



WASHINGTON STATE
PUBLIC WORKS BOARD
INFRASTRUCTURE IS FUNDAMENTAL

Fiscal year 2023

Infrastructure loans and grants

September 1, 2023

Report to the Legislature

Kathryn A. Gardow, PE
Public Works Board Chair

WASHINGTON STATE
PUBLIC WORKS BOARD



Spokane International Airport additional reservoir project, City of Spokane, awarded in 2020.

Acknowledgments

Washington State Public Works Board

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This report is available on the Public Works Board website, www.pwb.wa.gov.

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Director of Commerce, Michael Fong

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Letter from Public Works Board Chair

On behalf of the Public Works Board, I would like to thank the Washington State Legislature for continuing to invest in the state's leading infrastructure program. Enacted in the 1985 legislative session, the Public Works Board was established to create a reliable and sustainable resource for local governments to meet critical infrastructure needs. This mission remains at the core of everything the Public Works Board does, and continued funding is essential to maintaining and improving the quality of life for Washington state residents.

In the 2022 session, the Legislature appropriated \$120 million to the Board. In accordance with [RCW 43.155.070](#), I am pleased to submit our legislative report on Public Works Board activities in Fiscal Year 2023. These include awards of:

- \$116 million in construction funding for 36 projects across the state as authorized under [RCW 43.155.060](#).
- \$2.8 million in pre-construction funding to five jurisdictions to move projects towards construction as authorized under [RCW 43.155.068](#).
- \$2.96 million in emergency funding to five jurisdictions for emergency infrastructure repairs or replacement as authorized under [RCW 43.155.065](#).
- \$1.8 million in broadband construction funding to one jurisdiction to further the development of broadband infrastructure in unserved areas of the state as authorized under [RCW 43.155.160](#).

The Board remains committed to providing low-interest, easy-to-access funding to local governments and offering technical assistance to improve access to our programs.

I would also like to share that the Board has developed three pillars to guide its work: financial stability, climate resiliency, and equity. These elements are as foundational to our program as infrastructure itself. In January 2023, the Board adopted a Diversity, Equity, and Inclusion Statement, and at the May 2023 meeting, we adopted a hardship policy that will allow the Board to provide more grants and grant/loan combinations to meet jurisdictions' unique needs.

Finally, with the 2023 legislative session in the rear view mirror, I would also like to thank Governor Jay Inslee and the Legislature for restoring diverted revenues to the Public Works Assistance Account and a \$400 million appropriation for the 2023-25 biennium. These additional investments will go a long way towards helping address infrastructure projects that have been postponed or gone unfunded due to lack of available reliable resources over the past decade.

To discuss or learn more about the information in this report or the Public Works Board, please contact Public Works Board Executive Director Karin Berkholtz at karin.berkholtz@commerce.wa.gov.



Kathryn A. Gardow, PE
Public Works Board Chair

Executive summary

Overview

In the 2022 legislative session, the Legislature appropriated \$120 million from the Public Works Assistance Account for the Public Works Board (PWB) Traditional Programs. Immediately following the end of session, the PWB approved a Traditional Programs pre-construction and construction loan cycle to be open from June 3 to September 9, 2022, and an ongoing emergency loan cycle. In addition, the PWB authorized opening a broadband construction loan cycle, which was open from February 22, 2022 to May 28, 2022.

Authorizing legislation

[Chapter 43.155.070\(4\)\(b\) and \(6\) RCW](#) requires this report and details of PWB investments in the traditional construction, pre-construction, and emergency programs. Specifically, the Legislature requires:

- (i) The total number of applications and amount of funding requested for public works projects;
- (ii) A list and description of projects approved in the preceding fiscal year with project scores against the board's prioritization criteria;
- (iii) The total amount of loan and grants disbursements made from the public works assistance account in the preceding fiscal year;
- (iv) The total amount of loan repayments in the preceding fiscal year for outstanding loans from the public works assistance account;
- (v) The total amount of loan repayments due for outstanding loans for each fiscal year over the following ten-year period; and
- (vi) The total amount of funds obligated and timing of when the funds were obligated in the preceding fiscal year.

FY23 awards summary

The [Public Works Board FY23 Project Map](#) presents the geographic distribution of PWB awards in FY23 for Pre-Construction, Construction, Emergency, and Broadband programs. Below is a summary of approved FY 2023 PWB loans and grants:

- \$116 million in construction funding for 36 projects as authorized under [chapter 43.155.060 RCW](#). Awards are conditional pending applicants successfully meeting other eligibility requirements.
- \$2.8 million in pre-construction funding to five jurisdictions to move projects toward construction as authorized under [chapter 43.155.068 RCW](#). Awards are conditional pending applicants successfully meeting other eligibility requirements.
- \$2.96 million in emergency funding to five jurisdictions for emergency infrastructure repairs or replacement as authorized under [chapter 43.155.065 RCW](#). Awards are conditional pending applicants successfully meeting other eligibility requirements.
- \$1.8 million for one state funded broadband construction loan to further the development of broadband infrastructure in unserved areas of the state as authorized under [chapter 43.155.160 RCW](#). Awards are conditional pending applicants successfully meeting other eligibility requirements.

