



Department of Commerce
FY18 Supplemental Capital Budget Request
October 2017



STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

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October 9, 2017

David Schumacher
Director, Office of Financial Management
Post Office Box 43113
Olympia, WA 98504-3113

Dear David:

On behalf of the Department of Commerce, I am pleased to present the 2018 Capital Budget Supplemental request. In putting together our proposals, we have been mindful of the limited funding available. However, within these constraints we are putting forward a set of budget and legislative packages that align with Governor Inslee's priorities under Results Washington. These proposals would strengthen communities by improving jobs, and providing critical services to businesses and local governments.

We have also included new Capital appropriation requests that have yet to pass the legislature. We consider these some of our highest priorities.

Thank you in advance for your consideration of our proposals. We look forward to working with the Governor and the OFM team as you put together the statewide budget recommendation.

Sincerely,

Brian Bonlender
Director



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DIRECTOR'S PRIORITIES

Department of Commerce

Director's Priorities for the FY18 Supplemental Capital Budget

The following requests are in order of priority as determined by the Director of the Department of Commerce:

1. Project #40000031 Housing Trust Fund Portfolio Preservation
2. Project #40000030 Early Learning Facilities
3. Project #40000029 Community Investments (CERB)

Capital Project Request

2017-19 Biennium

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 10/17/2017 4:20PM

Project Number: 40000031

Project Title: Preserving Affordable Housing

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 1

Project Summary

The Department of Commerce (department) requests an additional appropriation in the 2018 Supplemental Budget from the State Taxable Building Construction Account (Fund 355) of \$10 million for preservation of the existing affordable housing stock in the HTF portfolio that is in need of critical building repairs. The total request from the Supplemental Budget is for \$10 million, and coupled with the request from the 2017-2019 Biennial Budget, brings the overall Housing Trust Fund request to \$108 million.

Project Description

The department requests a supplemental appropriation of \$10 million for an affordable housing portfolio preservation program. Funds will be competitively awarded solely for the preservation of the existing affordable housing stock in the HTF portfolio, which are in need of critical capital repairs in order to remain in service.

1. Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

The HTF Program has created affordable housing for Washingtonians for 31 years, and its 47,000-unit portfolio of affordable housing is in jeopardy. At this time there are hundreds of at-risk and aging units in the HTF portfolio that are in need of critical building repairs in order to stay in service. While preserving existing housing is more cost effective than new construction, projects that are serving extremely low-income households do not generate sufficient cash flow to cover much needed capital repairs and system replacements that become necessary as buildings age. Another factor making repairs difficult for property owners is their financial capacity. Out of a sample of 727 HTF projects, 46% showed an operating deficit for the year ending 2016 and 39% had no operating reserves on hand to address basic maintenance needs, let alone capital repairs on their physical buildings and units. It cannot be emphasized enough that loss of any HTF portfolio units would result in increased homelessness in Washington and cause the displacement of our state's most vulnerable families and individuals.

2. What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

Recapitalizing aged housing units is more cost effective than building new ones. Repair and renovation costs typically average at \$50,000 per unit, whereas new development costs often exceed \$230,000 per unit (based on the 2015 HTF funding round). This proposal will require no additional staffing. The department's Housing Finance Unit already administers the HTF program and monitors and services the HTF contracts. These contracts typically have a 40-year commitment period during which the contractors are required to provide affordable housing serving the intended target population. 100 percent of the allocated preservation funding can be directed to actual housing preservation efforts (i.e., capital repairs).

A Portfolio Preservation Program will establish a permanent mechanism and funding source for the maintenance and preservation of the current 47,000-unit portfolio. Through an annual competitive application process, the department can provide financial support to the existing HTF projects that require additional public investment in order to remain viable and stay affordable for their intended population. Awards will be for capital building repairs, with priority given to units serving extremely low income households (Area Median Incomes (AMIs) at or below 30%) and other special needs populations (e.g., homeless families and individuals, veterans, people with disabilities or chronic mental illness, seniors, farmworkers, etc.). Disbursement of preservation funds will be contingent on the accomplishment of identified benchmarks and milestones, such as obtaining a third-party capital needs assessment (CNA), procuring independent construction contractors, and limiting reimbursement of costs to completed repairs only.

