefore more dependent on the state for assistance. They can also lack of economies of scale, expertise in grant writing, and sometime the residents have lower incomes. Also, their economies are sometimes not diversified (i.e., they have little commercial activity), which can make some sources unusable, and smaller utilities struggle with high debt loads.
These issues are particularly true in rural counties. These jurisdictions typically have some of the highest fees and rates (according to one survey, 19 of 20 cities with the highest water base rates are under 5,000 in population; rates in these cities can be up to 122 percent higher than those in cities over 25,000). Even with higher rates, sometimes rate-based funds may still be insufficient for funding long-term capital projects because of small rate bases.

- **Little revenue for capacity for growth** - The GMA requires planning for infrastructure to serve growth (and some sources are directly tied to growth); however, revenues are needed also for maintenance and operations, rebuilds and replacements, and upgrades to meet new standards. Beyond these actions, which do not add capacity, revenues are then needed to catch up with existing deficiencies. By the time all these important needs are met, there can be little revenue level for system expansions and extensions that may be necessary for accommodating growth.

The following graphic from a 2006 study depicts how some of the barriers relate to specific funding sources. While some funding sources have changed, the graphic gives a sense of the barriers local governments face in financing infrastructure.

![Figure 3: Barriers to Full Utilization of Local Infrastructure Revenue Sources](source: Washington Realtors, Local Government Infrastructure Study, 2006)
Regarding local planning issues, recent studies find:

- **Strong plans** - Since the last comprehensive assessment of local infrastructure planning in 1999, more complete and more accurate local plans have been developed. And, local jurisdictions are utilizing a host of strategies to help balance needs with diminishing resources.

- **Challenges for cities** - Growth management is working and growth is being focused in cities, meaning responsibility for providing infrastructure has also shifted to cities. Different from outlying or green-field areas, challenges for cities can include older capital facility systems that are at the end of their useful life, have outdated technologies, or cannot handle the additional demands of growth. Challenges also include the lack of dedicated transportation revenue sources of any real magnitude, requiring a significant majority of funding to come from operating/general fund transfers that always have to compete for funding with other services that cities provide. Studies find that some of these issues are not well represented in state grant and loan criteria.

- **Coordination needed** - Coordination between jurisdictions and special purpose districts is lacking, as is regional infrastructure planning outside of transportation. Provision of infrastructure in low-density areas remains a concern, particularly for transportation projects.

**State funding**

While representing only about one quarter of total funding, state grants and loans play an important role. Grants and loans from higher levels of government typically reflect goals such as a direct interest in infrastructure that a higher level of government doesn’t want to build or own, helping local governments implement regulatory mandates, incentivizing specific behaviors, or insuring against failures for public health reasons. Because these funds promote specific behaviors, they can alter priorities. Nonetheless, they are an integral part of most local jurisdictions’ infrastructure funding portfolios. These funds are actively pursued at a level far beyond available resources, with nearly all state aid programs being over-subscribed.

In Washington State in 2005, total state aid was approximately $1 billion, with over 80 grant and loan programs across 12 state agencies. The following graphic shows how the state's infrastructure system was organized in the year 2005.

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The following represent some of the findings regarding state aid funding:

- **State aid funding depends on the infrastructure type** - For transportation, state aid primarily takes the form of grants. For sewer and water, loans are the primary mechanism. At the same time, some of the largest state programs fund multiple types of infrastructure.

- **Funding levels for basic infrastructure programs** - State assistance for basic infrastructure programs (sewer, water) was $630 million for the 2007-2009 biennium; this represents two-thirds of the total state infrastructure budget. Of this amount, water quality gets half and this share has increased; these dollars come primarily from the Public Works Trust Fund and Department of Ecology loans, but under different priorities.

- **Good system of state loans** - The state has a large pool of revolving loans ($3.3 billion) with low rates (1.38%), and the portfolio of loans is growing. Further, state bond financing has been available at better than private sector rates, especially for larger projects.

- **Opportunities for efficiency** - Most state programs have multiple accountability elements, and significant administrative consolidation and integration is already in place. However, efficiency of the system is compromised by inconsistent definitions and terms, and lack of good, quantified data on needs. The perception exists that the state system is complex and that further consolidation is possible.

- **Some policy alignment exists** - Most state programs are aligned with some overarching state policies (including growth management, State Economic Development Plan, Puget Sound Partnership, and climate change). At the same time, individual state programs are guided by a wide and sometimes inconsistent array of other goals. Further, for individual programs and the system as a whole, there is no state method to review and adjust policy goals, prioritize projects (except through earmarks), monitor programs or set benchmarks, and/or adjust to private sector changes.

- **Relationship to growing areas** - A 2009 report found that while accommodating growth was not an explicit factor in many programs, state aid distributions seemed to track population, with approximately 70 percent of state aid going to the 10 largest counties. Conversely, most of the state aid transactions were in smaller jurisdictions, with the commensurate administrative costs.

- **Declining state revenue sources** - Even before the recent recession, some state sources are declining. Of particular note, the state’s Transportation Improvement Board provides grants based on funds from state gas tax revenues; due to a combination of factors, including improved vehicle fuel efficiencies and changes in vehicle miles traveled, these fund sources are declining and grant opportunities are being reduced.

- **Purpose of funding awards** - There has been some debate in the studies regarding what the primary purpose of state funding should be - maintaining existing systems and capacity, or funding projects that help the state grow by adding new capacity in growing areas. A 2009 report found that about a quarter of all grant and loan programs are funding increases in capacity, whereas over 40 percent of the funds are being used to comply with permit requirements and environmental standards. This same data, considered from the perspective of project phasing, shows that over 85 percent of total state grant and loan funds are used for construction, while the remainder is used for planning, design, and other activities.
Beyond how the funds are generated or spent is the basic issue of how much is available and how much purchasing power it generates.

The adjacent figure illustrates that funding levels (as a percentage of gross domestic product) has declined over the past four decades. Local and state governments have covered a larger share, with increasing investments in operations and maintenance as opposed to investments in capital.

And project costs have increased at the same time that federal spending and distributions to states and local governments have declined.

As an example, projects submitted to Washington State’s Transportation Improvement Board show a greater than 100 percent increase in average cost per mile since the year 2003.

A doubling of costs in such a short period of time affects a local jurisdiction’s ability to deliver the project. If a jurisdiction is unable to do so, this can affect its future ability to pursue some of the untapped revenue authority that remains in voter-approved funding sources.
These findings show a primarily local infrastructure funding system, with a complex and diversified state aid system. Strengths include good local plans and respected state programs. However, opportunities seem to exist at all levels to streamline, coordinate, and create efficiency. In the face of declining local and state revenues, these options may be more necessary than ever.

RECOMMENDATIONS

The review of past studies and monitoring of recently completed studies in 2008-2009 form the basis for discussions of paths forward. Many recommendations are shared across multiple studies. In general, these include additional revenue sources, helping fund compliance with regulatory mandates, and allowing more flexibility and fewer restrictions.

- **Department of Commerce** - As noted in the next section, Engrossed House Bill 2242 changed the name of the Department of Community, Trade and Economic Development to the Department of Commerce. In the fall of 2009, the department will release a report with recommendations to the Governor and legislative committees that ensure the department will feature a concise core mission, accountability, transparency, leverage of resources, focus, flexibility, and local capacity building. Also, the Governor has placed a priority on job creation and infrastructure development, which will likely affect priorities and criteria for state aid programs. The report will address the creation or consolidation of programs important to the department’s core mission, which also includes terminating or transferring programs that are inconsistent with it.

- **New local funding options** - Recommendations include new local funding sources (such as increased use of tolls and other use-based fees, more aggressive use of impact fees, enabling street utilities), expanded use of existing tools (such as local improvement districts or transportation benefit districts), creating additional flexibility for existing tools (easing or harmonizing restrictions on uses, eligibility, time periods, non-supplanting provisions), or even consolidating some of the multiple local options into general use taxes. Suggestions also include helping smaller jurisdictions - whether through technical assistance or trainings - to use some of the existing but administratively complex tools.

Other flexibility measures include implementing design/build authorities and reconsidering voter approval thresholds to increase access to underutilized voter-approved sources. These ideas have been around, in one form or another, for some time. However, as noted in the next section, the passage of some new tools and additional flexibility options this past legislative session is promising.

- **New local planning requirements** - Some concepts that have surfaced in the studies include requiring Capital Facility Plans to include demand management strategies, listing completed projects to help with assessments of needs and gaps, and additional planning for low-density areas. Studies have also called for requiring or incentivizing regional plans and solutions, as well as creating methods - such as joint service agreements or consolidating special purpose districts - to increase plan consistency.

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G. The report called for in this bill will be one of the primary vehicles for how the infrastructure recommendations in the two studies described in earlier sections - OFM’s *Infrastructure Assistance Programs Review & Implementation Plan* and CTED’s *Meeting the Growth Management Challenge: The GMA Effectiveness Report* - move forward.
On the operations side of infrastructure, suggestions include better budgeting to annually address depreciation, prioritizing facility maintenance in enterprise fund investment portfolios, and involvement of the private sector, perhaps through design/build/operate/maintain agreements.

On the governance side, there have been calls in most legislative sessions for structural changes. These include consolidation of transportation agencies, creation of new agencies with authorities from planning to funding to implementation, or merging special purpose districts into cities (especially where services are provided inside of municipal boundaries). Related to that, many studies note the need for better public education on the value of infrastructure investments.

- **State aid funding** - The primary issues at the state level are to be addressed in the Department of Commerce work. An additional issue will be how, and at what level, some of the recent capital programs funding reductions are restored in future sessions. Other ideas, broadly speaking, include increased funding to state aid grant and loan programs, indexing taxes such as fuel taxes to inflation, funding projects that reduce demand, or funding regional projects. Suggestions have also been made about capturing “peak” proceeds from highly cyclical funding sources and using them for one-time infrastructure expenditures; a benefit of this approach would be to help create more budget stability.

On the administrative side, suggestions include eliminating legislative approvals and replacing them with programmatic priority setting, consolidating programs, as well as linking new state assistance to fund new goals (such as Puget Sound clean up, reduction in vehicle miles traveled, addressing climate change, and providing funding for stormwater compliance). Additional work is needed to explore state loan alternatives such as pooled-bond financing for some facilities.

- **State planning** - Suggestions include streamlining state compliance, application and administrative requirements; developing a single or consistent budget mechanism with prioritizations; and developing consistent criteria across agencies that address the same policy area. Additionally, ideas include creating a state registry of Capital Facility Plans, making infrastructure availability more central in Buildable Lands analyses, and improving statewide monitoring and needs assessment methodologies.

**Outcomes of the 2009 Legislative session**

The issues identified from these studies remain relevant today even after the 2009 legislative session. While many bills were introduced at the beginning of the 2009 legislative session that might have addressed long-standing issues regarding infrastructure funding, the majority did not pass. One significant new tool, an expansion of the community revitalizations financing, did pass. Also, a number of more modest flexibility, alternative construction and financing options, and clarification bills passed. This section covers new infrastructure legislation as well as budget impacts to infrastructure programs.

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H. Sources of information for this section: (1) Senate Committee Services: Bills Passed During 2009 Legislative Session Report; (2) Association of Washington Cities: Legislative Bulletins; (3) American Planning Association – Washington Chapter: Newsletters; (4) Legislative Audit and Evaluation Program: Budget Reports; (5) Senate Ways and Means Committee: Final 2009-11 Operating Budget Statewide Summary and Agency Detail; and (6) Engrossed House Bill 1216 – Capital Budget, Engrossed House Bill 1244 – Operating Budget.
NEW INFRASTRUCTURE LEGISLATION

- Community revitalization financing (2SSB 5045) – This tax increment financing tool uses bonds repaid by a local sales/use tax that is credited against the state tax, increased local sales/use tax, and funds from other local public sources. Seven pilot projects, plus local options, takes effect next biennium. Local governments may create “revitalization areas” and use certain tax revenues which increase within the area to finance local public improvements, including a state contribution in the form of a local sales and use tax credited against the state tax. It creates an additional tool; however, since it allows taxing districts to opt-out, the financial impact may be lessened.

- Allowing municipal participation in financing water or sewer facility projects (EHB 1513) – Municipalities may participate in financing local water and sewer facilities and have the same right of reimbursement (commonly called latecomers agreements) as developers and property owners.

- Increasing the dollar limit for small works roster projects (HB 1196) – The maximum dollar amount permitted for use of the small works roster is increased from $200,000 to $300,000. The required notification to be given to all contractors on the roster rises to $150,000 and $300,000.

- Increase in bid limits (ESHB 1847) – This increases bid limits for public works and purchases of materials, supplies, or equipment. The dollar amount for purchases that must be made by competitive contract is increased from $10,000 to $40,000 for water and sewer districts. Also, public works bid limits are increased for higher education; first class cities and counties with a population over 400,000; second class cities, towns, code cities, and counties with a population of 400,000 and fewer; hospital districts; metropolitan park districts; fire protection districts; and water sewer districts.

- School impact fees (SB 5580) – School impact fees must be expended or encumbered within ten years of receipt, rather than six years, unless there exists an extraordinary or compelling reason for fees to be held longer than ten years.

- Water and sewer contract requirements (HB 2146) – This extends the statutory time limit for developer reimbursements (i.e., latecomer agreement) from 15 to 20 years.

- Regarding alternative public works contracting procedures (HB 1197) – Authorizes potential for design-build-demonstration projects. Bids for contracts using general contractor/construction manager procedures must be publicly opened and read, and all previous scoring must be available to the public. This creates potential for alternative approaches.

- Water-sewer districts authorized to develop reclaimed water systems (SHB 1532) – Water-sewer districts have the authority to construct, condemn and purchase, add to, maintain, and operate systems of reclaimed water under the reclaimed water statutes so that water-sewer districts may provide reclaimed water for authorized uses and purposes. Water-sewer district commissioners must prepare a general comprehensive plan for a reclaimed water system. Creates potential for alternative approach.
• **Modifying provisions of the local infrastructure financing tool program** (ESSB 5901) – This provides technical fixes to help cities already using LIFT.

• **Local revenue flexibility** (2SSB 5433) – This bill partially addresses some non-supplanting provisions among some local option sources and adds some revenue options for various facility types and services. This creates additional tools and adds flexibility.

• **Creating a department of commerce** (EHB 2242) – This creates a new department, requires the agency to review its functions and report back to the legislature. By November 1, 2009, the Director is to develop a report, with analysis and recommendations for the Governor and appropriate legislative committees, on statutory changes for effective operation of the department. The report shall include recommendations for creating or consolidating programs deemed important to meeting the department’s core mission and recommendations for terminating or transferring specific programs if they are not consistent with the department’s core mission.\(^1\)

• **State agency climate leadership** (E2SSB 5560) – State agencies are to comply with state goals, and lead the Washington State response to addressing climate change. All state agencies are required to meet the statewide greenhouse gas emission limits and reduce emissions to meet certain levels by specified dates. When distributing capital funds, state agencies must consider if the entity receiving the funds has adopted policies to reduce greenhouse gas emissions and if the project is consistent with the state’s limits on greenhouse gas emissions and goals to reduce vehicle miles travelled.\(^1\)

• **Annexation sales and use tax** (ESSB 5321) – This extends state credit to 2015 for cities annexing large areas in King, Snohomish and Pierce counties; Seattle becomes eligible. Extends the existing tool and makes others eligible; this is relevant given the infrastructure deficiencies in some of these potential annexation areas.

• **Local improvement districts authorized to finance railroad crossing protection devices** (2SHB 1081) – This authorizes Local Improvement Districts to finance railroad crossing protection devices. Creates an additional tool

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**BUDGET IMPACTS TO INFRASTRUCTURE PROGRAMS**

The economic recession of 2008-2009 created a $9.0 billion state budget shortfall. Given the balanced budget requirement, the state transferred $777 million from the capital budget to the operating budget.\(^5\) Overall, after the transfer, the capital budget is 30 percent less than the current biennium in total funds and 17 percent less in state bonds.