Projects meeting threshold not funded

For the 2023 traditional construction loan cycle, 11 projects that total \$39.4 million in requests met the approved threshold for funding, but were not approved due to a lack of available state-appropriated funds.

Projects conditionally awarded in FY 2023

Table 1: Traditional programs (Construction)

Jurisdiction	County	Leg. Dist.	Project Name	Score	Loan Request
City of Lynden 2	Whatcom	42	Pine Street Bridge over Pepin Creek	84	\$5,500,000
City of Bremerton 2	Kitsap	35	Anderson Creek Dam Removals	84	\$2,000,000
City of Dayton	Columbia	16	North 3rd Street Reconstruction	82	\$880,000
Thurston County	Thurston	22	Green Cove Creek Culvert Replacement	81	\$4,500,000
City of Kittitas	Kittitas	13	Reservoir No. 2 Improvements	80	\$3,200,000
Liberty Lake Sewer & Water Dist. 1	Spokane	4	Water Main Replacements	78	\$1,390,000
City of Connell	Franklin	9	BNSF Utility Relocation Project	78	\$850,000
Tacoma Public Utilities	Pierce	31	New Fennel Creek Pump Station	77	\$3,500,000
City of Cle Elum	Kittitas	13	2nd Street/Rosetti Way Water Main Improvements	76	\$2,841,810
City of Carnation	King	12	Carnation Water Line Replacement Projects	75	\$1,623,000
City of White Salmon 1	Klickitat	14	North Main/Spring St Water Improvements	75	\$1,942,800
North Perry Avenue Water District	Kitsap	35	Water Main Replacement	75	\$650,000
Orchard Avenue Irrigation Dist. No. 6	Spokane	4	Lead Joint Pipe & Gooseneck Replacement	75	\$1,936,200
Skyway WSD 1	King	37	Forest Ave S & Garden Pl S Water Main Replacement	75	\$1,063,000
Soos Creek Water and Sewer District	King	47	Boulevard Lanes Phase 2 Water Main Replacement	75	\$3,385,520
City of Airway Heights	Spokane	7	Airway Heights Water Resources Replacement	74	\$5,151,000
City of Walla Walla	Walla Walla	16	Water Plant Hydroelectric Upgrade	74	\$1,500,000
Town of Mansfield	Douglas	7	Telemetry Upgrade to Water System	74	\$134,000
LOTT Clean Water Alliance	Thurston	22	Digester System Improvements Phase II	74	\$10,000,000
NE Sammamish Sewer & Water Dist.	King	45	Lift Station 3 Interceptor CIPP Lining	74	\$1,023,686
Birch Bay Water and Sewer District	Whatcom	42	Point Whitehorn Water Reservoir and Pipeline	73	\$1,300,000
Kittitas County	Kittitas	13	Ellensburg Transfer Station	73	\$10,000,000
City of Bothell	King	1	35th Ave Drainage and Fish Passage Improvements	73	\$1,900,000
City of Long Beach	Pacific	3	Ocean Beach Boulevard Water Line Improvements	72	\$1,800,000
City of Mercer Island 1	King	41	Booster Chlorination System	72	\$3,284,770
Town of Wilbur	Lincoln	13	Water System Project	72	\$235,000
City of White Salmon 2	Klickitat	14	New Transmission Main - Phase 1	71	\$1,855,100
Snohomish County Public Works 2	Snohomish	21	43rd Ave SE: Phase 1	71	\$4,000,000
City of Orting	Pierce	31	Orting Water Resource Recovery Facility (WRRF)	71	\$10,000,000
Snoqualmie Pass Utility District 2	King	5	Water Treatment System	70	\$1,500,000
City of Sequim	Clallam	24	Silberhorn Deep Well #4	69	\$4,830,000
King County Wastewater Treatment	King	36	Interbay Forcemain and Odor Control	69	\$10,000,000
City of Goldendale 1	Klickitat	14	Construction Water Line Improvement Project	68	\$2,588,359
Snohomish County Public Works 1	Snohomish	21	Alderwood Mall Parkway: SR 525 to 168 St SW	68	\$3,000,000
City of Maple Valley	King	5	Witte Rd Roundabout	67	\$1,800,000
City of Enumclaw 2	King	31	Sewer Overflow Reduction Improvements	67	\$4,400,000
				Funded	\$115,564,245

Table 2: Traditional programs (Pre-Construction)