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Description

3. How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

An additional \$10 million will protect/preserve approximately 200 units that require renovations of approximately \$50,000 per unit (on average). This is in addition to the 200 units estimated to be repaired with the \$10 million request in the 2017-2019 biennium decision package. The department would focus on the most critical units within its portfolio.

The HTF Program currently does not have funds available to address the emergent capital needs of existing projects in its 47,000-unit portfolio. The affordable housing community has been struggling to balance the investment of limited resources with the creation of additional units, often at the expense of existing units facing functional obsolescence and leaving the HTF portfolio. Affordable housing projects need to be recapitalized periodically to remain viable and do not have the same degree of access to private capital as market-rate housing properties do. A Portfolio Preservation Program will directly benefit residents of aging HTF properties and ensure that new units are adding to the total affordable housing stock, instead of replacing units lost to obsolescence and disrepair.

4. Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Project awards will be for capital repairs (to physical buildings), with priority given to rental units serving extremely low income households (AMIs at or below 30%) and other special needs populations (e.g., homeless families and individuals, veterans, people with disabilities or chronic mental illness, seniors, farmworkers, etc.).

5. Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.]

No.

6. Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Affordable Housing Portfolio Preservation Program

Unknown at this time. The Housing Trust Fund does not have a current preservation program, therefore no basis to estimate leverage for a program designed to preserve its portfolio..

7. Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

These projects support the Governor's Results Washington Goal 4: **Healthy and Safe Communities**, by helping the most vulnerable people stay independent and self-sufficient. Affordable housing also promotes Goal 2: **Prosperous Economy**, by generating quality jobs and creating vibrant communities. This program will have a large impact on Results Commerce performance measure OM7-2B (Department Funded Affordable Housing Units Preserved). The Department estimates an average per unit cost of \$50,000, which would allow preservation of approximately 200 units per biennium.

8. If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

N/A

9. Is there additional information you would like decision makers to know when evaluating this request?

As a long-term plan, in order to implement this Preservation Program and ensure its sustainability in the future, the Department is currently considering a policy proposal to amend the HTF's legislation to allow some of the HTF loan repayments to be used to fund the Preservation Program in the future (Washington Housing Trust Account, Fund 532).

Location

City: Statewide

County: Statewide

Legislative District: 098

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Project Number: 40000031

Project Title: Preserving Affordable Housing

Description

Project Type

Intermediate

Grant Recipient Organization: various

RCW that establishes grant: RCW 43.185 and 43.185A

Application process used

As a long-term plan, in order to implement this Preservation Program and ensure its sustainability in the future, the Department is currently considering a policy proposal to amend the HTF's legislation to allow some of the HTF loan repayments to be used to fund the Preservation Program in the future (Washington Housing Trust Account, Fund 532).

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	90,000,000				10,000,000
	Total	90,000,000	0	0	0	10,000,000
		Future Fiscal Periods				
		2019-21	2021-23	2023-25	2025-27	
355-1	St. Bld Const Acct-State	20,000,000	20,000,000	20,000,000	20,000,000	
	Total	20,000,000	20,000,000	20,000,000	20,000,000	

Operating Impacts

No Operating Impact

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Report Number: CBS002

Date Run: 10/17/2017 12:32PM

Project Number: 40000030

Project Title: Early Learning Facilities

Description

Starting Fiscal Year: 2018
Project Class: Grant
Agency Priority: 2

Project Summary

There is a shortage of facilities in Washington that provide high quality early learning programs. The 2017 Legislature created the Early Learning Facilities Grant and Loan Program (HB 1777) as a means to address this need. More capital funding for the program is needed for Commerce to perform the necessary work to implement the requirements of HB 1777 and to create the early learning facility spaces needed to meet the Legislative mandate to make the Early Childhood Education Assistance Program (ECEAP) an entitlement program by the 2022-23 school year.