The transfer includes a reduction of $368 million from the Public Works Assistance Account (PWAA). This transfer likely means a discontinuation of Construction, Pre-Construction, or Planning loan funding for the biennium. At the same time, the PWAA was partially backfilled with a temporary grant program for local government infrastructure projects.

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I. See footnote G.

J. This new requirement may potentially affect state aid infrastructure programs.

The reduced bond capacity of $1.8 billion would have been $638 million less without these changes that expand debt capacity: the elimination of four dedicated accounts that expand the amount of general revenue for purposes of calculating the debt limit (Health Services Account, Water Quality Account, Public Safety and Education Account and Violence Reduction and Drug Enforcement Account), and a shift of $100 million of general obligation bond authority from the transportation budget to the capital budget.

Some of the infrastructure programs that remain in the state budget are as follows:

- **Public works trust fund** – includes $60 million of bonds and $108 million of federal stimulus funding. This includes a $2 million Emergency Loan program, a $15 million grant program to mitigate flood and drought risks; a new $9.5 million temporary competitive grant programs in the budget for urban communities that focuses on transit-oriented development, and a new $9.5 million temporary competitive grant program for rural counties. Last, $23.5 million has been assigned for legislatively approved projects.

- **Community economic revitalization board** – includes $6.2 million.

- **Housing trust fund** – includes $100 million for affordable housing. Specific set-asides include $10.5 million for farm worker housing and infrastructure and $5 million for projects in underserved communities.

- **Natural resources and outdoor recreation** – includes $209 million in state and federal funds to improve water quality; $48 million for grants to local governments for managing, preventing, recycling and cleaning up toxic and solid waste; $43 million for the state Parks and Recreation Commission for maintenance and infrastructure improvements, wastewater improvements, trail development, and other projects; $70 million for Washington Wildlife and Recreation Program grants to acquire or develop sites for wildlife conservation and outdoor recreation; $53 million for Puget Sound habitat restoration and acquisition and Salmon Recovery Funding Board; and $100 million for the trust land transfer program, which moves ownership of trust lands that are determined to be more suitable for natural or wildlife areas, parks, recreation, or open space out of trust status.

**Federal Stimulus (ARRA) funding**

Another potential avenue for local infrastructure funding is through the American Recovery and Reinvestment Act of 2009. This one-time injection of federal funding is intended to quickly jump-start the economy in order to create or save 3.5 million jobs. The total funding package was $787 billion and the majority of funds flowed through existing federal programs via competitive grants or formula allocations. Funding included tax cuts, investments, and grant/loan aid programs. Of this total package, estimates are that 16 percent, or $126 billion, could fund infrastructure projects.

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It is important to recognize that this is a one-time infusion that must be expended within the next two years. Hence, once spent, these funds will not be a major part of the way in which local governments fund infrastructure in the future. Nonetheless, this level of infrastructure funding in the American Recovery and Reinvestment Act represents a significant increase in federal sources.

Infrastructure funding includes transportation (including high-speed rail), energy grid, water-sewer, and other areas. Of the $126 billion, some $53 billion will flow to transportation infrastructure, largely through standard Surface Transportation Program (STP) distribution formulas. The rest will be through competitive programs and some direct appropriations.

Beyond transportation, the legislation directs nearly $16 billion to investments dealing with energy efficiency and renewables. These include the $4.5 billion federal smart grid investment program designed to modernize the nation's electricity transmission and distribution system. By upgrading the outdated system the nation could potentially save, by some estimates, between $46 billion and $117 billion in additional infrastructure costs over the next 20 years, reduce carbon emissions, lower peak demand, and increase real GDP. Others - such as Weatherization Assistance ($5 billion) and the State Energy Program ($3.1 billion) - could help develop more livable and sustainable communities and help steer us toward energy independence.

The Energy Efficiency and Conservation Block Grants (EECBG) program, financed in the American Recovery and Reinvestment Act with $3.2 billion, is another endeavor with potentially significant direct impact on metropolitan infrastructure planning. Over two-thirds of this program's money is directed to cities with over 35,000 people and counties over 200,000 to support projects and strategies to cut greenhouse gas emissions and reduce energy use. Projects and programs eligible for funding from the grants include building audits and retrofits, smart building codes, and transportation efforts to encourage carpooling, transit ridership, and telecommuting.

Looking to another eroding set of systems, American Recovery and Reinvestment Act reserves another $13 billion for investments in infrastructure to help communities provide clean drinking water, dispose of wastewater, and control flooding. These funds can help cities and older, inner-ring suburbs address the challenges associated with sometimes century-old infrastructure.

The American Recovery and Reinvestment Act also makes possible major investments in other infrastructure. For example, more than $7 billion is now available for competitive and state programs to accelerate broadband deployment in unserved and underserved areas. Such infrastructure is valuable to rural communities for increasing connectivity. Yet this effort will also enable the nation to understand for the first time the location of broadband service through the creation and maintenance of a national broadband inventory map.

The figures described above are summaries of the types of programs available under the American Recovery and Reinvestment Act; for more details, see Appendix B: Infrastructure Items in the American Recovery and Reinvestment Act.

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M. For more information on the ARRA funding, visit: http://www.recovery.gov/
Conclusion

As noted at the outset of this report, local governments are in the lead in funding their own infrastructure systems. Comprehensive planning requirements mean that the quality of local plans has improved and jurisdictions have a clearer understanding of their priorities for infrastructure. However, funding these plans has been a challenge.

With the 2011 GMA comprehensive plan update deadline on the horizon, local governments will be faced in the near term with making important local decisions about funding infrastructure. Additional information regarding the tools available to them, as well as the planning and legal context, are described in the following appendices.
Appendix A: Available taxes, grants, loans, and fees

This appendix identifies the range of available taxes, grants, loans, and fees that are related to infrastructure. The first table lists taxes, grants and loans, and the second lists local fees that are currently in use. Some of the items listed are not revenue sources in themselves, but rather structural techniques (such as the formation of districts) that then enable revenue generation and collection.

The first table does not list unrestricted general fund revenues such as property, sales, or business and occupation taxes. However, similar to some of the ones listed, general fund sources have their own limitations (typically on revenue growth), although fewer or no limitations on how funds are spent.

Table 1: Available Taxes, Grants and Loans

<table>
<thead>
<tr>
<th>Local - Funds for multiple types of infrastructure</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annexation Limited Period Sales Tax</td>
<td>2009 Session - ESSB 5321, RCW 82.14.415</td>
<td>Fund can be spent on &quot;municipal services&quot; - i.e., flexibility</td>
</tr>
<tr>
<td></td>
<td>Allows local tax to be authorized that captures portion of state sales tax for large annexations for defined period of time</td>
<td>Amount can only equal cost to provide services - certification required</td>
</tr>
<tr>
<td></td>
<td>Limited to specific counties and to large annexations of areas defined in comprehensive plans</td>
<td>Revenue limited to uses in annexed area</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax rates vary by jurisdiction size</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project dependent source</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Administratively simple</td>
</tr>
<tr>
<td>Developer Contributions/ Subdivision Exactions</td>
<td>RCW 58.17</td>
<td>Improvements are to serve residents of new development, rather than funding existing deficiencies</td>
</tr>
<tr>
<td></td>
<td>Long-standing planning tool for ensuring new areas have full range of services by regulating subdivision of land to promote the public health, safety and general welfare</td>
<td>Based on locally-determined standards, therefore adequate to fund standard-generated improvements</td>
</tr>
<tr>
<td></td>
<td>Requirement at time of subdivision or development to require developer to install, at their own expense, improvements necessary for full range of services</td>
<td>Developments requirements vested to regulations in place at the time of application</td>
</tr>
<tr>
<td></td>
<td>Limited to on-site or adjacent improvements</td>
<td>Cyclical and project dependent source</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Does not address interjurisdictional impacts</td>
</tr>
</tbody>
</table>


O. Sources of information for Table 2: Association of Washington Cities - Tax and User Fee Survey, 2006.
<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
</table>
| Community Revitalization Financing    | • 2009 Session - 2SSB 5045  
• Allows upfront funding for infrastructure that is repaid by increase revenues generated by investment  
• Vehicle for dedicated assignment of local sales tax funds  
• Allows local credit against portion of state sale tax up to defined amount  
• Flexibility in the use of funds, but funds must demonstrate ability to achieve defined economic development benefits  
• Recent changes represent a significant policy improvement, but overall state assistance funding is limited | • Connected to local planning process with revenue districts defined in the comprehensive plan  
• Revenues heavily linked to assumptions about growth  
• Requires on-going administration  
• Contains provisions to reduce speculative use of tool  
• Funds are restricted for long period of time; this allows for generation of larger level of resources  
• Requires multiple agencies to agree; robustness of revenues diminished if others exercise opt-out provision  
• Past statutory problems have limited the use of earlier versions of this tool |
| Growth Management Act- Impact Fees    | • RCW 39.92.040 (transportation), 82.02.050  
• Typically a per-unit charge to a developer  
• Funds pay for quantified portion of a specific project list  
• System improvements must be reasonably related to development and not exceed proportionate shares | • Some sources only available to cities planning under the GMA  
• Funds cover portion of total costs  
• Requires on-going administration and rate studies  
• Covers off-site improvements, but not necessarily addressing full amount of interjurisdictional impacts  
• Costs equitably distributed among beneficiaries  
• Revenues linked to meeting growth assumptions  
• One-time incidence is potentially burdensome, but some can be paid in installments with interest |
| Latecomer Agreements                   | • 2009 Session - EHB 1513, HB 2146  
• RCW 35.72, 35.91.020 (municipal water and sewer)  
• Allows subsequent developments to reimburse earlier development that paid all up-front costs | • Revenues linked to assumptions about growth  
• Requires on-going administration  
• Fair if up-front development is willing to forgo other uses of funds  
• Reimbursement period statutorily defined |
| Local Improvement Districts           | • Titles 35, 36, 54, 56,57  
• Property tax basis  
• Rates determined at time of assessment for fixed number of years based on quantification of benefit | • Public hearing and notice to property owner required  
• Can be repealed by petition  
• Counties cannot form in cities  
• Can impact elderly or renters who may not receive long-term benefit  
• Fair, adequate, and stable for identified improvements  
• Administratively complex |
### Local - Funds for multiple types of infrastructure

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Infrastructure Financing Tool</td>
<td>2009 Session - ESSB 5901, RCW 39.102, 82.14.475, Diverts portion of state sale tax on increased sales, Vehicle for dedicated assignment of local funds</td>
<td>Projects must be in comprehensive plan, Limited to one district per county, Total number of districts limited by amount of state contribution, Requires state approval</td>
</tr>
<tr>
<td>Real Estate Excise Tax-Local Portion</td>
<td>RCW 82.46.010 and .035, Levy on real estate transactions, Two separate but additive .25% rates</td>
<td>Cyclical and project dependent source, Funds dedicated for infrastructure, Different allowed uses between two quarter percents, Administratively simple</td>
</tr>
<tr>
<td>State Environmental Policy Act- Mitigation Fees</td>
<td>RCW 43.21c, Negotiated rate (or construction of projects) to mitigate impacts related to new development</td>
<td>Project dependent source, Does not address interjurisdictional impacts, Administratively complex, Fair in that payments are tied to impacts; however, payments based on negotiated agreements, Adequate for identified improvements</td>
</tr>
</tbody>
</table>

### State - Grants and Loans for multiple types of infrastructure

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development Block Grants –</td>
<td>Assists small cities, towns, and counties in carrying out significant community and economic development projects that principally benefit low- and moderate-income persons</td>
<td>Grant programs, Many types of infrastructure are eligible</td>
</tr>
<tr>
<td>• Community Investment</td>
<td>2007-08 dist. (millions): $4.2</td>
<td>Majority of funds went to sewer and water projects, Funds primarily to medium to small cities, Funding opportunity open year round</td>
</tr>
<tr>
<td>• General Purpose</td>
<td>2007-08 dist. (millions): $19.5</td>
<td>Majority of funds community and social service facilities, then drinking water and wastewater projects, Funding opportunity once per year</td>
</tr>
<tr>
<td>Name</td>
<td>Citation / Information</td>
<td>Discussion</td>
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</tbody>
</table>
| Community Economic Revitalization Board - Traditional and Rural Program | RCW 43.160  
2007-08 dist. (millions): $32 million  
Funds for public facilities to foster business/job development and retention for specific higher wage business types  
Investments primarily in rural, economically distressed areas | 34% Grants / 66% Loans  
Funds eligible for use on water, sewer, transportation and public buildings  
Strong nexus to job creation required - this may limit project types that use this source |
| Public Works Board –                                                                                                      |                                                                                        |                                                                                              |
| ▪ 2009 Update - Majority of Programs suspended for the 2010-2011 biennium due to state capital budget reductions       |                                                                                        |                                                                                              |
| ▪ Two small new grant programs enacted -                                                                                          |                                                                                        |                                                                                              |
| ▪ Urban Vitality Program which focuses on transit oriented development and reducing vehicle miles traveled                |                                                                                        |                                                                                              |
| ▪ Rural Small Community Job Program that is not eligible in central Puget Sound                                               |                                                                                        |                                                                                              |
| ▪ Based on budget before 2009-2011 biennium, programs are as follows                                                          |                                                                                        |                                                                                              |
| ▪ Construction                                                                                                               | RCW 43.155  
2007-08 dist. (millions): $277 million  
Funds for projects that meet current and future population needs  
Multiple types of construction projects are eligible - drinking water, wastewater, stormwater, road, bridge, or solid waste/recycling public works systems. Sewer and water typically receive largest share of funding | Loans at low, or no, interest rates  
Cities and counties, then water/sewer districts, received largest shares of total funding  
Requires jurisdictions to first impose .25% REET and all local revenue sources which are reasonably available for funding public works, requires fully compliant GMA plan |
| ▪ Pre-construction                                                                                                           | RCW 43.155.068  
2007-08 dist. (millions): $29 million | Similar to above, but for pre-construction activities, including design, engineering, bid-document preparation, environmental studies, right of way acquisition, and other preliminary phases of public works projects |
| ▪ Planning                                                                                                                  | RCW 43.155.020 (6), .050 (1)  
2007-08 dist. (millions): $.75 | Similar to above, but for planning activities including updating their Capital Facilities Plans or Comprehensive Systems Plans.  
Planning may address drinking water, wastewater, stormwater, road, bridge, or solid waste/recycling systems, and the planning funds may be used for either a single system or multiple systems |
### State - Grants and Loans for multiple types of infrastructure

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
</table>
| Emergency             | • RCW 43.155                                                                            | • 2007-08 dist. (millions): $6.5  
• Funds immediate repair and restoration of public works services and facilities that have been damaged by natural disaster or determined to be a threat to public health or safety through unforeseen or unavoidable circumstances  
• Maximum loan amount available per jurisdiction per biennium is $1,000,000 cumulatively  
• Similar to above, but for emergency situation activities that include the immediate repair and restoration of public works services and facilities that have been damaged by natural disaster or determined to be a threat to public health or safety through unforeseen or unavoidable circumstances  
• Starting in 2008, interest rate reduced from 3 to 0.5 percent for applications in distressed counties directly related to a Governor, federal, or other locally declared natural disaster, for 20 years, at the Public Works Board discretion |
| Disaster Public Assistance | • Administered by Washington Military Department                                           | • 2005-2007 estimate (millions): $10  
• Financial assistance to local units of government, state agencies, certain private non-profit organizations, and Indian tribes to repair or replace disaster-damaged public facilities in a disaster-declared county  
• Eligible facilities are debris removal, emergency protective measures, roads and bridges, water control facilities, buildings and equipment, utilities, and parks, recreational and other.  
• Grant program, however funding occurs based on upon the timing of disaster events  
• 25% non-federal match is typically split 50/50 between the state and local applicant.  
• Eligible private non-profit organizations can apply if they are providing an essential government-type service |