Jurisdiction	County	Leg. Dist.	Project Name	Score	Loan Request
City of Goldendale 2	Klickitat	14	Water Line Replacement Preconstruction	72	\$298,657
City of Leavenworth	Chelan	12	Water Transmission Main Replacement: Well Site to Mill St.	68	\$680,000
Lake Meridian Water Dist. 1	King	33	1400 Reservoir Design	71	\$725,000
King County Water Dist. 125	King	11	Macadam Rd., 51st Avenue S. & South 151st St. Pipe	71	\$725,500
Lake Meridian Water Dist. 2	King	33	635 Zone Booster PRV Station 2	69	\$410,000
				Funded	\$2,839,157

Table 3: Emergency programs

Jurisdiction	County	Leg. Dist.	Project Name	Loan Request	
City of Palouse	Whitman	9	F Street Bridge Broken Water Main	\$156,000	
City of Harrington	Lincoln	13	Emergency Water Infrastructure	\$750,700	
Consolidated Irrigation Dist. 14	Walla Walla	16	Wallula Ave/Campbell Rd Well House	\$1,000,000	
City of Walla Walla	Walla Walla	16	Well #5 Emergency Repair	\$750,000	
Town of Lind	Adams	9	Well #7 Emergency Repair	\$300,000	
				Funded	\$2,956,700

Table 4: Broadband programs

Jurisdiction	County	Leg. Dist.	Project Name	Score	Loan Request
Jefferson Co. PUD No. 1	Jefferson	24	PT Business Fiber Project	77	\$1,812,041
				Funded	\$1,812,041

Loan activity and estimated loan repayments

Table 5: FY23 Public Works Board loan activity by program

Loan program	Applicants	Amount requested	Awards	Amount obligated	Amount unfunded
Pre-construction	6	\$3,839,157	5	\$2,839,157	\$1,000,000
Construction	47	\$201,062,156	36	\$115,564,245	\$85,497,911
Emergency	5	\$2,956,700	5	\$2,956,700	\$0
Broadband	1	\$1,812,041	1	\$1,812,041	\$0

In fiscal year 2023, the PWB awarded five pre-construction project loans for \$2.8 million, 36 construction project loans for \$116 million, five emergency project loans for \$2.96 million, and one broadband construction project loan for \$1.8 million, benefiting 47 communities. Each application reviewed and awarded met the PWB's threshold criteria outlined in [chapter 43.155.070 RCW](#).

The PWB began the 2021-23 biennium with \$5 million allocated to the Emergency Program. After the 2022 supplemental budget appropriation of \$120 million, the PWB recapitalized the fund. The PWB awarded \$6.23 million to emergencies for the biennium, with \$2.96 million of that during the FY23 reporting period.

In FY23, PWB disbursed \$73,824,234 to previously awarded project loans and grants.

The level of loan repayments that deposited into the PWAA during FY23 was \$83,156,105.

What are the estimated loan repayments FY24 to FY33?

In the next 10 years, the anticipated level of loan repayments due for active loans is \$458,661,192. Historically, 50% of repayments that are due in July are actually received in June. Repayment calculations based on funds drawn by June 30 are not an estimate of how much will be drawn in the next five years. Rather, calculations represent the amount of loan repayments that the PWAA would receive within a standard repayment schedule.

Table 6: Estimated loan repayments FY24-FY33

Fiscal year	Estimated loan repayment
FY 24	\$84,294,750
FY 25	\$70,090,621
FY 26	\$60,971,751
FY 27	\$52,208,538
FY 28	\$47,722,962
FY 29	\$36,629,149
FY 30	\$34,522,386
FY 31	\$34,116,990
FY 32	\$21,924,068
FY 33	\$16,179,977
Total repayments	\$458,661,192

Programs overview: Traditional

Traditional loan programs

[Chapter 43.155.070 \(4\) \(a\) RCW](#) requires the PWB to balance and consider 19 policy priorities when evaluating applications to their traditional programs. The statute directs the PWB to consider the geographic distribution of funds and other factors in its funding actions. The maximum amount of funding award that the PWB may provide for a jurisdiction is \$10 million per biennium combined between the Construction and Pre-construction programs.



City of Ferndale wastewater treatment plant upgrade, 2022.

Construction

Legislation enacted in 1985 ([chapter 43.155 RCW](#)), authorizes the PWB to make low interest loans and grants to counties, cities, and special purpose districts. These awards are for projects that repair, replace, or create domestic water systems, wastewater systems, storm water systems, roads, streets, bridges, and solid waste, recycling, and organics facilities. Construction funding cycles are based on an open, competitive process. The loan term is 20 years, including five years for construction completion.