Project Description

The Early Learning Facilities Grant and Loan Program (HB 1777) was passed in the 2017 Legislative Session as a means to address a severe shortage of quality early learning program spaces required to meet the legislative mandate to make the Early Childhood Education Assistance Program (ECEAP) an entitlement program by the 2022-23 school year. The Department of Early Learning (DEL) estimates that approximately 3,600 ECEAP spaces need to be created and operational by 2022. DEL estimates the total number of projects initiated and funding necessary to meet this target is as follows:

2017-2019: 84 projects; \$26.3 million
2019-2021: 144 projects; \$44.2 million
2021-2023: 12 projects; \$11.6 million
Total: 240 projects

Current funding proposed for the Early Learning Facilities program in 2017-2019 Biennium is \$15.5 million. In order to create the additional early learning program spaces needed, and to do so by the legislative mandate of the 2022-23 school year, additional funding of approximately \$10.8 million is needed for the 2017-2019 Biennium to fund the needed number of projects. Of the proposed \$15.5 million appropriation, 4% may be utilized for expenditures to administer the program. That provides \$620,000 this biennium for administrative costs to implement and manage the program. It is estimated that the anticipated workload to implement the program will require 3.0 FTE.

This is based off the following estimates:

- Establishing new rules (522 hours CS3 FY18 only);
- Establishing a competitive application and award process (174 hours (CS3); this includes establishing the protocols for prospective contracts with CDFIs;
- Producing program guidelines and maintaining frequently asked questions (522 hours, CS3);
- Establishing and maintaining the online application process using existing online tools (174 hours CS3);
- Developing, negotiating contracts and other documents (2,088 hours CS3);
- Managing contracts, and providing technical assistance (1,044 hours CS3); and
- Providing ongoing fiscal management, including underwriting projects with loans, providing loan management expertise to assess risk and financial viability of prospective organizations (522 hours CS3);
- Providing ongoing fund management, including portfolio management and predictive modeling, loan repayments, and fund reporting to OFM and legislative staff (522 hours CS3);
- Supervision, policy development, monitoring performance and report development (1,044 hours CS5);
- The department shall convene and coordinate at least one meeting each FY to establish a list of prospective early learning facility projects and to produce a final ranked list. Additional meetings may take place to accomplish this task. A department representative will serve as the liaison between member agencies and serve as the point of contact to DEL (1,044 hours CS5).
- Note: DEL is will request an FTE and associated administrative costs in their FY18 Supplemental Budget request.

To support the estimated work associated with the program's implementation Commerce would require an administrative budget of approximately \$900,000. With the additional \$10.8 million appropriation, Commerce would receive an additional

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Project Title: Early Learning Facilities

Description

\$432,000 (\$1.052 million total) for administrative costs which is more than sufficient to support the work necessary to successfully implement the program and get projects to expand the availability of early learning facilities moving forward.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

This request will provide additional funding that can be used for the planning, purchase, renovation, and new construction of early learning facilities. These projects were originally estimated to be phased in over the next three biennia. Phase one takes place in the current biennium and requires \$26.3 million to initiate 84 projects. Currently, potential funding for the program is set at \$15.5 million and would reduce the number of projects that could be initiated this biennium to approx. 50 projects. The tight legislative timelines associated with these project provide no room for delay in getting grants and loans out the door, and projects underway.

This request also provides the necessary administrative support to effectively implement the new program, convene the board, develop the prioritization methodology, establish rules and guidelines, develop application processes and documents, develop contracts and securitization documents, and provide adequate technical assistance to potential applicants at the local level.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

The additional \$10.8 million request will provide the level of funding necessary for phase 1 of the early learning facility projects to move forward according to the estimated number of projects and the timeline developed by DEL. If no action is taken on this request, additional funding will be needed to fill the shortage from this biennium in the 2019-2021 biennium, which is already estimated to require \$44.2 million to keep projects on track. Otherwise, there will continue to be a shortage of early learning spaces and it would be very unlikely that the ECEAP will be able to serve all eligible children by 2022-2023.