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### Sewer and Water

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
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<tbody>
<tr>
<td>DEDICATED LOCAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>District Formation</strong></td>
<td>• RCW 57.04.050</td>
<td>• Voter approval required; simple majority</td>
</tr>
<tr>
<td><strong>Property Tax</strong></td>
<td>• Rate defined as percent of property tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Multiple district types: Water/Sewer (57.08.005), Lake Management (36.61), Irrigation (87.03.260, .470)</td>
<td></td>
</tr>
</tbody>
</table>
| **Property Tax to Pay Bonds** | • RCW 57.20.105                                                                        | • Super majority voter approval  
• Improvements must be in approved plan |
<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Development and Connection Fees</td>
<td>• RCW 35.92.025, 57.08.005</td>
<td>• Rate may reflect past, but not future, costs</td>
</tr>
<tr>
<td></td>
<td>• Rate based on historical cost of facilities</td>
<td>• Complex for small utilities</td>
</tr>
<tr>
<td></td>
<td>• Fee can be added to actual connection cost based on equitable share</td>
<td>• Limited to water, sewer, storm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Suggestions include expanding for roads and bridges</td>
</tr>
<tr>
<td>Utility Improvement Districts</td>
<td>• RCW 35.43</td>
<td>• Limited to projects where individual property benefit is quantifiable</td>
</tr>
<tr>
<td></td>
<td>• Amount determined at time of assessment for fixed number of years</td>
<td>• Many similar issues as discussed under Local Improvement Districts</td>
</tr>
<tr>
<td></td>
<td>• Change in 2009 related to railroad crossing protection devices, per SSHB 1081</td>
<td></td>
</tr>
<tr>
<td>Sewer, Water, and drainage systems - Utility Rates for Capital</td>
<td>• RCW 36.94.160, 57</td>
<td>• Equitable user fee</td>
</tr>
<tr>
<td></td>
<td>• Amount determined through rate studies and set by local ordinance</td>
<td>• Can be graduated to promote conservation</td>
</tr>
<tr>
<td></td>
<td>• Tax on the system of sewerage and/or water on the gross revenues</td>
<td>• Bonding against tax allowed</td>
</tr>
<tr>
<td></td>
<td>• Requires system plan and rate studies</td>
<td>• Can fund planning, financing, construction and operation</td>
</tr>
<tr>
<td>Utility Taxes</td>
<td>• RCW 35.21</td>
<td>• Miscellaneous provisions for city and town utility functions</td>
</tr>
</tbody>
</table>

**DEDICATED STATE GRANTS AND LOANS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecology - Centennial Clean Water Fund</td>
<td>• RCW 70.146</td>
<td>• Facilities refer to systems for the control, collection, storage, treatment, disposal, or recycling of wastewater or stormwater.</td>
</tr>
<tr>
<td></td>
<td>• 2007-08 dist. (millions): $57</td>
<td>• Activities include controlling nonpoint sources of water pollution and preventing or correcting the effects of water pollution.</td>
</tr>
<tr>
<td></td>
<td>• Grants to eligible governments for wastewater treatment facilities and for certain activities that reduce nonpoint sources of water pollution.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Projects must be in adopted capital facility element</td>
<td></td>
</tr>
<tr>
<td>Ecology - Clean Water Act Section 319</td>
<td>• 2007-08 dist. (millions): $4</td>
<td>• Federal pass-through funding</td>
</tr>
<tr>
<td></td>
<td>• For implementation of activities that reduce nonpoint sources of water pollution</td>
<td>• Requires 40% level of state matching funds</td>
</tr>
<tr>
<td></td>
<td>• Funds for programmatic activities rather than infrastructure; Water pollution control facilities projects are not eligible.</td>
<td>• Ecology administers this program jointly with two other programs; The Centennial Clean Water (Centennial) and the Water Pollution Control Revolving Fund.</td>
</tr>
<tr>
<td>Name</td>
<td>Citation / Information</td>
<td>Discussion</td>
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</tr>
<tr>
<td>Ecology - Safe Drinking Water Action Grant</td>
<td>RCW 70.105D.070</td>
<td>The Safe Drinking Water Action Grant program is one of 10 programs funded by the Remedial Action Grants and Loans Program in Ecology. The program is intended to assist local governments in the cleanup of contaminated sites. Grants or loans to local governments for the following purposes in descending order of priority: (i) remedial actions; (ii) hazardous waste plans and programs; (iii) solid waste plans and programs [and additional specified uses].</td>
</tr>
<tr>
<td></td>
<td>2007-2008 dist. (millions): $0</td>
<td>(No grants submitted in this period) Grants supplement local government efforts to provide safe drinking water to residents living in an area where a hazardous waste site has contaminated a public water system. There are 8 grant programs and 2 loan programs for local governments that are financed from the Remedial Action Grant program.</td>
</tr>
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</tr>
<tr>
<td>Ecology - Water Pollution Control State Revolving Fund</td>
<td>RCW 90.50A</td>
<td>Low interest loan Facilities (80% of funding) refer to facilities or systems for the control, collection, storage, treatment, disposal, or recycling of wastewater or stormwater. Activities (20% of funding) include actions to control nonpoint sources of water pollution and to prevent or correct the effects of water pollution. Uses a sliding scale rate for all hardship construction projects based on local median household income in relation to the sewer user fees associated with the project.</td>
</tr>
<tr>
<td></td>
<td>2007-2008 dist. (millions): $94</td>
<td>For projects that improve and protect the State's water quality. Loans may be used for wastewater treatment facilities and for certain activities that reduce nonpoint sources of water pollution. Program portfolio continues to increase in value due to its revolving nature (repayment of principal and interest). The fund value has increased over 100 percent since 2004.</td>
</tr>
<tr>
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</tr>
<tr>
<td>Public Works Board &amp; Health - Drinking Water State Revolving Fund</td>
<td>RCW 70.119A.170</td>
<td>Low interest loans Eligible projects include projects to address violations of drinking water standards or to prevent future violations. These may include projects for water treatment, transmission, distribution, source, and storage. Because it serves Group A and B systems, this program is available to private, as well as local government applicants. This program does not fund projects primarily for future growth. For jurisdictions seeking to build drinking water infrastructure to support growth within a UGA, this program would not be a viable funding source.</td>
</tr>
<tr>
<td></td>
<td>2007-2008 dist. (millions): $107</td>
<td>Provides loans to eligible drinking water systems for capital improvements that increase public health protection and compliance with drinking water regulations Program jointly administered by Health, Public Works Board, and Commerce</td>
</tr>
</tbody>
</table>
## Sewer and Water

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
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</thead>
</table>
| Public Works Board & Health - Water System Acquisition and Rehabilitation Program | RCW 70.119A.190  
2007-2008 dist. (millions): $2.75  
Assists municipal water systems in acquiring and rehabilitating water systems that have water quality problems or deteriorated infrastructure | Loan program  
Current eligibility is confined to public entities that already manage a municipal Group A water system and that demonstrate a five-year track record of sound drinking water utility management.  
Does not fund projects primarily for future growth. For jurisdictions seeking to build drinking water infrastructure to support growth within a UGA, program would not be a viable funding source. |
| Ecology - Watershed Plan Implementation and Achievement Program | RCW - From ESSB 6094, Section 330 (2005 Capital Budget)  
2007-2008 dist. (millions): $8  
For infrastructure improvements and other water management actions that benefit stream flows and enhance water supply to resolve conflicts among water needs for municipal water supply, agriculture water supply, and fish restoration. | Projects are primarily related to water conveyance (irrigation, agriculture) or to public drinking water systems. Examples of eligible projects are the conversion of open ditches or channels to piped systems, use of wells to replace surface water withdrawals, and development of systems to distribute reclaimed water to use for irrigation. |

## Stormwater

<table>
<thead>
<tr>
<th>Name</th>
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<th>Discussion</th>
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<tbody>
<tr>
<td>DEDICATED LOCAL</td>
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</tbody>
</table>
| Flood Control Zone Districts | RCW 86.15.160  
Other district types: Intercounty Flood Control Districts (86.13.010) | Voter approval required  
Funding mechanisms include annual excess ad valorem tax, assessment upon property, rates and charges for storm water control facility service, and ability to create local improvement district |
| County Flood Control Zone Property Tax | RCW 86.12.010  
Defined rate per assessed value | Tax to pay for river improvement fund through flood control maintenance account  
Typical issues associated with property taxes - stable, equitable and also unpopular |
| Stormwater Control Facilities | RCW 36.89.080 | Limited to counties’  
Rates and charges for service  
Additional bond authority in other sections of 36.89 |
### Stormwater

<table>
<thead>
<tr>
<th>Name</th>
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<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer, Water, and drainage systems - Utility Rates for Capital</td>
<td>RCW 36.94.160</td>
<td>Requires system plan and rate studies</td>
</tr>
<tr>
<td></td>
<td>Amount determined through rate studies and set by local ordinance</td>
<td>Equitable user fee</td>
</tr>
<tr>
<td></td>
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<td>Can be graduated to promote conservation</td>
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<td>Tax on the system of sewerage and/or water on the gross revenues</td>
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<td>Bonding against tax allowed</td>
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<tr>
<td>System Development and Connection Fees</td>
<td>RCW 35.92.025, 57.08</td>
<td>Fee can be added to actual connection cost based on equitable share</td>
</tr>
<tr>
<td></td>
<td>Rate based on historical cost of facilities</td>
<td>Limited to water, sewer, storm</td>
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<td>Suggestions to expand to road, bridges</td>
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<tr>
<td></td>
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<td>Other revenue mechanisms include bonding authority</td>
</tr>
<tr>
<td>Sewer and Water Latecomer Agreements</td>
<td>RCW 35.91.020</td>
<td>2009 Legislative update: Amends municipal participation (EHB 1513) and time period extended to twenty years (HB 2146)</td>
</tr>
<tr>
<td></td>
<td>Jurisdictions or special districts can contract with developer for construction of storm, sanitary or combination sewers, and other facilities within ten miles from their corporate limits connecting with the public water or sewerage system for reimbursement</td>
<td></td>
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</tbody>
</table>

### DEDICATED STATE GRANTS OR LOANS

See "Sewer and Water - Dedicated State Grants and Loans" above

### Transportation

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
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<tbody>
<tr>
<td><strong>DEDICATED LOCAL</strong></td>
<td></td>
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<tr>
<td>Border Cities Fuel Tax</td>
<td>RCW 82.47.020</td>
<td>Limited to jurisdictions or transportation benefit district within 10 miles of an international crossing border</td>
</tr>
<tr>
<td></td>
<td>Per gallon excise tax on the retail sale of motor vehicle fuel and special fuel</td>
<td>Voter approval required</td>
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<tr>
<td></td>
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<td>Costly to administer</td>
</tr>
<tr>
<td>County Road Improvement District</td>
<td>RCW 36.88</td>
<td>Similar issues to municipal Local Improvement District, discussed above</td>
</tr>
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<tr>
<td>Name</td>
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<tr>
<td>County Road Property</td>
<td>RCW 36.82.040</td>
<td>Limited to counties&lt;br&gt;Funds can be diverted for other uses such as community revitalization&lt;br&gt;district funding&lt;br&gt;Portion of funds can be diverted for traffic law enforcement as well as fish-passage barrier removal&lt;br&gt;Allows funds to be used for non-motorized facilities</td>
</tr>
<tr>
<td>Tax Levy</td>
<td>Funds for establishing, laying out, constructing, altering, repairing, improving, and maintaining county roads, bridges, and vehicle ferriage wharves</td>
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</tr>
<tr>
<td>High Capacity Transit</td>
<td>RCW 81.104.140-.170</td>
<td>Limited to specific jurisdictions, although broadened in 2009 legislation&lt;br&gt;Voter approval required&lt;br&gt;Each source has unique issues</td>
</tr>
<tr>
<td></td>
<td>Fund sources: employer tax, motor vehicle excise tax, and sales and use tax&lt;br&gt;2009 Update - Amended by SB 5540 to expand eligibility to include transit corridor areas&lt;br&gt;2009 Update - Amended by ESSB 6170 to allow exemptions from some sources to promote alternative energy industries</td>
<td></td>
</tr>
<tr>
<td>High Occupancy Vehicle</td>
<td>RCW 81.100.030, .060</td>
<td>Must be in regional transportation plan&lt;br&gt;Limited to specific jurisdictions&lt;br&gt;Voter approval required&lt;br&gt;Currently not in use</td>
</tr>
<tr>
<td>(HOV) Local Option</td>
<td>Fund sources: surcharge on state vehicle excise tax and employer taxes&lt;br&gt;Eligible expenses are for construction of HOV lanes, related facilities, environmental mitigation, payment of principal and interest on bonds, or commuter rail projects</td>
<td></td>
</tr>
<tr>
<td>Local Fuel Tax Distribution</td>
<td>RCW 82.36.025, .030</td>
<td>User fee&lt;br&gt;Declining revenue source due to vehicle efficiency and reduced travel&lt;br&gt;Funds limited to highway purposes&lt;br&gt;Issues related to distribution formula between city, county, and state - not sensitive to changing growth patterns</td>
</tr>
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<td>State shared revenue&lt;br&gt;Based on flat fee</td>
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<tr>
<td><strong>Transportation</strong></td>
<td>Citation / Information</td>
<td>Discussion</td>
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<tr>
<td><strong>Local Option Taxes</strong> -</td>
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</table>
| - **Commercial Parking** | RCW 82.80.030  
- Parking tax on all persons engaged in a commercial parking business, or a tax for the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business | Revenues restricted to transportation purposes only including operation and preservation, new construction, reconstruction, public transportation and high capacity transit improvements and programs, planning, design, and acquisition of right-of-way.  
- Counties can only impose in unincorporated area  
- Limited to jurisdictions with commercial parking businesses  
- Concerns regarding displacement of retail shoppers |
| - **County Fuel Tax** | RCW 82.080.010  
- Ten percent of state tax on motor vehicle fuel or special fuels (exception for liquefied natural gas)  
- Counties can authorize, tax imposed upon the distributor of the fuel  
- RCW 82.80.110-.120  
- Allows for optional tax that is dedicated to regional transportation investment district | User fee  
- Voter approval required  
- Currently not used  
- Suggestion to allow cities or special districts to collect if county does not  
- Counties can impose in incorporate and unincorporated areas |
| - **Passenger-only Ferry** | RCW 82.80.130 | Tax of motor vehicles owned by resident of the taxing district |
| - **Vehicle License Fee** | RCW 82.80.100  
- License fee based upon the age of the vehicle; excludes vehicles such as farm tractors, snowmobiles, and others | Voter approval required  
- Can be imposed by regional transportation investment district  
- State fees reduced through voter initiatives, makes this speculative  
- Important to accurate value vehicles |
| **Local Transportation Act Impact Fee** | RCW 39.92.030  
- Rate calculated from specified project list | Similar issues to GMA Impact Fees discussed above  
- Meant to supplemental to other existing authorities  
- For necessary off-site transportation improvements to solve the cumulative impacts of planned growth and development in the plan area |
<table>
<thead>
<tr>
<th>Transportation</th>
<th>Citation / Information</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Regional Transportation Investment District</td>
<td>RCW 36.120</td>
<td>• Limited to Puget Sound counties&lt;br&gt;• Limited mostly to capital improvements for highways of statewide significance&lt;br&gt;• Requires voter approval&lt;br&gt;• Currently not in use (failed at ballot)</td>
</tr>
<tr>
<td></td>
<td>Multiple fund sources: vehicle excise tax, vehicle license fee, regional sales and use tax, parking tax, fuel tax, employer excise tax, vehicle tolls&lt;br&gt;Option for joint ballot measure with High Capacity Transit (36.120.190) and use of these taxes under 81.104</td>
<td></td>
</tr>
<tr>
<td>Street Latecomer Agreements</td>
<td>RCW 35.72</td>
<td>• Revenues linked to assumptions about growth&lt;br&gt;• Requires on-going administration&lt;br&gt;• Fair if up-front development is willing to forgo other uses of funds&lt;br&gt;• May dampen development in period just before contract expires</td>
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<td>Allows subsequent developments to reimburse earlier development that paid all up-front costs</td>
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<tr>
<td>Transit Tax</td>
<td>RCW 35.95.040, 82.14.045</td>
<td>• Voter approval required&lt;br&gt;• Can fund operations, maintenance and capital needs</td>
</tr>
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<td></td>
<td>Transit district and city transit systems&lt;br&gt;Fund sources: business and occupation, utility and sales taxes</td>
<td></td>
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<tr>
<td>Transportation Benefit District</td>
<td>RCW 36.73</td>
<td>• Voter approval required&lt;br&gt;• Authorized in 2005, eligible for use in 2008, but currently not used in region&lt;br&gt;• Requires coordinated action among multiple jurisdictions to implement&lt;br&gt;• Funds larger scale projects&lt;br&gt;• Defined criteria for eligible projects (2009 Update - amended to include special needs transportation criteria (ESHB 2072)&lt;br&gt;• Allows for non-construction costs such as engineering, architectural, planning, and inspections&lt;br&gt;• Suggestions for pilot project to demonstrate feasibility</td>
</tr>
<tr>
<td></td>
<td>Multiple fund sources: Sales and use tax for transportation benefit districts (82.14.045), vehicle fee (82.80.140), fees on building construction or land development (36.73.120), general obligation or revenue bonds (36.73.070), or vehicle tolls on state routes, city streets, or county roads (47.56.820)</td>
<td></td>
</tr>
</tbody>
</table>