Pre-construction

The Legislature authorized the pre-construction program in 1995 to promote a higher degree of readiness of projects for construction funding. Allowed activities include design and engineering, bid-document preparation, environmental studies, and right-of-way acquisition. Legislation authorized the PWB to offer the program as loans and grants. The maximum award per project is \$1 million. The loan term is 5 years, including 2 years for project completion. Clients meeting the severe hardship criteria may receive 20% loan forgiveness, after completing the project's scope of work. Clients qualifying and accepting loan forgiveness may have a 2-year loan repayment deferral. Clients may convert from a 5-year to a 20-year term prior to their first principal payment. The client must have secured 30% of the project's construction funding to qualify.

Emergency

The PWB began administering the emergency loan and grant program in 1988. PWB is authorized to award emergency construction funding to repair, replace, or reconstruct a facility that will restore essential services. Eligible projects are public works projects made necessary by a natural disaster or an immediate and emergent threat to the public health and safety due to unforeseen or unavoidable circumstances. The emergency program is open the entire biennium until all allocated funds are exhausted. The loan term is 20 years, or the life of the improvement, whichever is less. The maximum emergency award per project is \$1,000,000.

Interest rates

The PWB sets the interest rate for loans prior to opening each application cycle. The rate is based on the average GO-11 Bond Index rates for the preceding 30-60 day period. The interest rates for this cycle were set by board action at its June 3, 2022 meeting. For FY23, the interest rate on a 20-year loan ranged between 0.35% and 1.39% depending on community financial health.

Programs overview: Broadband

Broadband loan programs

In 2019, [chapter 43.155.160 RCW](#) authorized the PWB to establish a competitive grant and loan program to promote the expansion of access to broadband service in unserved areas of the state. Investments under this authority are for the acquisition, installation, and construction of middle mile and last mile broadband infrastructure. Funds can also be used for strategic planning for the deployment of broadband service.

Eligible applicants include local governments, tribes, nonprofit and cooperative organizations, special purpose districts, quasi-municipal corporations, limited liability corporations organized for the purpose of expanding broadband access, and incorporated businesses or partnerships. The PWB Broadband Program's goal is to connect the unserved, which is now defined as those receiving less than 100 Mbps download and 20 Mbps upload. Through a competitive process, the PWB Broadband Program emphasizes project readiness and feasibility while also considering the role of the community in project planning. All assets or infrastructure created utilizing PWB funding must be maintained for public use for a period of at least 15 years. The PWB may fund up to 50% of the total project cost in non-distressed and non-Indian Country¹ areas. In distressed or Indian Country areas, the PWB may fund up to 90% of the total project cost.



Broadband infrastructure in rural Mason County, 2023

Construction

The PWB Broadband construction funding program has provided state and federal funding for projects in rural and urban counties, to connect more than 10,000 unserved homes and businesses in Washington. In the 2022 legislative session, the PWB requested statutory amendments for program improvements and to add an emergency broadband construction program to provide funding for critical infrastructure that has been damaged by unforeseen events. Final rules for these changes were implemented in March of 2023. The Community Economic Revitalization Board (CERB), the Washington State Broadband Office (WSBO), and PWB coordinate and collaborate intentionally to further the state's broadband goal to connect every home and business with high-speed internet access. We are meeting regularly, participating in application cycle reviews, co-presenting at conferences and workshops, and funding broadband projects together. During this reporting period, the PWB Broadband Construction program received one application seeking \$1.8 million. The Board approved this award of \$1.8 million in state loan funding, with total project costs of \$2 million.

Interest rates

The interest rate is set prior to each cycle and is based on the average daily market rate for tax-exempt municipal bonds for the preceding 30-180 day period. The interest rates for this cycle were set by board action at its February 18, 2022 special meeting. For FY23, the interest rate on a 15-year loan ranged between 0.21% and 0.85% depending on community financial health.

¹ [Chapter 43.155.160\(1\)\(b\) RCW](#)

Appendix A: Public Works Board members

General Public Representatives

- Board Chair, Kathryn A. Gardow, PE, Seattle
- Vice Chair, Gary Rowe, PE, Port Townsend
- Darlene McHenry, Liberty Lake
- Monica Santos-Pinacho, Vancouver

City Representatives

- The Honorable Dr. Jeralee Anderson, PE, City of Redmond Council Member
- Rob Jammerman, City of Wenatchee, Public Works Director
- The Honorable Ed Stern, City of Poulsbo Council Member

County Representatives

- The Honorable Jerome Delvin, Benton County Commissioner
- Kelly Snyder, MPA, Snohomish County Public Works Director
- The Honorable Sharon Trask, Mason County Commissioner

Public Utility District Representative

- Matthew Stevie, Okanogan Public Utility District Environmental Coordinator

Sewer and Water District Representatives

- Justin Clary, PE, Lake Whatcom Water and Sewer District General Manager
- The Honorable Lora Petso, Olympic View Water and Sewer District Commissioner

Appendix B: Public Works Board staff

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