This request also provides the additional funding needed so Commerce has the administrative capacity to successfully perform the work necessary to establish the new program and get projects underway in accordance with the timelines established.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

The primary clientele impacted by this request are low-income children and families, ECEAP providers, Working Connections Childcare (WCCC) providers, licensed early learning centers, schools, educational service districts, local governments, tribes, and religious affiliated entities. These projects would create quality early learning facilities across the entirety of the state. The Early Learning Facilities board is tasked with developing a prioritization methodology that will take into consideration components such as the need in the area, statewide geographical disbursement, rural locations, and projects that benefit low-income children or are located in low-income neighborhoods.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.]
N/A

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Non-state funding will be required from applicants to receive funding under this program. In order to receive an early learning facility grant or loan, applicants must match funding with other non-state sources, such as funding from the federal government, local governments, private funders, and other sources. Guidance around the appropriate levels of match will be determined by Commerce in consultation with the Early Learning Facilities board as the program is implemented and rules are established.

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Project Number: 40000030

Project Title: Early Learning Facilities

Description

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This proposal directly supports Governor Inslee's Results Washington Goal 1: World-Class education, providing every Washingtonian a world-class education that prepares him or her for a healthy and productive life, including success in a job or career, in the community and as a lifelong learner. A shortage of facilities in high need areas will directly threaten achievement of Goal 1 because it will limit access to quality preschool and prevent new and existing providers from offering quality care. Lack of facilities in high need areas also directly threatens DEL's strategic goal that 90% of children are ready for kindergarten by 2022, with race and family income no longer a predictor of readiness. In some areas of the state, eligible kids have no access to ECEAP primarily due to a lack of a facility.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: various

RCW that establishes grant: n/a

Application process used
 None

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	10,800,000				10,800,000
	Total	10,800,000	0	0	0	10,800,000
			Future Fiscal Periods			
			2019-21	2021-23	2023-25	2025-27
057-1	State Bldg Constr-State					
	Total	0	0	0	0	0

Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2018	FY 2019
FTE	Full Time Employee	1.5	1.0
057-1	State Bldg Constr-State	234,000	198,000
	Total	234,000	198,000

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Project Number: 40000030

Project Title: Early Learning Facilities

Operating Impacts

Narrative

Expenditure calculations and assumptions:

FTE Salaries and Benefits: Commerce estimates that the implementation and management of the early learning facilities grant and loan program will require 1.0 FTE Commerce Specialist 5 and 2.0 FTE Commerce Specialist 3 based on the estimate workload stated above for number 1. At the proposed \$15.5 million appropriation, Commerce would only be able to fund 1.0 FTE Commerce Specialist 5 and 0.5 FTE Commerce Specialist 3. The additional \$10.8 million requested appropriation would allow Commerce to staff at full capacity by adding an additional 1.5 FTE Commerce Specialist 3. FY18-19: \$237,187

Good and Services: FY18-19: \$182,431

Travel: Travel costs would be incurred as

Commerce provides technical assistance and outreach to eligible applicants at the local level. Commerce assumes that there will be eight overnight trips each fiscal year for one staff person. These trips are estimated to total 1,000 miles each fiscal year using a state hybrid vehicle. FY18-19: \$5,636

Equipment and Capital Outlays: Commerce assumes that additional equipment and capital outlays will be required to onboard the additional FTE Commerce Specialist 3. This would include a standard workstation and computer setup. FY18-19: \$6,746

Grants and Loans: Grants and Loans will be awarded to eligible organizations whose projects are selected through an application process. The number of individual grants and loans and the dollar amount of individual grants and loans awarded will depend on the applications received by eligible organizations and those selected for awards. It's estimated that 34 awards will be initiated to fund the planning, purchase, renovation, and construction of early learning facilities. FY18-19: \$10,368,000

Total Estimated Expenditures: \$10,800,000

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:11PM

Project Number: 40000029

Project Title: Community Investments for Job Creation and Retention

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 3

Project Summary

CERB provides low-cost infrastructure financing and site-specific planning funds to local governments, special purpose districts, and federally recognized tribes, to attract and retain private businesses, create permanent private jobs, and promote economic development (RCW 43.160).