**DEDICATED STATE GRANTS AND LOANS**

*Note: state inventories of these programs have not been recently updated. Therefore, figures from older inventories are included even though some of the information may be out of date.*

<table>
<thead>
<tr>
<th>County Road Administration Board</th>
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</thead>
<tbody>
<tr>
<td>• Arterial Preservation</td>
<td>RCW 46.68.090</td>
<td>• Non-competitive, direct allocation of state gas tax funds to counties&lt;br&gt;• Funds can be used for implementing a computerized pavement management system</td>
</tr>
<tr>
<td></td>
<td>2005-07 estimate (in millions): $29&lt;br&gt;Eligible projects include resurfacing work on paved arterials under county jurisdiction</td>
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<tr>
<td>Name</td>
<td>Citation / Information</td>
<td>Discussion</td>
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</tbody>
</table>
| Rural Arterial                            | RCW 36.79.010          | * Grant program, within regions  
* Board obligates approximately 90% funds in first year of biennium; second year obligates remaining funds  
* Requires compliance with Growth Management Act  
* Since program began, costs of construction per mile have more than quadrupled |
|                                           | 2005-07 estimate (in millions): $42 | Funds roads and bridge projects, with focus on correcting adverse geometry, narrow widths, and safety hazards as well as major structural failure for the neediest county arterial roads  
Eligible projects are on county rural arterials and collectors and the construction of replacement bridges on access roads in rural areas |

| Freight Mobility Strategic Investment Board | RCW 47.06A.001         | * Grant program; while there is a loan component, this has not been funded by the legislature  
* Board solicits projects every two years to maintain an active six-year list of projects.  
* Projects to leverage the greatest amount of funding  
* Other state funds allowed as local matching funds |
|                                           | 2005-07 estimate (in millions): $26 | Purpose is to focus on freight transportation needs without regard to jurisdictional boundaries; to designate strategic freight corridors; and to solicit and select freight projects that will enhance the mobility of freight in Washington |

| Metropolitan Planning Organizations        | 2007 estimate (in millions): $68 | * Grant program, within regions  
* Each regional organization develops criteria consistent with its regional priorities, for example, growth management, congestion relief, safety, and/or economic development  
* Projects must now be selected through a competitive process, with the criteria based on regional priorities. Funds may no longer be distributed within a region based on population or any other formula method |
<p>|                                           |                          | Federal funds allocated to regional and local organizations to improve the transportation system consistent with regional priorities |</p>
<table>
<thead>
<tr>
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</thead>
</table>
| **Congestion Mitigation & Air Quality** | 2007 estimate (in millions): $26  
Federal funds for transportation projects and programs that contribute to attainment of National Ambient Air Quality Standards  
Funds projects such as planning and air quality monitoring projects; bicycle and pedestrian facilities and programs; traffic monitoring, management, and control operations; and highway and transit maintenance and reconstruction projects, with an emphasis on diesel retrofit where projects reduce transportation-related emissions | Grant program, within regions  
Funds projects and programs in air quality non-attainment and maintenance areas for the air pollutants ozone, carbon monoxide, and particulate matter in order to reduce transportation-related emissions.  
Kitsap County not eligible for these funds in central Puget Sound region  
Specific project eligibility limitations |

<table>
<thead>
<tr>
<th><strong>Transportation Improvement Board</strong></th>
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</table>
| **Sidewalk Program**                                    | 2005-07 estimate (in millions): $4.5  
Funds the construction, retrofitting, or replacement of sidewalks to promote pedestrian safety and mobility as a viable transportation choice to promote economic development and revitalization in downtown areas  
Primary purpose of project must be for transportation | Grant program  
Separate applications for larger and smaller cities, with different local match requirements  
Right of Way acquisition not eligible  
Sidewalks required to comply with American with Disabilities Act  
Requires compliance with Growth Management Act |
| **Small City Arterials**                                | RCW 47.26.115  
2005-07 estimate (in millions): $14  
Funds projects in small cities and towns that expand or improve the arterial road network by addressing the structural condition of the roadway, roadway geometry deficiencies, and safety issues  
Grant for cities under 5,000 population  
Allows small cities to not have to compete against larger cities | Sliding scale for local match requirement  
Cities must be in compliance with Growth Management Act  
Small cities challenged to secure local matching funds  
Federal funds are difficult for small cities to administer. Suggestions to allow small cities to exchange federal funds for state funds (with fewer strings and reporting requirements attached) |
| **Small City Preservation**                             | RCW 47.26.340 – 345  
2005-07 estimate (in millions): $2  
Funds for rehabilitation and maintenance of the roadway system (chip seal and pavement overlay) in incorporated cities or towns with populations of less than 5,000 | Grant program  
Flexibility in interpretation of local match; non-financial match allowed  
Primarily used on non-state highway road projects |
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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Urban Arterials</td>
<td>RCW 47.26.010</td>
<td>• Grant program&lt;br&gt;• Requests exceed available resources by four to five times, and requests are increasing each year. A smaller percentage of projects are funded each successive cycle;&lt;br&gt;• Increased costs of labor and materials without an increase in revenue</td>
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<td>2005-07 estimate (in millions): $81</td>
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<td>Funds construction projects for preservation and modernization of the street system with an emphasis on safety (correcting hazards), pavement condition (rebuilding aged infrastructure), and congestion relief</td>
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<td></td>
<td>RCW 47.26.084 – .086</td>
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<tr>
<td></td>
<td>2005-07 estimate (in millions): $92</td>
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<tr>
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<td>Funds road construction to address congestion caused by economic development or rapid growth.</td>
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<tr>
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<td>Projects must be in cities with a population of 5,000 or greater, in urban areas within counties, or in Transportation Benefit Districts.</td>
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</tr>
<tr>
<td>Grade Crossing Protective Fund</td>
<td>Administered by the Utilities and Transportation Commission</td>
<td>Grant program for rail safety projects such as grade crossing signals or other warning devices at rail crossings, and projects to reduce pedestrian, trespassing, and motorist injuries and deaths on railroad rights-of-way at places other than crossings</td>
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<td></td>
<td>RCW 81.53.261 - .295</td>
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<tr>
<td></td>
<td>2005-2007 estimate (in millions): $.5</td>
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</tr>
<tr>
<td>Washington Department of Transportation</td>
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<tr>
<td>Bicycle Program</td>
<td>2007 estimate (in millions): $4</td>
<td>Categories are engineering, education, and enforcement for projects such as pedestrian and bicycle paths, sidewalks, and safe routes to school and transit</td>
</tr>
<tr>
<td></td>
<td>Fund projects that improve pedestrian and bicycle safety</td>
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<tr>
<td></td>
<td>Purpose is to reduce number of fatal and injury collisions involving pedestrians and bicycles by providing safety improvements</td>
<td></td>
</tr>
<tr>
<td>Bridge Program</td>
<td>2007 estimate (in millions): $49</td>
<td>About two-thirds of funds are spent on local, versus state, bridges&lt;br&gt;Local agencies required to inventory bridges in accordance with the national standards and state laws</td>
</tr>
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<td></td>
<td>Federal funding to improve the condition of bridges through replacement, rehabilitation, and systematic preventive maintenance</td>
<td></td>
</tr>
<tr>
<td>Emergency Freight Rail</td>
<td>RCW 47.76.200</td>
<td>Grant program&lt;br&gt;Became a competitive program in 2005</td>
</tr>
<tr>
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<td>2005-07 estimate (in millions): $10</td>
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<td>Funds railroad related projects to improve port access, maintain adequate mainline capacity, preserve low density rail lines and rail corridors subject to abandonment, and to promote economic development</td>
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<td>Name</td>
<td>Citation / Information</td>
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</tbody>
</table>
| Emergency Relief         | 2006 estimate (in millions): $23  
Federal funds for repair or reconstruction of roadways and bridges on federal aid routes which have suffered serious damage as a result of natural disasters or as a result of catastrophic failures from an external cause. | Natural disasters include floods, hurricanes, tidal waves, earthquakes, severe storms, or landslides  
Program does not have a regular application and award cycle; it is instead a program triggered only in an emergency situation and only for federal aid routes |
| Enhancements             | 2007 estimate (in millions): $10  
Federally-funded, community based projects that expand travel choices and enhance the transportation experience by improving the cultural, historic, aesthetic, and environmental aspects of the transportation infrastructure | Grant program, statewide  
Includes non-motorized as well as other projects - landscaping, historic preservation, planning, environmental, and some facilities (museums, historic buildings) |
| Local Airport Aid        | RCW 47.68.010 and .90  
Funds state’s public-use airports for planning, acquisition, construction, improvement, maintenance, or operation  
Purpose is to preserve, protect, and promote a safe and efficient air transportation infrastructure system in Washington  
Contains a non-competitive Runway Safety program, with 2005-2007 estimate (in millions) of $20 | Grant program  
Focus on small, local airports; staff capacity can create administrative and contracting issues  
Statute limits awards to $250,000  
Allows the state to use these state funds to leverage federal funds  
Airport must have an approved Airport Layout Plan to be eligible for infrastructure funding  
Funding to host FAA training and education sessions, and then receive a runway safety assessment by the FAA |
| Regional Mobility        | RCW 47.66.030 (1)  
Funds inter-county connectivity services, park and ride lots, rush hour transit service, and capital projects that improve the connectivity and efficiency of the transportation system | Grant program  
Grants to improve the integration between public transportation and the highway system. |
| Safe Routes to Schools   | 2005-2007 estimate (in millions): $3  
Funds projects that provide children a safe, healthy alternative to riding the bus or being driven to school  
Projects within two miles of primary and middle schools | Grant program Department also provides technical assistance and training, and promotes cooperative planning  
Categories are engineering, education, and enforcement |
<table>
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<tr>
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<th>Discussion</th>
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</thead>
<tbody>
<tr>
<td>Safety Program</td>
<td>2006 estimate (in millions): $29</td>
<td>Grant program, however, in 2006, the Legislature selected intersection and corridor safety projects as well as rural county two-lane road safety pilot projects. Future rounds are anticipated to use be identified in the Statewide Highway Safety Improvement Plan. The program includes set-asides for a railway/highway crossing program and a high risk rural road program.</td>
</tr>
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<tr>
<th>Parks</th>
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<tbody>
<tr>
<td><strong>DEDICATED LOCAL</strong></td>
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<tr>
<td>Conservation Futures</td>
<td>RCW 84.34.230</td>
<td>Voter approval required</td>
</tr>
<tr>
<td></td>
<td>Property tax, rate per assessed value</td>
<td>Linked to &quot;buildable lands&quot; calculations for no loss of developable land and reasonable measures</td>
</tr>
<tr>
<td></td>
<td>Not subject to limitation amounts upon regular property tax levies</td>
<td>Portion of revenue can be used for maintenance and operation of conserved lands, as well as parks - but with non-supplanting provision</td>
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<tr>
<td>Metropolitan Parks Districts</td>
<td>RCW 35.61.100-115, 84.52.120</td>
<td>Allowed to issue bonds - some subject to voter approval and some not subject</td>
</tr>
<tr>
<td>Special Levy for Parks</td>
<td>RCW 36.69.140, 84.52.052 and .056</td>
<td>Rate approved in capital facility levy - can place more than one levy on same ballot (e.g., for operation/maintenance as well as for capital)</td>
</tr>
<tr>
<td></td>
<td>Can issue levies, general obligation bonds</td>
<td>Super majority voter approval</td>
</tr>
<tr>
<td>Real Estate Excise Tax–County Conservation Areas</td>
<td>RCW 82.46.070</td>
<td>Voter approval required</td>
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<tr>
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<td>One percent rate on selling price for acquiring or maintaining conservation areas</td>
<td>Can be place on ballot by petition</td>
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<td>Requires conservation plan, as well as consultation with cities and towns</td>
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<td>Requires public hearings on plan</td>
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<tr>
<td>Parks</td>
<td>Citation / Information</td>
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<td>Note: state inventories of these programs have not been recently updated. Therefore, figures from older inventories are included even though some of the information may be out of date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recreation and Conservation Office</td>
</tr>
<tr>
<td>Aquatic Lands Enhancements</td>
<td>RCW 79.105</td>
<td>Grant program</td>
</tr>
<tr>
<td></td>
<td>2005-2007 estimate (in millions): $5.3</td>
<td>Maximum awards: are $1 million for acquisition, and $500,000 for restoration and development</td>
</tr>
<tr>
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<td>Grants for the purchase, improvement, and protection of aquatic lands for public purposes, and for providing and improving access to such lands</td>
<td>Fifty percent local match required</td>
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<td>Funds have been spent in Western Washington Counties</td>
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<tr>
<td>Boating Facilities</td>
<td>RCW 79A.25</td>
<td>Grant program</td>
</tr>
<tr>
<td></td>
<td>2005-2007 estimate (in millions): $7.6</td>
<td>Funds derived from portion of marine fuel tax paid by boaters</td>
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<tr>
<td></td>
<td>For acquiring, developing, and renovating boating facilities, especially for motorized boats. Facilities include launching ramps, transient moorage, and support facilities on both fresh and saltwater</td>
<td>Maximum awards: are $1 million for development and acquisition projects, and $200,000 for planning projects Twenty-five percent local match required Requires a comprehensive outdoor recreation plan</td>
</tr>
<tr>
<td>Boating Infrastructure</td>
<td>Generally guided under RCW 79A.25.130</td>
<td>Federal grant program</td>
</tr>
<tr>
<td></td>
<td>2005-2007 estimate (in millions): $1.4</td>
<td>Funds may also be used to provide information and boater education Joint state and federal project selection process</td>
</tr>
<tr>
<td></td>
<td>Funds to develop and renovate boating facilities targeting recreational boats 26 feet and larger</td>
<td></td>
</tr>
<tr>
<td>Land and Water Conservation</td>
<td>Generally guided under RCW 79A.25.130</td>
<td>Federal grant program</td>
</tr>
<tr>
<td></td>
<td>2005-2007 estimate (in millions): $2.6</td>
<td>Per state administrative policy, the maximum is $500,00 Project must be consistent with the Statewide Comprehensive Outdoor Recreation Plan and the recreation elements of local comprehensive plans Fifty percent local match required</td>
</tr>
<tr>
<td></td>
<td>Funds to assist in preserving and developing public outdoor recreation lands and facilities</td>
<td></td>
</tr>
<tr>
<td>National Recreational Trails</td>
<td>2005-2007 estimate (in millions): $2.6</td>
<td>Federal grant program</td>
</tr>
<tr>
<td></td>
<td>Generally guided under RCW 79A.25.130</td>
<td>Per state administrative policy, the maximum is $75,000 for general projects, and $10,000 for education projects</td>
</tr>
<tr>
<td></td>
<td>Funds to build and maintain trails and facilities that provide a backcountry experience for hikers, equestrians, mountain bicyclists, off-road vehicle riders, snowmobilers, cross-country skiers, snowshoeing, and others</td>
<td>Operation of trail safety and environmental education programs are also eligible projects Authorized through federal transportation act Minimum 20 percent local match required</td>
</tr>
<tr>
<td><strong>Note:</strong> State inventories of these programs have not been recently updated. Therefore, figures from older inventories are included even though some of the information may be out of date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Parks

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington Wildlife &amp; Recreation</td>
<td>RCW 79A.15 2005-2007 estimate (in millions): $50</td>
<td>Grant programs Governor and legislature may remove projects from list submitted by agency; legislature approve list of projects Each program type has a maximum allowable award Fifty percent local match required Project must be based on adopted plan Time from application to award is lengthened because of legislative approvals Specific programs include Outdoor Recreation, Habitat Conservation, Riparian Protection, Farmland Preservation, Recreation Resources, and others</td>
</tr>
</tbody>
</table>

### Public Safety

<table>
<thead>
<tr>
<th>Name</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEDICATED LOCAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Juvenile Detention Facilities Tax</td>
<td>RCW 82.14.350 Sales tax</td>
<td>Counties only Voter approval required</td>
</tr>
<tr>
<td>County Levy for Criminal Justice</td>
<td>RCW 84.52.135 Rate per assessed value</td>
<td>Counties only Super majority requirement</td>
</tr>
<tr>
<td>Enhanced 911 Communication Tax</td>
<td>RCW 82.14.420 1 percent of line charges Capital uses only</td>
<td>Counties only, but larger counties to have interlocal agreements with cities Requires voter approval</td>
</tr>
<tr>
<td>Gambling Tax</td>
<td>RCW 9.46.110 Taxes on different gambling instruments specifically delineated</td>
<td>Authorization to tax gambling activities</td>
</tr>
<tr>
<td>Municipal Criminal Justice Assistance</td>
<td>RCW 82.14.320-330 For areas with higher crime rates than statewide average</td>
<td>Cities need to have already enacted other taxes to maximum rates New funds cannot supplant existing Some fund uses specifically delineated</td>
</tr>
<tr>
<td>Fire Districts and Regional Fire Districts</td>
<td>RCW 52.16, 52.26, 84.52.130 Variety of tax provisions, including property taxes, bonding</td>
<td>Funding for operation and capital Some voter approvals required</td>
</tr>
<tr>
<td>Special Levy for EMS</td>
<td>RCW 84.52.069 Property tax - rate per assessed value</td>
<td>Time limitations Super majority requirement</td>
</tr>
</tbody>
</table>

### DEDICATED STATE GRANTS AND LOANS

- None
<table>
<thead>
<tr>
<th>Community Facilities</th>
<th>Citation / Information</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEDICATED LOCAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural Arts, Stadiums and Convention Districts</td>
<td>RCW 67.38.130</td>
<td>Super majority requirements</td>
</tr>
<tr>
<td></td>
<td>Property tax</td>
<td></td>
</tr>
<tr>
<td>Hospital Districts</td>
<td>RCW 70.44.060, 36.62.090</td>
<td>Bonding authority and property tax levy authority</td>
</tr>
<tr>
<td>Library Districts</td>
<td>RCW 27.12</td>
<td>Delineations among different library types - rural, inter-county, island,</td>
</tr>
<tr>
<td></td>
<td>Property tax levies</td>
<td>others</td>
</tr>
<tr>
<td>Public Facility District</td>
<td>RCW 82.14.048</td>
<td>Sales and Use Tax</td>
</tr>
<tr>
<td>Public Utility Districts</td>
<td>RCW 54.16.080</td>
<td>Property tax</td>
</tr>
<tr>
<td>Regional Centers</td>
<td>RCW 82.14.390</td>
<td>Sales tax</td>
</tr>
<tr>
<td><strong>DEDICATED STATE GRANTS AND LOANS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building for the Arts</td>
<td>RCW 43.63A.750</td>
<td>Grants to nonprofit performing arts organizations</td>
</tr>
<tr>
<td></td>
<td>2005-2007 estimate (in millions): $4.6</td>
<td>Maximum award of $1 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Can cover up to 20 percent of total project cost</td>
</tr>
<tr>
<td>Building Community Facilities</td>
<td>RCW 43.63A.125</td>
<td>Grant program</td>
</tr>
<tr>
<td></td>
<td>New program in 2008 – Funds at this</td>
<td>The projects funded under this program must be located in a</td>
</tr>
<tr>
<td></td>
<td>time only for administrative start up</td>
<td>geographically defined distressed area, or serve a substantial number of</td>
</tr>
<tr>
<td></td>
<td>Eventually, capital and technical</td>
<td>low-income or disadvantaged persons</td>
</tr>
<tr>
<td></td>
<td>assistance grants to nonprofit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>organizations facilities used for the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>delivery of nonresidential community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>or social services</td>
<td></td>
</tr>
<tr>
<td>Youth Recreational Facilities</td>
<td>RCW 43.63A.135</td>
<td>Grant program</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maximum award $800,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Funds may cover up to 25 percent of project costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The facility must serve as a recreational facility for youth, defined</td>
</tr>
<tr>
<td></td>
<td></td>
<td>by policy as children in grades K-12.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There must be an educational or social service program for youth at the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>site; the facility must have staff on-site, and it must be available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>year-round</td>
</tr>
</tbody>
</table>
In addition to taxes, grants, and loans, local jurisdictions impose a wide variety of fees. Fees are differentiated from taxes in that they only cover the costs associated with service provided. Some fees are variable and bear a relationship to levels of usage, whereas others are flat. To the extent that fees can be variable, they can more effectively balance demand and supply. Variable fees have an additional benefit of fairness - beneficiaries pay to the level of their benefit. At the same time, fees can be regressive if the service provided is a necessity and therefore disproportionately impact those of modest means.

The table below lists all user fees imposed by local jurisdictions, based on the Association of Washington Cities' Tax and User Fee Survey (2006 version). All fees are shown - some are directly related to infrastructure and some are not; nonetheless, all are shown to give the sense of the non-voter approved sources being used by local governments.

**Table 2: Examples of Local Jurisdiction User Fees**

*Source: 2006 Tax and User Fee Survey, Association of Washington Cities; PSRC compilation.*

<table>
<thead>
<tr>
<th>Land Use Fees</th>
<th>Growth Management Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Protection</td>
<td>Differential rates for single family, multi-family, or non-residential.</td>
</tr>
<tr>
<td>Parks/Open Space</td>
<td>Based on square footage, unit size, # of units, lot sizes, etc.</td>
</tr>
<tr>
<td>Schools</td>
<td>Transportation based on # of trips, PM Peak trips, # of parking spaces, etc.</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Planning</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annexation Petition</td>
<td>Depending on land use transaction type, fees based on flat rates, parcel size, acreage, # of units, per hour charges, etc.</td>
</tr>
<tr>
<td>Preliminary and Final Subdivision</td>
<td></td>
</tr>
<tr>
<td>Plan Amendment</td>
<td></td>
</tr>
<tr>
<td>Rezones and Short Plats</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regulatory / Development</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditional Use</td>
<td>Differential rates based on transaction type. Fees based on examiner costs, site plan review costs, SEPA-incurred costs, actual calculated costs, permit fees based on land values, or flat application fees. Additional costs may be added for public hearing requirements or consultant services.</td>
</tr>
<tr>
<td>Initial Site/Design Review</td>
<td></td>
</tr>
<tr>
<td>SEPA Checklist</td>
<td></td>
</tr>
<tr>
<td>Shoreline Permit</td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Building / Development</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Permit</td>
<td>Differential rates based on transaction type. Fees based on flat rate, per-hour charges, # of inspections, or # of inspector trips to site.</td>
</tr>
<tr>
<td>Inspection</td>
<td></td>
</tr>
<tr>
<td>Plan Check</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parks, Recreation, Community Facility Fees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Facilities</td>
<td></td>
</tr>
<tr>
<td>Community and Senior Centers</td>
<td>Differential rates for events on weekdays versus weekends, and</td>
</tr>
</tbody>
</table>
### Parks, Recreation, Community Facility Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camp - RV Park Per Night</td>
<td>Public versus private events. May include additional deposit and cleaning fees. Camp fees may have differential rates based on site-size, per-person, per-vehicle, etc.</td>
</tr>
<tr>
<td>Camp - Tent Site Per Night</td>
<td>Childcare services include preschool facilities, before/after school care, and day care. Based on seasonal, monthly, and weekly programs, also differentiated by age of participant and services provided.</td>
</tr>
<tr>
<td>Childcare Facilities and Services</td>
<td></td>
</tr>
<tr>
<td><strong>Contract / Service Charges</strong></td>
<td></td>
</tr>
<tr>
<td>Park Concessions Food Service</td>
<td>Based on per-vendor, per-day, or gross receipts percentage. Can include additional charges for cost-recovery for administrative or other services.</td>
</tr>
<tr>
<td>Recreation Contracts</td>
<td></td>
</tr>
<tr>
<td><strong>Park Building Rentals</strong></td>
<td></td>
</tr>
<tr>
<td>Park Building Rentals</td>
<td>Differential rates based on facility type or amenity, such as kitchen units versus non-kitchen units. Based on per-hour, per-site, or per-facility charges. May have exemptions or different rates for private versus public or non-profit users.</td>
</tr>
<tr>
<td>Picnic Shelter Unit</td>
<td></td>
</tr>
<tr>
<td><strong>Athletics</strong></td>
<td></td>
</tr>
<tr>
<td>Field Rental</td>
<td>Differential rates based on time of year, time of day, facility type (lighted versus non-lighted fields, indoor versus outdoor pools), resident versus non-resident, age of participant (youth versus adult).</td>
</tr>
<tr>
<td>Leagues</td>
<td>Based on flat fee, per-use, per-hour, per-player, per-round, etc. Can include additional fees such as deposits or costs for services (caddies, lifeguards, umpires, etc.).</td>
</tr>
<tr>
<td>Swimming Facilities and Services</td>
<td></td>
</tr>
<tr>
<td>Golf Course</td>
<td></td>
</tr>
<tr>
<td><strong>Utility Fees</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Stormwater</strong></td>
<td></td>
</tr>
<tr>
<td>Capital Development Recovery Charge</td>
<td>Differentiated by parcel location in service district boundaries, residential versus commercial, etc. Based on flat rate, per-unit rate, unit size, lot coverage ratio, etc. Additional Utility Tax can be imposed, usually on gross receipts.</td>
</tr>
<tr>
<td>Consumption Rate</td>
<td></td>
</tr>
<tr>
<td>Impervious Surface Charge</td>
<td></td>
</tr>
<tr>
<td>System Development Charge</td>
<td></td>
</tr>
<tr>
<td><strong>Sewer</strong></td>
<td></td>
</tr>
<tr>
<td>Capital Development Recovery Charge</td>
<td>Differentiated by parcel location in service district boundaries, residential versus commercial, etc. Based on monthly service rates, consumption, lot size, direct costs (labor and materials) with overhead. Rates based on consumption, and are often inclining to promote conservation. Additional Utility Tax can be imposed, usually on gross receipts.</td>
</tr>
<tr>
<td>Consumption Rate</td>
<td></td>
</tr>
<tr>
<td>Inspections</td>
<td></td>
</tr>
<tr>
<td>Installations and Connections</td>
<td></td>
</tr>
<tr>
<td>System Development Charge</td>
<td></td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
</tr>
<tr>
<td>Capital Development Recovery Charge</td>
<td>Differentiated by parcel location in service district boundaries, residential versus commercial, etc. Based on monthly service rates, cubic feet of consumption, lot size, direct costs (labor and materials) with overhead. Rates based on consumption, and are often inclining to promote conservation. Additional Utility Tax can be imposed, usually on gross receipts.</td>
</tr>
<tr>
<td>Consumption Rate</td>
<td></td>
</tr>
<tr>
<td>Inspections</td>
<td></td>
</tr>
<tr>
<td>Installations and Connections</td>
<td></td>
</tr>
<tr>
<td>System Development Charge</td>
<td></td>
</tr>
</tbody>
</table>
### Other Fees

<table>
<thead>
<tr>
<th>Businesses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>License</td>
<td>Differential rates based on service types and service provided. Exemptions can be authorized, for example for non-profits, small businesses, farmers, fraternal or social organizations, public entities, veterans groups, etc. Fee amounts based on flat rates.</td>
</tr>
<tr>
<td>Ambulance</td>
<td></td>
</tr>
<tr>
<td>Amusement</td>
<td></td>
</tr>
<tr>
<td>Apartment</td>
<td></td>
</tr>
<tr>
<td>Cabaret</td>
<td></td>
</tr>
<tr>
<td>Home Occupation</td>
<td></td>
</tr>
<tr>
<td>Fireworks Stand</td>
<td></td>
</tr>
<tr>
<td>Pawn Broker</td>
<td></td>
</tr>
<tr>
<td>Second Hand Store</td>
<td></td>
</tr>
<tr>
<td>Solicitors</td>
<td></td>
</tr>
<tr>
<td>Taxi</td>
<td></td>
</tr>
<tr>
<td>Towing</td>
<td></td>
</tr>
</tbody>
</table>

### Miscellaneous

<table>
<thead>
<tr>
<th>Basic Ambulance Transport</th>
<th>Differential rates based on fee type and for emergency versus non-emergency service need, and resident versus non-resident status. Based on flat rates, mileage charge, annual or hourly charges, # of occurrences, and other factors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Ambulance Transport</td>
<td></td>
</tr>
<tr>
<td>Police - False Alarms</td>
<td></td>
</tr>
<tr>
<td>Fire - False Alarms</td>
<td></td>
</tr>
<tr>
<td>Burn Permit - Per Burn</td>
<td></td>
</tr>
<tr>
<td>Fire Inspection - Per Year</td>
<td></td>
</tr>
<tr>
<td>Fireworks Stand Inspection - Per Stand</td>
<td></td>
</tr>
</tbody>
</table>

### Pet Licenses

<table>
<thead>
<tr>
<th>Altered and Unaltered Cat</th>
<th>Differential fee cycles. Fee assessed only if license is required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altered and Unaltered Dog</td>
<td></td>
</tr>
</tbody>
</table>
The following table, developed by the Brookings Institute, lists all of the infrastructure items in the federal stimulus bill.