Project Description

1. Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

CERB is a vital business recruitment and retention program for our state, often serving to prevent businesses from moving out of state or attracting new businesses to Washington. CERB's economic development mandate requires all projects approved by the board to demonstrate significant job creation and/or significant private investment outcomes. Areas of high unemployment receive reduced loan interest rates from CERB in order to incentivize job creation where it is most needed. CERB has been funded at the \$20 million dollar level in previous biennia. More recently, the board's biennial appropriation has been reduced by budget cuts. By funding CERB an additional \$22 million for the biennium, CERB will be able to provide the critical gap funding to make local economic development projects a reality. CERB primarily provides gap funding that leverages other non-state public funds and private investments. With the economic recovery now in full swing CERB resources will be even more needed to support public and private investments. CERB's statute requires that "the board shall approve at least seventy five percent of the first twenty million dollars of funds available and at least fifty percent of any additional funds for financial assistance for projects in rural counties" (RCW 43.160.076). There is an exception that remaining funds available during the last six months of the biennium may be allocated to urban projects. However, business development opportunities do not wait. Having additional funds available when an opportunity arises, these funds will ensure that valuable economic development prospects are not lost for our state.

2. What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

CERB funds will be used to construct public infrastructure and to facilitate private business development and expansion. These projects include industrial water, general-purpose industrial buildings and port facilities, sanitary and storm sewers, industrial wastewater treatment facilities, railroad spurs, telecommunications, electricity, natural gas, roads and bridges, and incubation/research/testing facilities. Site-specific economic feasibility and planning studies will also be eligible for CERB funds on a limited basis. Clients will have increased access to funding, particularly jurisdictions in urban counties.

By statute, CERB must award the first 75% of its available funding in a biennium to rural communities, limiting the number of projects in urban communities that the board can finance. With increased resources available for projects, urban communities have increased opportunity to utilize CERB for economic development projects.

3. How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

CERB's capital appropriation of \$22 million will leverage more than \$308 million in private investment (\$14 private investment per \$1 CERB - 5-year average) and create and retain a minimum of 1,700 permanent jobs (1 job for every \$12,948 CERB - 5-year average). The \$22 million requested will support the creation of permanent, high-wage jobs in our state.

4. Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Almost 10,000 government organizations are eligible for CERB funding. Federally recognized tribes (29), cities (281), counties (39), public port districts (75), special purpose districts, municipal and quasi-municipal corporations (1,580 estimated) are all eligible for CERB funding. CERB responds to immediate business siting and expansion needs. Businesses need to know that public infrastructure will be provided before committing to locate or expand operations. CERB's investments strengthen communities by creating/retaining jobs, leveraging private investment, and increasing tax revenue. The construction jobs

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Description

related to these projects will pay prevailing wage.

At this time, CERB has two project pipelines.

1) Current projects where staff is working directly with a local community regarding to a specific project. This pipeline is approximately \$40 million.

2) A feasibility study generated pipeline - this pipeline is based on the 70 studies that CERB funded between 7/1/2013 – 6/30/2017. The assumption is that two-thirds of the original studies could return to CERB for construction funding at an average of \$1.2 million per project. This anticipated pipeline is valued at approximately \$55.2 million (46 projects at \$1.2M each). These two pipelines are worth an estimated \$95.2 million in potential projects. From these projects, Washington state would leverage more than \$1.3 billion in private investment (\$14 private investment per \$1 CERB - 5-year average) and create and retain a minimum of 7,350 permanent jobs (1 job for every \$12,948 CERB – 5-year average).

5. Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.]

NO

6. Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

NO

7. Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This funding supports the Governor's Results Washington Goal 2: Prosperous Economy and related outcome 2.1.a: Increase the number of jobs in the state by 150,000 by 2015. It does this by providing gap funding to make local economic development projects a reality that will create an additional 1,700 jobs. This proposal is essential to the successful implementation of Commerce's key goals: Reliable and Sustainable Infrastructure and Growing Economies and their associated outcomes: Build and Maintain Local Capacity and Healthy Economic Climate.