<table>
<thead>
<tr>
<th>Department/Agency/Program</th>
<th>Spending Description</th>
<th>Amount/Value</th>
<th>Spending Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Select Items Related to Energy Efficiency and Renewables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart Grid Investment Program</td>
<td>Funding program designed to modernize the nation’s electricity transmission and distribution system</td>
<td>$4.5 billion</td>
<td></td>
</tr>
<tr>
<td>Weatherization Assistance</td>
<td>The program will pay for the installation of weatherization materials and renewable energy systems for families earning incomes below 200 percent of the poverty line</td>
<td>$5 billion</td>
<td></td>
</tr>
<tr>
<td>State Energy Program</td>
<td>Formula grants to states for energy efficiency and renewable energy programs, such as building retrofits</td>
<td>$3.1 billion</td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency and Conservation Block Grant Program</td>
<td>Established by the Energy Independence and Security Act of 2007 (EISA), these grants go to states or local governments to use for smart growth zoning codes, transportation plans, energy retrofits, and other strategies to reduce fossil fuel emissions and promote energy efficiency</td>
<td>$3.2 billion, with $2.8 billion allocated according to EISA and another $400 million awarded competitively</td>
<td>DOE is working on regulations for deploying the share of funds subject to specific EISA provisions For the competitive portion of the block grants, final program guidelines were expected by March 23, 2009 and grantees announced by May 20th</td>
</tr>
<tr>
<td><strong>Select Items Related to Water Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drinking and Waste Water Programs</td>
<td>Investments in infrastructure to help communities provide clean drinking water and dispose of wastewater</td>
<td>$8.4 billion</td>
<td>The Interior program ($1.0 billion) must submit quarterly status report to Congress, beginning within 45 days of enactment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department/Agency/Program</th>
<th>Spending Description</th>
<th>Amount/Value</th>
<th>Spending Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flood Control Programs</strong></td>
<td>Investments in infrastructure to help communities provide flood control</td>
<td>$4.8 billion</td>
<td>The Corps of Engineers programs ($4.6 billion) must submit quarterly status reports to Congress, beginning within 45 days of enactment. The Boundary Commissions program ($0.2 billion) must submit a spending plan within 90 days</td>
</tr>
<tr>
<td><strong>Select Items Related to Technology Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband</td>
<td>Competitive and state programs to accelerate broadband deployment in underserved areas</td>
<td>$7.2 billion</td>
<td>The Rural Business program ($2.5 billion) must submit a proposed and current spending plan every quarter to Congress, beginning 90 days after enactment</td>
</tr>
<tr>
<td>Health Information Technology</td>
<td>Funding for ‘telehealth’ and other infrastructure projects under the ‘Indian Health Services’ account</td>
<td>$85 million</td>
<td></td>
</tr>
<tr>
<td><strong>Transportation Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercity Rail (FRA and Amtrak)</td>
<td>Funding for passenger rail</td>
<td>$9.3 billion, with $1.3 billion for Amtrak and $8 billion for new high speed rail</td>
<td>The Federal Railroad Administration must publish program guidelines for the high speed rail program within 120 days of enactment FRA is develop the specific spatial allocation for the high-speed rail by April 17, 2009</td>
</tr>
<tr>
<td>DOT Multimodal Competitive Grants</td>
<td>Grant to states, localities, and transit agencies, for nationally, regionally, or metro significant projects</td>
<td>$1.5 billion, with individual project grants between $20 million and $300 million</td>
<td>States have 120 days to obligate 50 percent of their STP funds. DOT will publish grant criteria by May 17, 2009 and award funds by February 2010. Priority shall be given to projects that can be completed within three years of ARRA’s enactment</td>
</tr>
<tr>
<td>Transit</td>
<td>Funds for transit capital improvements, most of which is slated to be spent within metropolitan areas</td>
<td>$8.4 billion, with $6.9 billion for transit capital assistance, $750 million for fixed guideway investment, and $750 million for capital investment grants</td>
<td>Recipients have 180 days to obligate 50 percent of their funds or face redistribution. Similarly, recipients have one year to obligate all of their funds or face redistribution This does not apply to the ‘capital investment grants’ program</td>
</tr>
<tr>
<td>Aviation (FAA and NASA)</td>
<td>Funds capital improvements at the nation’s airports and aviation-related NASA research</td>
<td>$1.45 billion, with $1.3 billion for capital improvements and $150 million for NASA research</td>
<td>The FAA must award at least 50 percent of the funding within 120 days, and the remainder within one year</td>
</tr>
<tr>
<td>Department/Agency/Program</td>
<td>Spending Description</td>
<td>Amount/Value</td>
<td>Spending Timeframe</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>------------------------------------</td>
<td>------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Energy (see also Innovation)</td>
<td>Includes funding for advanced battery manufacturing, transportation electrification, and acquisition of advanced-fuels vehicles</td>
<td>$3 billion</td>
<td></td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Funding to reduce diesel emissions</td>
<td>$300 million</td>
<td></td>
</tr>
<tr>
<td>Seaports</td>
<td>Assistance to small shipyards</td>
<td>$100 million</td>
<td>Recipients must obligate funding within 180 days of receipt</td>
</tr>
<tr>
<td>Highways and Bridges (FHWA and Coast Guard)</td>
<td>Funds for roadway projects, including new capacity, operations, and maintenance</td>
<td>$27.64 billion, with $27.5 billion going to FHWA and $142 million to the U.S. Coast Guard for bridge work</td>
<td>States have 120 days to obligate 50 percent of their funds or face redistribution. Similarly, states have one year to obligate all of their funds or face redistribution. Direct funding to urbanized areas is not subject to redistribution until the one year mark</td>
</tr>
<tr>
<td>Security (U.S. Customs, FEMA, and TSA)</td>
<td>These include grants for land borders of entry construction and multimodal security</td>
<td>$1.7 billion, including $420 million for border construction, $300 million for security, and $1 billion for aviation screening</td>
<td>Land borders of entry construction and aviation screening require expenditure plans within 45 days</td>
</tr>
<tr>
<td>Infrastructure Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD Energy Research (see also Innovation)</td>
<td>R&amp;D, testing, and evaluating of energy generation, efficiency, transmission, regulation, and storage within military installations and operational forces</td>
<td>$300 million</td>
<td>The Secretary of Defense must report on the progress of the stimulus effort within 1 and 2 years</td>
</tr>
<tr>
<td>DOE Energy Efficiency and Renewable Energy R&amp;D (see also Innovation)</td>
<td>Applied research, development, demonstration, and deployment</td>
<td>$2.5 billion, with $800 million set aside for biofuels and $400 million for geothermal</td>
<td></td>
</tr>
<tr>
<td>DOE Fossil Energy R&amp;D Program (see also Innovation)</td>
<td>Fossil energy R&amp;D, and carbon capture, geological sequestration, and “clean coal” projects and training</td>
<td>$3.4 billion</td>
<td></td>
</tr>
<tr>
<td>NASA (see also Innovation)</td>
<td>Earth science climate research missions</td>
<td>$400 million</td>
<td>Funds are to remain available until September 30, 2010</td>
</tr>
<tr>
<td>Department/Agency/Program</td>
<td>Spending Description</td>
<td>Amount/Value</td>
<td>Spending Timeframe</td>
</tr>
<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td>Health IT</td>
<td>Investments towards enhanced digital health information exchanges</td>
<td>$2.05 billion</td>
<td>A detailed spending plan must be submitted within 90 days of enactment with full reports every six months, beginning November 1, 2009</td>
</tr>
<tr>
<td>Natural Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-defense Environmental Cleanup</td>
<td></td>
<td>$483 million</td>
<td></td>
</tr>
<tr>
<td>Uranium Enrichment Decontamination and Decommissioning Fund</td>
<td></td>
<td>$390 million</td>
<td></td>
</tr>
<tr>
<td>Defense Environmental Management</td>
<td></td>
<td>$5.1 billion</td>
<td></td>
</tr>
<tr>
<td>Environmental Cleanup</td>
<td>Improves current toxic cleanup sites and adds new ones</td>
<td>$900 million, including $600 for Superfund, $200 million for LUST, and $100 million for Brownfields</td>
<td></td>
</tr>
<tr>
<td>Various Department of Interior Programs</td>
<td>Programs to help maintain the country’s natural resources, including hazardous fuels reduction, wild-land fire management, and the National Park System</td>
<td>$1.9 billion</td>
<td></td>
</tr>
<tr>
<td>Rural Watershed and Flood Programs</td>
<td>Funding to protect floodplains, rebuild dams, and improve water quality</td>
<td>$340 million</td>
<td></td>
</tr>
<tr>
<td>Other Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Construction</td>
<td>Funding to support construction for varied purposes, including education, energy, environmental protection, health facilities, housing, military, research facilities, and security</td>
<td>$36.7 billion</td>
<td></td>
</tr>
</tbody>
</table>
Appendix C: Infrastructure planning framework

This appendix describes the context within which infrastructure is provided by local governments in Washington. It addresses infrastructure planning requirements under the Washington State Growth Management Act ("the Act" or "GMA"), and the infrastructure related provisions in VISION 2040.

Infrastructure planning requirements under GMA

Planning for infrastructure under the Act is a primary duty of local governments. Many of the studies summarized in this report note that infrastructure planning in Washington State is done well and that the practice is improving.

The quality of planning is, in part, a function of the variety of infrastructure-related provisions in the Act. The provisions reflect two major public policy objectives: to reduce the costs of serving new development with public facilities and to ensure that public facilities will be available at the time of development. Growth management can provide not only better land use, but it can reduce the cost of serving new development with public facilities. This compelling proposition was shaped by various studies over the years, including the landmark Cost of Sprawl study in 1974, that concluded that sprawl is costly to serve with public facilities and services.

Planning goals

At the highest level, the Act incorporates the two public policy objectives noted above in its planning goals. The first goal of the Act is to "Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner." An additional goal is to "Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards." To provide clarity, the Act defines public facilities to "include streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools."

Q. This section draws from a Municipal Research Services Center 'Planning Advisor' column entitled The Third Promise of the Growth Management Act. By Pat Dugan, April 2007.

R. Cost of Sprawl, Published by the Real Estate Research Corporation in 1974. This study was updated in 1998 as a national Transportation Research Board report entitled The Costs of Sprawl - Revisited. Transit Cooperative Research Program, Report #39.

Additionally, a VISION 2040 report, Information Paper on the Costs of Sprawl, was developed to assess this same question. The paper reviewed a number of additional studies and ultimately came to a similar conclusion (see psrc.org).

S. Revised Code of Washington (RCW), Section 36.70A.020 (1) and (12). Note: The goal references "locally established minimum standards" which are also known as level-of-service standards. Jurisdictions are required to establish these level-of-service standards for arterials, transit service, and other facilities. Once a jurisdiction sets a standard, it is used to determine whether the impacts of a proposed development can be met through existing capacity and/or to whether mitigations will be required. Transportation is the only area of concurrency that specifies denial of development and, even with transportation, local governments have a significant amount of flexibility in their plans and regulations.

T. RCW 36.70A.030 (12). Note: The Act uses the terms "Public Facilities and Capital Facilities" somewhat interchangeably, and therefore no definition of "capital facilities" is provided.
Comprehensive plans

To meet the planning goals, the Act requires local jurisdictions to include a Capital Facilities element in their comprehensive plan. The requirement states: "A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities, (b) a forecast of the future needs for such capital facilities, (c) the proposed locations and capacities of expanded or new capital facilities, (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes, and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element."^U

The Act also requires a Utilities element in the comprehensive plans, stating: "A utilities element consisting of the general location, proposed location, and capacity of all existing and proposed utilities, including, but not limited to, electrical lines, telecommunication lines, and natural gas lines."^V

Finally, the Act requires a Transportation element. The Transportation element has requirements similar to those of the Capital Facilities element noted above, although it is stated differently. However, the transportation element goes further than the capital facilities element in implementing planning goal 12 by requiring specific regulatory measures (known as “concurrency”) to ensure adequate transportation facilities are available to serve new development.^W

Importantly, the Act requires that the Capital Facilities and Utilities elements to be consistent with each other, and with the other elements of the comprehensive plan (e.g., land use, housing, transportation, etc.). Reflecting the inter-jurisdictional nature of many planning elements, the Act requires consistency among neighboring jurisdictions’ comprehensive plans when there are "common borders or related regional issues."^X

Regional Perspectives

Although much of the infrastructure planning work is done at the local level, public facilities are not just a local matter. The Act and other sections of state law address the countywide, regional, or statewide nature of some public facilities.

The Act calls for countywide planning policies for "siting public capital facilities of a county-wide or statewide nature, including transportation facilities of statewide significance as defined in RCW 47.06.140."^Y Additionally, the Act calls for the "Identification of Lands Useful for Public Purposes," stating that "Each [GMA] county and city…shall identify lands useful for public purposes such as utility corridors, transportation corridors, landfills, sewage treatment facilities, storm water

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^U. RCW 36.70A.070 (3)
^V. RCW 36.70A.070 (4)
^W. RCW 36.70A.070 (6)
^X. RCW 36.70A.070 (1) and RCW 36.70A.100
^Y. RCW 36.70A.210 (3)(c)
management facilities, recreation, schools, and other public uses. The county shall work with the state and the cities within its borders to identify areas of shared need for public facilities. The jurisdictions within the county shall prepare a prioritized list of lands necessary for the identified public uses including an estimated date by which the acquisition will be needed.\textsuperscript{Z}

Additionally, the Act requires local plans to both plan for, and not preclude, the "Siting of essential public facilities," stating that "The comprehensive plan of each [GMA] county and city…shall include a process for identifying and siting essential public facilities [which] include those facilities that are typically difficult to site, such as airports, state education facilities and state or regional transportation facilities as defined in RCW 47.06.140, state and local correctional facilities, solid waste handling facilities, and in-patient facilities including substance abuse facilities, mental health facilities, group homes, and secure community transition facilities..." and that "No local comprehensive plan or development regulation may preclude the siting of essential public facilities."\textsuperscript{AA}

**Infrastructure-related provisions in VISION 2040**

Beyond the two policies and two actions discussed previously (under Project Scope of Work), VISION 2040 contains a section of multicounty planning policies related to public services. Key urban services addressed include wastewater and stormwater systems, solid waste, energy, telecommunications, emergency services, and water supply.

During the VISION 2040 development process, a research paper was drafted that looked at effect of low-density development patterns on public infrastructure and services.\textsuperscript{BB} In summarizing the body of research on this topic over the past few decades, the paper found that sprawl increased the cost of infrastructure provision. Sprawl had greater capital costs related to building more schools and extending roads, water and sewer lines and stormwater drainage systems, even as existing infrastructure may be operating below capacity. Also, operations and maintenance costs for schools, roads, water and sewer lines, and stormwater drainage were higher for low density development, as were school busing costs due to the greater distances between stops and schools. Last, the paper found that sprawl across municipal boundaries blurs local government roles, fueling competition, redundancy and conflict among those governments and encourages insular and parochial local policies that thwart the siting of needed regional facilities and the equitable accommodation of locally unpopular land uses.

**Multicounty planning policies**

An overarching goal of VISION 2040 is to provide sufficient and efficient public services and facilities in a manner that is healthy, safe, and economically viable. Multicounty planning policies address conservation measures to increase recycling and reduce waste. They also encourage more efficient use of water, low-impact development techniques, and renewable and alternative energy. Additional policies address siting of public facilities, especially regional capital facilities. Jurisdictions and agencies should invest in facilities and amenities that serve centers.

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\textsuperscript{Z}. RCW 36.70A.150

\textsuperscript{AA}. RCW 36.70A.200 (1) and (5)

Urban facilities are not appropriate in rural and resource areas. Schools and other institutions serving urban residents are discouraged from locating outside the urban growth area. Facilities should also be sited in ways that minimize adverse social, environmental and economic impacts.

**Implementation actions**

The Regional Council is directed to determine its appropriate role in addressing regional water issues, including water supply. Counties and cities are asked to work with special service districts to ensure that districts provide services and site facilities in ways that support regional and local growth management planning goals and policies. Local jurisdictions are also asked to perform a consistency assessment of their capital facilities programs to ensure compatibility with growth management objectives and VISION 2040.

**Examples of what this means for other planning efforts in the region**

To be consistent with VISION 2040, countywide planning policies should consider improved collaboration with cities and special service districts to identify opportunities for co-location of facilities and services. (An example is placing parks next to schools.) They should also provide guidance for reviewing special district criteria for location and design of new facilities, including schools and other community buildings and structures.

Counties should review special service district plans and identify inconsistencies with regional and local growth management planning objectives. Counties should also work with adjacent cities to ensure that services provided in urban unincorporated areas are compatible with city standards. This will allow for easier annexation of these areas in the future.

As part of the Regional Council’s Plan Review Process, all jurisdictions are to assess their capital facilities programming processes for compatibility with adopted regional and local growth management plans.

Where failing septic systems occur, jurisdictions should work with residents to replace these systems in order to restore and improve environmental quality.

Transit agencies and special districts should provide services in a manner that supports regional and local growth management objectives. Urban facilities and service levels are not appropriate in rural areas. Service providers should consider conservation, demand management, and public health. Facilities should be designed at the appropriate scale for the communities in which they are located and use state of the art techniques. Energy providers should seek to obtain a greater portion of their power from renewable and alternative energy sources.
Building on the planning context description in Appendix C, this appendix describes the most relevant cases and findings from the Central Puget Sound Growth Management Hearings Board (Hearings Board). The Hearings Board has addressed the issue of infrastructure in a number of cases. These cases have provided additional guidance to local jurisdictions for their infrastructure planning purposes. Noting the importance of infrastructure within the Act’s planning process, the Hearings Board stated:

"...A comprehensive plan's capital facility element is inextricably linked to the land use element. The two must be consistent. The linkage between the two elements is what makes planning under the GMA truly comprehensive (i.e., complete, inclusive, connected) as compared to pre-GMA planning." [Bremerton, 5339c, FDO, at 77.]