Local governments' ability to offer adequate infrastructure (such as transportation systems to move goods, sufficient clean water to ensure adequate fire flow and potable water, plus effective wastewater management) is vital to accommodate allocated growth and the promotion of economic development and business opportunities, while also enhancing the quality of life in the Northwest. This proposal directly supports the ability of local governments to provide these services, which are becoming increasingly expensive and complex to build and maintain to modern standards. This is especially true in non-urban areas, where fewer people spread over larger distances means that single services to multiple communities are not feasible, thus individual community systems are more expensive on a per capita basis.

8. If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

This project is not linked to the Puget Sound Action Agenda.

9. Is there additional information you would like decision makers to know when evaluating this request?

One of the Governor's top priorities is to create and sustain a thriving economic climate that spurs job growth. The job creation/retention investments directly support job growth by assisting local governments in being in the optimal position to take advantage of economic development opportunities as they arise. With \$22 million in requested funding, the job creation/retention investments will create an estimated 1,700 permanent jobs (1 job per \$12,948 CERB investment – 5 year average), and leverage about \$308 million in other public and private investments– demonstrating the state's leadership in spurring economic development and job growth. The investments from the CERB account are strong economic investments and play an important role in the communities it is estimated that there are 9.9 construction related jobs for each \$1 million CERB invested. Historically, CERB money has been matched at a 14:1 ratio when taking into account the additional funds provided by the local governments through other funding partners..

These investments will generate significant amounts of sales and business/occupation taxes to support the state's general fund. Per OFM's forecasting model, jobs created are estimated to be an average of 218 jobs. We believe this model understates the jobs created because CERB's investment is but a small portion of a larger investment. In order for a client to

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Description

access CERB funds, they must demonstrate that CERB's investment will result in permanent job creation at a pay scale meeting or exceeding the county's (in which the project is based) median wage. CERB job figures cited in its biennial reports are *actual* jobs created and reported by the private sector clients who have benefited from the CERB investment. Job figures cited earlier in this document are aggregate actuals as reported by the clients.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans

Grant Recipient Organization: N/A

RCW that establishes grant: 43.160

Application process used

Applicants submit loan funding requests to finance publically owned infrastructure improvements that encourage new private business development and expansion. Applications for all of CERB's funding programs are considered on an ongoing basis. The Board meets every two months to consider projects and make funding decisions. CERB has three funding programs: • Committed Private Partner construction loans (CPP). CPP applications require a private business commitment and the requirement that the project must create a significant number of permanent jobs, and / or generate significant private investment. All created jobs must exceed the county median wage. CERB requires that these applicants demonstrate the need for CERB assistance in that no other timely source of funds at similar rates is available. • Prospective Development Construction Loans (PD). PD loans are only available to rural communities with an economic feasibility study that demonstrates that private business development is likely to occur as a result of the publically owned improvements. The PD program requires that the feasibility study identify that the project will lead to the creation of a significant number of permanent jobs and / or generate significant private investment. This program also requires the applicant demonstrate the need for CERB assistance in that no other timely source of funds at similar rates is available. • Planning Program provides limited funding for studies to evaluate high-priority economic development projects. These projects target job growth and long-term economic prosperity and can include site-specific plans, studies, and analyses that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, site-planning, and project debt and revenue impacts. This program also requires applicants demonstrate the need for CERB assistant in that no other time source of funds at similar rates is available.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	22,055,000				22,055,000
	Total	22,055,000	0	0	0	22,055,000

Future Fiscal Periods

	2019-21	2021-23	2023-25	2025-27
355-1 St. Bld Const Acct-State				
Total	0	0	0	0

OFM

**103 - Department of Commerce
Capital Project Request
2017-19 Biennium

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:11PM

Project Number: 40000029

Project Title: Community Investments for Job Creation and Retention

Operating Impacts

No Operating Impact

Ten Year Capital Plan Resubmissions

Capital Project Request

2017-19 Biennium

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 10/17/2017 4:03PM

Project Number: 30000872

Project Title: 2017-19 Housing Trust Fund Program

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 1

Project Summary

The Department of Commerce (department) requests a new appropriation from the State Taxable Building Construction Account (Fund 355) of \$96,770,000 to reduce the backlog of affordable housing projects seeking competitive capital funding through the Housing Trust Fund (HTF) Program. The HTF Program addresses the ongoing need to develop and preserve affordable housing for low income and special needs populations. The Department is also requesting \$10 million for preservation of the existing affordable housing stock in the HTF portfolio that is in need of critical building repairs. The total request is for \$106,770,000.

Project Description

The department's request is twofold:

Part A: The department requests a new appropriation of \$96.77 million to the HTF Program to competitively fund projects that would add approximately 1,935 new affordable housing units to the state's affordable housing portfolio. Funds will be allocated to projects statewide on a competitive basis (per RCW 43.185 and RCW 43.185A), serving a broad spectrum of low-income to extremely low-income households, including homeless families and individuals, seniors, and individuals with special needs. At least 30 percent of the funds appropriated will be targeted to rural area projects, unless the department does not receive enough suitable rural applications.

Projects will include new construction of units, as well as rehabilitation of privately owned housing stock, per the priorities established in the RCW. These investments are highly effective at leveraging other public and private investments and protecting the health and safety of vulnerable individuals. Over the past five years, the HTF has leveraged an average \$5 for every state dollar invested. Construction activity and resulting projects also generate substantial social and economic benefits for local communities

Part B: The department requests a new appropriation of \$10 million for an affordable housing portfolio preservation program. Funds will be competitively awarded solely for the preservation of the existing affordable housing stock in the HTF portfolio, which are in need of critical capital repairs in order to remain in service.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

Part A: HTF Program (\$96.770 million)

Washington State is currently experiencing an affordable housing crisis. Stagnant wages, steady population increase, declining rental vacancy rates, high rates in the rental market, increasing costs to purchase a home, and rising utility costs continue to make access to affordable housing more and more difficult for low-income households and special needs populations. This puts many people at risk of homelessness. Capital investments in affordable housing will help protect low-income and vulnerable households and house people affected by homelessness. Housing construction projects are also proven to create jobs, attract new businesses, and generate local revenues.

Part B: Affordable Housing Portfolio Preservation Program (\$10 million)

The HTF Program has created affordable housing for Washingtonians for 30 years, and its 43,000-unit portfolio of affordable housing is in jeopardy. At this time there are hundreds of at-risk and aging units in the HTF portfolio that are in need of critical building repairs in order to stay in service. While preserving existing housing is more cost effective than new construction, some projects do not generate sufficient cash flow to cover much needed capital repairs and system replacements that become necessary as buildings age due to the extremely low incomes of the households served. Another factor making repairs difficult for property owners is their financial capacity. Out of a sample of 1,152 HTF projects, 28% reported an operating deficit for the 2014 calendar year and 14% had no cash reserves on hand to address basic maintenance needs, let alone capital repairs (on their physical buildings and units). It cannot be emphasized enough that loss of any HTF portfolio units would result in increased homelessness in Washington and cause the displacement of our state's most vulnerable families and individuals.

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Project Number: 30000872

Project Title: 2017-19 Housing Trust Fund Program

Description

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

Part A: HTF Program

The department estimates that the \$96.770 million would fund capital projects that construct or rehabilitate existing buildings to create approximately 1,935 affordable housing units. A typical HTF Program project starts construction within 6 to 12 months from an award.

Part B: Affordable Housing Portfolio Preservation Program

Recapitalizing aged housing units is more cost effective than building new ones. Repair and renovation costs typically average at \$50,000 per unit, whereas new development costs often exceed \$230,000 per unit (based on the 2015 HTF funding round). This proposal will require no additional staffing. The department's Housing Finance Unit already administers the HTF program and monitors and services the HTF contracts. These contracts typically have a 40-year commitment period during which the contractors are required to provide affordable housing serving the intended target population. 100 percent of the allocated preservation funding can be directed to actual housing preservation efforts (i.e., capital repairs).