Also, the Hearings Board has clarified some of the terminology that is used for different aspects of the infrastructure planning process:

**Public facilities are the same as capital facilities:** "For purposes of conducting the inventory required by RCW 36.70A.070(3)(a), "public facilities" as defined at RCW 36.70A.030(12)[sic] are synonymous with "capital facilities owned by public entities."" [West Seattle Defense Fund I, 4316, Final Decision and Order (FDO), at 45.]

**Level of service standards are the same as locally established minimum standards:** "And it is from these standards – whether termed "locally established minimum" standards or “LOS” standards – that a jurisdiction is able to analyze whether or not the capital facilities it has identified as “necessary to support development” are, in fact, adequate." [Fallgatter IX, 07317, FDO, at 13.]

Beyond definitions, cases related to infrastructure can be broadly categorized as having addressed four themes:

- Requirements for a capital facilities element
- Relationship between GMA goal 12 and comprehensive plan mandatory element 3
- Reassessment process options if there is a funding shortfall
- Interjurisdictional issues

CC. The Central Puget Sound Growth Management Hearings Boards is one of three boards authorized by the legislature to hear disputes arising from the adoption of comprehensive plans and development regulations, and allegations that a city, county, or state agency has not complied with the goals and requirements of the Growth Management Act, and related provisions of the Shoreline Management Act (RCW 90.58) and the State Environmental Policy Act (43.21C).

These four themes are addressed below in a set of bullets. Text from the Hearings Board Digest of Decision is generally shown verbatim in the quotation marks following the bullet’s headings.

**Requirements for a capital facilities element**

- **Plan elements must include certain types of infrastructure:** "The public facilities required to be inventoried in a capital facilities element includes: parks and recreation facilities, domestic water supply systems, storm and sanitary sewer systems, and schools." [West Seattle Defense Fund IV, 6333, FDO, at 22.] **However,** "[A]fter the initial inventory and forecast requirements of section .070(3(a)(b) are completed, the Act permits a county to choose to shift some of the facility components that it has inventoried to other categories within the overall mandatory elements of .070 if there is adequate supporting rationale." [Sky Valley, 5368c, FDO, at 67.]

- **Elements must address existing needs, which includes new facilities and maintenance:** "The phrase “existing needs” from RCW 36.70A.070(3)(e) refers not only to the construction of new or expanded capital facilities that can be currently identified as needed, but also the maintenance of existing capital facilities… Determining the appropriate level of maintenance for capital facilities falls within the local government's discretion." [West Seattle Defense Fund I, 4316, FDO, at 47.]. **However,** "The Act does not impose a duty or requirement upon local governments to eliminate or substantially reduce capital facilities maintenance backlogs, nor to guarantee the funding or financing of capital facilities maintenance projects.' [West Seattle Defense Fund IV, 6333, FDO, at 31.]

- **Timing is flexible although there are constraints:** "So long as the needs identified in the CFE are reflected in the capital improvement program, the scheduling of their implementation, including the delay of project to later years, is a discretionary choice of the County. However, the County should be mindful that those needs identified in the 20-year Plan (CFE), ultimately must be addressed (funded and implemented) at some point during the original 20-year life of the Plan." [McVittie IV, 0306c, FDO, at 14-15.]

**Relationship between GMA goal 12 and mandatory plan element 3**

- **Goal 12 requires plan elements to set levels of service:** "All facilities included in the [Capital Facilities Element] must have a minimum standard (LOS) clearly labeled as such (i.e., not “guidelines” or “criteria”), must include an inventory and needs assessment and include or reference the location and capacity of needed, expanded or new facilities. (RCW 36.70A.070(3)(a), (b) and (c). In addition, the CFE must explicitly state which of the listed public facilities are determined to be “necessary for development” and each of the facilities so designated must have either a “concurrency mechanism” or an “adequacy mechanism” to trigger appropriate reassessment if service falls below the baseline minimum standard. Transportation facilities are the only facilities required to have a concurrency mechanism, although a local government may choose to adopt a concurrency mechanism for other facilities." [McVittie VI, 1302, FDO, at 17.]

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EE. Some of the quotes have been shortened by removing introductory sentences and retaining only the key points that relate to infrastructure. When this occurs, these quotes include a set of periods (e.g. ‘…”’).
• **Goal 12 requires elements to have enforcement mechanisms:** "[In McVittie I, 9316c, FDO, 23-30.] [T]he Board reached four other basic conclusions about the cumulative effect of Goal 12 and the capital facilities requirements of the Act: (1) Goal 12 creates a duty beyond the capital facility planning that is required by RCW 36.70A.070(3) and requires substantive, as well as procedural compliance; (2) Goal 12 requires the designation of a locally established single Level of Service (LOS) standard for the facilities and services contained in the Capital Facilities Element, below which the jurisdiction will not allow service to fall; (3) Goal 12 operating through RCW 36.70A.070(3) and (6), requires an enforcement mechanism or "trigger" to compel either concurrency implementation or reevaluation of numerous options; and (4) Goal 12 does not require a development-prohibiting concurrency ordinance for non-transportation facilities and services, rather, it allows local governments to determine what facilities and services are necessary to support development and the enforcement mechanism for ensuring that identified necessary facilities and services for development are adequate and available. (Footnotes omitted)." [McVittie VI, 1302, FDO, at 11-12.] Also, [Fallgatter IX, 07317, FDO, at 12.]

**Reassessment process options if there is a funding shortfall**

• **Lack of funding does not require revising the land use element:** "It is important to recognize that local government may use various regulatory techniques to avoid the situation where funding shortfalls occur. However, once local action is forced by a probable funding shortfall, a local government has numerous options to consider in reassessing and reevaluating its plan. In reassessing or reevaluating its plan, a local government is not automatically required to revise its land use element. There are other options that may be considered to meet identified capital facility needs and maintain plan consistency. [Options include: reducing standard of service (LOS); increase revenue; reduce average cost of the capital facility; reduce demand – reallocate or redirect population within the jurisdiction; reduce consumption; combinations of these options.]" [McVittie, 9316c, FDO, at 26-27.]

• **Infrastructure availability does not drive land use:** "Although urban growth should be located where there is adequate infrastructure to support it, the Act does not prevent cities from planning for urban growth in areas where growth or infrastructure to support urban growth currently does not exist, so long as they simultaneously plan for the infrastructure necessary to support such growth. Neither does the Act require cities to locate urban growth in every area having one or more types of infrastructure capable of supporting urban growth. The fact that certain infrastructure may exist near a parcel does not mean that high intensity urban development at the site within the 20-year horizon of the comprehensive plan is a foregone conclusion." [Robison, 4325c, FDO, at 20-21.]

**Interjurisdictional issues**

• **Public facilities should be included, regardless of jurisdictional ownership:** "When a jurisdiction that owns and/or operates a specified capital facility cooperates with the county and discloses information pertaining to location or financing (RCW 36.70A.070 (3)(c-d)), the county may include such information in its CFE. Indeed, aside from being sound growth management and public policy, it may be a necessary prerequisite to access a new funding source – e.g., impact fees." However, "Regarding RCW 36.70A(3)(c-d), if a county does not own or operate a facility, it should not be required to include the locational or
financing information in its CFE since these decisions are beyond its authority. [Bremerton/Port Gamble, 5339/7324c, 9/8/97 Order, at p. 39.]

- **Jurisdictions should exercise caution in planning related to special purpose districts:** "If a county has limited authority to locate and finance needed infrastructure because those aspects of capital facility decision-making rest with special districts, other jurisdictions (city, state or federal governments) or private interests, then a county should be cautious and judicious in designating UGAs until assurances are obtained that ensure public facilities and services will be adequate and available." [Bremerton/Port Gamble, 5339/7324c, 9/8/97 Order, at 42.]

- **GMA goals apply to local jurisdictions not the state:** "... the Board must conclude that neither Goals 3 and 12, indeed none of the goals listed in RCW 36.70A.020 apply to the State because the preamble to that section unequivocally states the goals “shall be used exclusively for the purpose of guiding the development of comprehensive plans and development regulations.” This is an unfortunate but inescapable conclusion, because to truly achieve managed growth there must be a better linkage between local efforts and state efforts." [McVittie VIII, 1317, FDO, at 10.]
Appendix E: Summaries of studies

Below are bulleted summaries of each of the studies referenced in this report. Each summary lists the study elements/questions, key findings, and key recommendations.

Infrastructure Assistance Programs Review & Implementation Plan
Office of Financial Management (January 2009)

Study elements

- 2008 Proviso from ESHB 2765 (1022)
- Committee included state agency staff, Association of Washington Cities, Washington Association of Counties, Transportation Improvement Board, legislative staff
- Update inventory of 29 state Basic Infrastructure programs – DCTED, Ecology, Health
- Analyze system-wide program effectiveness
- Explore financing alternatives, including state bond bank, interest rate buy-downs, grant to loan mix, etc.
- Identify system-wide changes, develop initial implementation plan

Study questions

- How much state assistance and how is it distributed
- How are programs guided by, and implement, state policy
- What is impact of state assistance (leveraging) versus state costs
- What are funding needs and what is the funding gap
- What are the benefits of alternative funding approaches

Findings

- 90% of state infrastructure grant/loan funds go to local government
- Smaller, rural jurisdictions have struggles getting private financing
  - Smaller projects are 65% of all projects
- Over 90% of unincorporated UGA transportation projects not completed in time
- $9.1 billion invested since 1998 – 74% local dollars
- Primary funding sources: Bonds (70%), Loans (23%), Grants (7%)
- Number of transactions is inverse proportion: Bonds (22%), Loans (37%), and Grants (42%)
- Most projects have multiple state sources; smaller projects are twice as likely to have multiple sources
- State funds for permit compliance (41%), capacity increases (24%)
- Projects predominantly for construction (83%)
- High-growth counties received 69% loans/58% grants:
  - Differences among fund types (water quality vs. economic development)

**What's working**
- Communities have invested $9.1 billion between 1988-2006 (74% are local dollars)
- Large pool of state revolving loans ($3.3B) with low rates (1.38%) and the portfolio is growing
- Most programs are aligned with overarching state policies
  - As identified in proviso: Growth Management Act, State Economic Development Plan, Puget Sound Partnership, and Climate Change
- Most programs have multiple accountability elements
- Significant admin consolidation and integration already in place
- State bond financing has been available at better than private sector rates, especially for larger projects
  - What Could Be Improved – Admin, Data
- Definitions & terms don’t match; data on needs hard to quantify
- Loan reporting uses face value; true “benefit” is about 45%
- Programs guided by wide, sometimes inconsistent, array of goals
- For individual program or system-wide, no state method to:
  - Review & adjust policy goals
  - Monitoring & benchmarks
  - Adjust to private sector changes
- System perceived as complex – further consolidation possible

**What could be improved – funding**
- Local expectations (in Capital Facility Plans) far exceed state funds
- While data is incomplete, gaps are growing (roads, drinking water)
- Need to assemble project funding takes time and increases costs
  - Programs fund portions of projects
  - Many projects require multiple sources – costly to applicant and state
- Private sector not covering smaller projects in less-urban areas
  - Small jurisdictions rely on grants; Larger jurisdictions rely on bonds, then loans
Recommendations

- Report state loans by benefit value, not face value
- Establish registry of Capital Facility Plans for continuous information on needs
- Capital Facility Plans to include completed projects
- Allocate more to projects that reduce demand, and to regional solutions
- Create coordinated state plan – goals, outcomes, measures, needs
- Develop single or consistent budget mechanism with prioritizations
- Create method to reduce time to assemble projects
- Provide incentives for regional/consolidated provision of services
- Improve statewide performance monitoring, needs assessments
- Align programs to state policy goals
  - Small projects with limited access to financing; communities of limited means
  - Projects to meet environmental permitting requirements
  - Projects that reduce demand, or regional projects
- Evaluate bonding against loan portfolio, bond pooling
- Develop method to review/adjust terms to private sector conditions

Meeting the Growth Management Challenge: The Washington State GMA Effectiveness Study
Department of Community, Trade and Economic Development (December 2008)

Study elements

- 2007 Proviso from ESHB 2687 (125.40)
- Data collection from state agencies
- Literature review of 40 infrastructure-related studies
- Statewide survey (86 of 150 locals responded)
- Case studies of 26 capital facility elements/plans

Study questions

- How can infrastructure planning/constructing be improved?
- How can infrastructure needs of growing communities best be met and more effectively financed?
**What's working**
- Better, more accurate plans
- Local strategies balance needs with resources
- Investment of $9.1 billion between 1998 and 2006 (74% are local dollars)
- Non-voter-approved local sources are being utilized

**What's not working**
- Voter-approved sources less used
- Deficiencies throughout city/county systems (variety)
- Coordination, integration, and regional planning lacking
- Low-density development remains a concern
- Projects are not being completed
- The funding gap is growing

**Recommendations re: capital facilities planning**
- Require regional financing plans for regional facilities - MPO/RTPO role
- Improve coordination for non-regional system providers by increasing consistency
- Authorize designation of UGA areas where infrastructure can be funded through development agreements as permit requirement
- Consider state planning grants for smaller communities, regional financing plans
- Consider requiring plans to identify infrastructure strategies to serve lower-density areas
- Consider extending refund period for impact fees
- CF Elements to discuss project completion or progress, policy alternatives, operating and demand management strategies

**Recommendations re: capital facilities funding**
- Explore improving city and county staff expertise
- Explore state loan alternatives - pooled-bond financing (some facilities), expanded local authority to collect upfront funds in unincorporated UGAs, increase proportion of state aid to growing communities
- Reduce demand through regional financing plans, aggressive demand management, identification of measures to reduce operating costs
- Simplify existing authorities through reduced administration, increased flexibility - impact fees, REET, shared revenues, trans. benefit districts
- Explore increased access to underutilized voter-approved sources through reduced or eliminated approval thresholds
- Explore increased dedication of growth-related revenues to infrastructure
- Consider authorizing a significant dedicated revenue stream (transportation)
- Explore expanded Local Infrastructure Financing Tool
- Increase effectiveness through streamlining permitting and compliance, and state application and administrative requirements

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**Washington's Invisible Backbone: Infrastructure Systems in Washington's Cities and Towns**  
*Association of Washington Cities (2008)*

**Study elements**
- Part of the on-going State of the Cities series
- Based on state data, elected official surveys, focus groups
- Focuses on variety of municipal infrastructure systems
  - Streets, bridges, streetscapes
  - Utilities - water, sewer, stormwater
  - Jails, city halls, fire/police stations, e-Gov
  - Parks and rec., community centers

**Findings**
- Growth is occurring in cities, creating greater needs, revenue competition
- Responsibility for providing infrastructure has shifted to cities
- Capital facility systems are in a state of disrepair – roads, utilities
  - Aging systems/end of useful life
  - Outdated technologies
  - Lack of capacity for growth
  - GMA focuses growth into cities
- Unique issues for different facility types – dedicated, rate-based, general fund, junior taxing districts
- Unique issues depending on city size
  - Small city: lack of economy of scale, lack expertise in grant writing, residents with lower incomes, utilities carry high debt loads (Overall situation worse in rural counties)
  - Large city: greater use of facilities, regional hubs serving non-residents, expensive work urban environments, stringent standards
- Funds used for maintenance and repair, not preparing for new growth

**Findings – funding**
- Inadequate local revenues
- Grants have changed into loans – both are under-funded
- Commodity prices have increased
- Unworkable local options - restrictions on uses, non-supplanting language
• Unfunded or under-funded mandates – make project cost forecasting difficult
• Balancing need for affordable utility rates with replacement savings
  o Example: 19 of 20 cities with highest water base rates are under 5,000 (122% higher than in cities over 25,000)

Findings - projects
• More projects are being bonded (pay as you use, not as you go)
• Cities have harder time funding infrastructure, projects getting delayed

Recommendations
• State actions, state funding programs – Public Works Trust Fund, Transportation Improvement Board, Community Economic Revitalization Board, Washington Wildlife and Recreation Program
  o Increase funds, create permanent sources, adjust awards for inflation
  o Couple new requirements with resources
  o Provide local flexibility - project timing, fund uses
  o Ensure grant/loans are equitably distributed to different community types
  o Help low tax-base cities with operating budgets (City-County account)

• For city actions
  o Address depreciation of capital assets annually (reserve funds)
  o Employ good maintenance practices (cost effective)
  o Consider current and forecasted costs to prevent spikes in utility rates
  o Educate citizens about needs and costs

Supplement - Washington’s Infrastructure in Crisis (2009)
• Catch up and keep up
  o One time funds to qualified TIB projects
  o State assistance to fund new goals (PSP, VMT, climate, stormwater)

• Build on successful programs
  o Increase funds for TIB, PWTF, CERB, LIFT, Urban Brownfields, WWRP

• Leverage state funding
  o Bond state dollars for larger projects

• Update fee and tax structure
  o Stormwater revolving fund, vehicle tailpipe user fees

• Local infrastructure options and flexibility
  o Design/Build authority
  o Community facility districts funds for infrastructure
  o Repeal sunset on transportation benefit districts
  o Update bid limits
  o Enable street utility authorities
  o REET 1 & 2 harmonized
Study questions

- What factors contribute to county fiscal health?
- Which counties are the most fiscally distressed?
- What efficiencies can be gained through governance flexibility?
- What legal changes are needed to enact these recommendations?

Study elements

- 2007 Proviso from SHB 1128 (127.50)
- Fiscal analysis and evaluation, quantitative and qualitative assessment of practices
- Research on governance structures in other states and under Washington constitution
- Advisory committee, survey of county officials (19 per county)
- Service system "mapping"
- Case studies to evaluate proposed governance alternatives

Findings

- Counties are agents of state but not all costs are reimbursed, and some requirements, such as minimum sentencing guidelines, limit flexibility
- Counties are also regional and local governments
- Counties have more limited revenue options than other government entities
  - 58% of revenue from property taxes, 29% sales tax, 13% intergovernmental (REET limited tax base assistance, motor vehicle fuel tax, fees for service)
  - No Business or Utility taxes – not at diversified as cities, state
- Limited tax sources make counties vulnerable to: voter initiatives, tax exemptions/deferrals, growth management changes in population, annexations, large non-taxable land areas
- Local option taxes are hard to use because of: non-supplanting language, restricted uses, restricted eligibilities, voter approval thresholds, multi-jurisdiction approvals, competing SPD ballot measures
- Small, rural, low employment counties have highest levels of fiscal distress
- Sales tax streamlining will help counties, particularly urban counties
**Recommendations**

- Efficiency – more Joint Service Agreements, flexibility in *how* services are provided
- Fiscal Health –
  - Adopt a supplemental revenue package -
    - Reimburse for state agent services (courts, jail services, elections, assessments)
    - Divert portion of state sales tax to support state services in distressed counties
    - Clarify property tax levy lift to allow funding beyond six years
  - Increase flexibility in existing sources –
    - Consolidate county sales taxes into single general fund non-dedicated tax (remove funding restrictions)
    - Remove or modify non-supplanting language (also, look at super-majority requirements)

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**Inventory of State Infrastructure Programs**

*Joint Legislative Audit and Review Committee (November 2006)*

**Study Elements**

- Per HB 1903, JLARC directed to assemble inventory – review of 75 grant and loan programs:
  - Basic-sewer, water
  - Transportation
  - Other-parks, housing, buildings
- Contains detailed profiles of 75 programs in 20 agencies that provided more than $1 billion in aid in 2005
- Contains summary of all state programs in infrastructure area
- Not an assessment or evaluation - no recommendations
- Some sources are dedicated, some can be used for multiple types

**Findings - Basic Infrastructure**

- Includes sewer, stormwater, drinking water, solid or hazardous waste
- 27 programs across six agencies
- Most programs, and largest programs, are loans
  - Ecology’s Water Pollution Control, Health/CTED Drinking Water loans, Public Works Construction and Preconstruction loans
- Primary fund uses are for drinking water, wastewater

**Findings - Transportation**

- Includes roads, bridges, walking and biking, trains, aviation, other
- 34 programs across seven agencies
• Majority of programs, and largest programs, are grants
  o Surface Transportation Program, Urban Corridors and Urban Arterials, Rural Arterials, Bridges
  o Primary eligibilities are for roads; then bridges, bikes, pedestrian

Findings - Other infrastructure
• Includes recreation, buildings and facilities such as schools, housing community facilities and parks
• 36 programs across 11 agencies
• Majority of programs, and largest programs, are grants
  o OSPI School construction, Housing Trust Fund, Wildlife and Recreation
  o Primary eligibilities are for community facilities and outdoor recreation

Recommendations
• There are no recommendations; however, each Program Profile includes a section on “Program Challenges or Issues Identified by the Agency”

Local Government Infrastructure Study
Washington State Association of Realtors (January 2006)

Findings
• Lack of infrastructure impedes housing growth
• System already deteriorated and funds are needed for maintenance and repair - funds not available for new capacity
• Growth-generated funds not dedicated to infrastructure
• Local planning requirements are theoretically good and have teeth; but state has not played its role (concurrency, infrastructure funding)
• State offers an array of programs – each are different
• Good data is elusive – hard to quantify “funding gap” despite some good state efforts, differing timeframes, non-GMA planning jurisdictions, funded vs. unfunded
• Many local sources are underutilized – various barriers
• Gap has grown… and changed as to who/what type
  o 1999 Public Works Board – gap of $3.05 billion (37%) for 1998-2003
    ▪ Caveats and reservations to data (completeness, grant receipt assumptions not judged, funded vs. unfunded)
    ▪ With caveats, range is between $2.29 and $5.53 billion
Findings - Local funding

- Primary sources for infrastructure are taxes, fees, rates, grants
- Largest utilized sources
  - General fund, county road levies, REET, developer contributions, and impact fees. General fund pays for 2/3 transportation expenditures
- Largest sources that are underutilized
  - Property tax revenue limit override; transportation benefit districts; regional transportation investment districts
- Other sources under-utilized, or not utilized
  - Employer tax-HCT or HOV, Employer tax-RTID, Fuel tax-county option, Street utility, tax increment financing, tolls, commercial parking tax, fees, rates
  - Some sources hard to understand percent utilization- local improvement districts, SEPA mitigation fees
- Identified barriers to usage
  - Voter approval, revenue growth limit, source reliability, small tax base, authority to levy limitations, difficulty or cost of administering, tax volatility
  - Barriers different for different sources, can shift tax incidence
- Limitations can create shifts to special districts; not necessarily spent on infrastructure

Findings - State funding

- State grant and loan programs total about $600 million in FY2006; most grants for transportation
  - Total transportation expenditures in FY2003 was $4.86 billion – 41% state, 24% transit, 19% cities, 16% counties
  - Total transportation revenues in FY2003 – sales/business/utility 22%; gas tax 18%; licenses/fees 13%; federal distributions 13%
  - County and city alone revenues of $1.6 billion (different % sources)
- Programs are over-subscribed
- Eligibility restrictions and criteria are diverse – complicates delivery, creates red tape, duplication of staff services

Solutions/Recommendations

- State to utilize unused property tax capacity to fund infrastructure and resist future incursions – channel to road improvement districts, utility improvement districts, transportation benefit districts
- Locals to use short-term levy lid lifts to overcome de-facto tax cuts
- Change levy lid to track growth in Implicit Price Deflator
Solutions/Recommendations - Local options

- New funding
- Utilize unused property tax funds for infrastructure (gap between 747 cap and constitutional 1% limit)
- Allow property tax levy lid up to implicit price deflator
- User fees and tolls – allow other counties to use tolls
- Local option sales tax on gas for local road projects
- Fix legal issues around charging a street utility tax

Changes to existing funding

- Tax Increment Financing – not viable (too many exemptions – state, fire districts); get more money into district; consider constitutional amendment
- Consider dedicating county road levy revenues to capital outlays
- Sales & use tax (Regional Transportation Improvement Districts) for transportation – allow other counties to form

Other ways to increase revenues

- Suspend some voter approval requirements
- Change state infrastructure grant criteria to require utility rates be financially sustainable prior to competing

Solutions/Recommendations - State options

- Dedicate more growth-related revenues to infrastructure (such as sales and use tax on construction, REET, B&O taxes)
- Create Growth Management Infrastructure Account and/or allow more existing grant and loan to support growth-related projects
- Dedicate more City-County Assistance funds to infrastructure
- Fully utilize Public Works Trust funds (avoid legislative picking)
- Do not divert State Capital Budget funds to other uses

Other

- Create an Infrastructure Investment Strategy
- Consolidate and coordinate existing programs
- Define basic service levels – minimum requirement for eligibility
- Complete the LINAS (Local Infrastructure Needs Assessment System) database
- Increase number of jurisdictions trained and using Capital Facilities template
Study elements

- Analysis of five elements of infrastructure planning and funding
  - Plans, funding, gaps
  - Innovative funding tools
  - How well growth pays for infrastructure
  - Current funding and financing tools
  - Governance and decision-making

Findings

- Difficult to measure needs - existing deficiencies, capacity for growth, different service standards
  - Transportation – state and local funding primarily for maintenance
  - Water – small systems struggle with regulations and capacity
  - Wastewater – large costs make incremental upgrades difficult

- Complex funding system – taxes, fees, rates, grants, loans
  - User fees more popular than general taxes
  - Traditional sources are inadequate; can no longer rely on general taxes
  - Innovative tools and greater focus on capacity for growth are needed

- Complex governance and decision-making
  - Many stakeholders in each project – planners, funders, regulators
  - System creates focus on maintenance, less constituency for growth

Recommendations

- Funding
  - Help local governments capture value of growth and programs – Local Improvement Districts, Tax Increment Financing, Latecomer agreements
  - Expand the use of congestion pricing – Tolls, High Occupancy Toll (HOT) lanes
  - Tie discretionary funding to capacity for growth
  - Create new “growth funding” programs

- Other
  - Implement efficiency measures for transportation
  - Strengthen regional planning role
  - Create a role for the private sector – design/build/operate/maintain
  - Merge some special districts
  - Assist smaller jurisdictions use available tools
  - Connect Buildable Lands to infrastructure funding, and match infrastructure planning timelines to 20-year plans
Study Elements

- Inventory and evaluate state-to-local infrastructure programs, except transportation
- Stakeholder and agency interviews, research, document review
- Key question - efficiency, coordination, customer experience

Findings

- Complex system – varying goals, criteria, approval and administrative processes
  - Over 80 programs in 12 agencies
  - No one has complete view of infrastructure system
  - Programs not designed to work together as a system
  - Decentralized programs lend themselves towards consolidation
- For 2003-05 biennium, over $2 billion (3.8% of state budget, 34.5% of capital budget)
  - Transportation and basic infrastructure account for approximately 70%
- External drivers include material costs, increasing gaps, changing areas of focus, emphasis on results-oriented benchmarks, reduced federal funding

Findings - Strengths, challenges, opportunities
[Note: there is duplication in these lists]

- Strengths
  - Client satisfaction
  - Number of state to local programs
  - Technical assistance
  - Performance measurement
  - Programs operating as intended
  - Informal inter-program collaboration

- Challenges
  - Not designed as a system
  - Not clear how to define success
  - Complexity- unintend. consequences
  - Independent boards - management
  - Overlaps exist
  - Evolving system
  - Increasing project earmarks
  - Understaffing

- Opportunities
  - Components in place for system
  - ED funding has been missing
  - Statewide policy direction needed
  - Programs not well understood

Recommendations

- Strategic framework and policy direction
  - Govern and manage programs as a system
  - Provide strategic direction on state investment goals and priorities
  - Develop strategic plans and planning processes for each program
• Create and infrastructure policy forum to coordinate across agencies

• Management systems and processes
  o Manage infrastructure programs as banks
  o Invest in financial management systems to increase efficiency
  o For information processing, collection and reporting, invest in information systems to
    ▪ Support integrated decision-making
    ▪ Create a single port of entry into state system

• Organizational structure
  o Group CTED programs into one division with the agency

Local Government Infrastructure Study
Public Works Board (1999)

Study elements
• Surveyed 487 local jurisdictions including cities, counties, public utility districts, and sewer and water districts.
• Asked for identified capital facility needs in five areas: streets, bridges, water, sewer, and stormwater.

Findings
• Total infrastructure funding gap of $3.05 billion in 1998 dollars.
  o Subtracting road and bridge needs of $1.69 billion from this total, the 1998-99 study found $1.36 billion in unfunded non-transportation infrastructure needs identified at that time. For context, a more recent federal study of water and wastewater infrastructure systems put the nation’s unfunded need at $1 trillion dollars.

• Conservative methodology - jurisdictions only reported projects in six-year capital facility plans.
• 324 jurisdictions (comprised of 91% of the state’s population) submitted information
Appendix F: Resources and sources of information

Finding useful information on infrastructure can be difficult, given the diverse set of potential funding sources and information clearinghouses. Following are links to funding sources, information, and links to the studies summarized in this report.

Links to information on funding

All Grants/Loans

- Infrastructure Assistance Coordinating Council (virtual organization, staffed by agencies)
  [link: http://www.infrafunding.wa.gov/]

All Taxes

- Tax Reference Manual (Department of Revenue)

Budget Information

- Washington Fiscal Information (service of Legislative Audit and Accountability Committee)
  [link: http://fiscal.wa.gov/Default.aspx]
- Washington State Senate - Ways and Means Committee
  [link: http://www1.leg.wa.gov/senate/committees/WM]
- Washington State House of Representatives - Ways and Means Committee
  [link: http://www.leg.wa.gov/House/Committees/WAYS/]

Capital Facility Planning Requirements

- CTED Capital Facilities Website
  [link: http://www.cted.wa.gov/site/417/default.aspx]
- MRSC Capital Facilities Website
  [link: http://www.mrsc.org/Subjects/Planning/capital.aspx]

Local Revenues and Expenditures

- Local Government Financial Reporting System (State Auditor's office, self-reported data)
  [link: http://www.sao.wa.gov/applications/lgfrs/]

Local Sources

- CTED 2008 Report – Appendix D: System Profiles
  [link: http://www.psrc.org/projects/infrastructure/CTED08Appendix.pdf]


Other

• Legislative Audit and Accountability Committee (LEAP) [link: http://leap.leg.wa.gov/leap/default.asp]

• Granting Agencies [link: http://www.pwb.wa.gov/partners.asp] Public Works Board, Ecology, Recreation & Conservation Office, Department of Health, Department of Transportation, Freight Mobility Strategic Investment Board, Utilities & Transportation Commission, Transportation Improvement Board, County Road Assessment Board, Office of the Superintendent of Public Instruction, others

State Grants/Loans – Reports

• OFM 2009 Report (inventory of 29 state programs) [link: http://www.ofm.wa.gov/study/default.asp]

• Joint Legislative Audit and Review Committee (2006 Report, inventory of 84 state programs) [link: http://www.leg.wa.gov/JLARC/Audit+and+Study+Reports/2006/06-11.htm]

Links to studies


• Study Committee on Public Infrastructure Programs and Funding Structures – Joint Legislative Study Committee (2008) [link: http://www.leg.wa.gov/documents/joint/PIPFs/Final_Recommendations_Report.pdf]

• Inventory of State Infrastructure Programs – Joint Legislative Audit and Review Committee (2006) [link: http://www.leg.wa.gov/JLARC/Audit+and+Study+Reports/2006/06-11.htm]


• Inventory and Evaluation of the State’s Public Infrastructure Programs and Funds - Office of Financial Management (2005) [link: http://www.ofm.wa.gov/budget/info/infrastructurereport.pdf]

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Issaquah
Kenmore
Kent
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Lake Forest Park
Lake Stevens
Lakewood
Lynnwood
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Mercer Island
Mill Creek
Milton
Monroe
Mountlake Terrace
Muckleshoot Indian Tribe Civil Society
Mukilteo
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Thurston Regional Planning Council
The Tulalip Tribes

Transit Agencies
Community Transit
Everett Transportation Service
Kitsap Transit
Metropolitan King County
Sound Transit