A Portfolio Preservation Program will establish a permanent mechanism and funding source for the maintenance and preservation of the current 43,000-unit portfolio. Through an annual competitive application process, the department can provide financial support to the existing HTF projects that require additional public investment in order to remain viable and stay affordable for their intended population. Awards will be for capital building repairs, with priority given to units serving extremely low income households (Area Median Incomes (AMIs) at or below 30%) and other special needs populations (e.g., homeless families and individuals, veterans, people with disabilities or chronic mental illness, seniors, farmworkers, etc.). Disbursement of preservation funds will be contingent on the accomplishment of identified benchmarks and milestones, such as obtaining a third-party capital needs assessment (CNA), procuring independent construction contractors, and limiting reimbursement of costs to completed repairs only.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

Part A: HTF Program

The point in time count (Department of Commerce 2016) forecasts 28,015 people may experience homelessness by 2018. Capital investments in affordable housing development reduce our state's affordable housing gap, reduce homelessness, create living wage jobs, and generate revenues to local communities. The construction and rehabilitation of affordable housing projects benefits the construction industry, and the availability of affordable housing helps to attract businesses to project areas, resulting in yet additional job creation. Access to stable housing has been shown to improve overall job stability, increase educational attainment, and reduce health problems in our communities.

Part B: Affordable Housing Portfolio Preservation Program

A \$10 million will protect/preserve approximately 200 units that require renovations of approximately \$50,000 per unit (on average). The department would focus on the most critical units within its portfolio.

The HTF Program currently does not have funds available to address the emergent capital needs of existing projects in its 43,000-unit portfolio. The affordable housing community has been struggling to balance the investment of limited resources with the creation of additional units, often at the expense of existing units facing functional obsolescence and leaving the HTF portfolio. Affordable housing projects need to be recapitalized periodically to remain viable and do not have the same degree of access to private capital as market-rate housing properties do. A Portfolio Preservation Program will directly benefit residents of aging HTF properties and ensure that new units are adding to the total affordable housing stock, instead of replacing units lost to obsolescence and disrepair.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc.

Part A: HTF Program

The department estimates that this appropriation will result in projects creating approximately 1,935 units of affordable housing statewide for low-income households and people with special needs. Projects will be built to the Evergreen Sustainable Development Standard, which requires resource efficiency be incorporated into design, construction, and operations. Once

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Capital Project Request
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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

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Project Number: 3000872

Project Title: 2017-19 Housing Trust Fund Program

Description

homes are occupied, they will continue to provide benefits to the community through ongoing local economic activity, neighborhood stabilization, and reduced demand for health care and other costly emergency services.

Part B: Affordable Housing Portfolio Preservation Program

Project awards will be for capital repairs (to physical buildings), with priority given to rental units serving extremely low income households (AMIs at or below 30%) and other special needs populations (e.g., homeless families and individuals, veterans, people with disabilities or chronic mental illness, seniors, farmworkers, etc.).

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen?

No

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Part A: HTF Program

Historically, the HTF Program has funded approximately 20-25% of the project costs on average. The rest of the funding comes from local, federal, and private investments.

Part B: Affordable Housing Portfolio Preservation Program

Unknown at this time. The Housing Trust Fund does not have a current preservation program, therefore no basis to estimate leverage for a program designed to preserve its portfolio. .

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

Part A: HTF Program

These projects support the Governor's Results Washington **Goal 4: Healthy and Safe Communities**, by helping the most vulnerable people become independent and self-sufficient. Affordable housing also promotes **Goal 2: Prosperous Economy**, by generating quality jobs and creating vibrant communities. This package will have a large impact (e.g., creating approx. 1,935 new units of affordable housing) on Results Commerce performance measure OM7-2A (Commerce Funded Affordable Housing Units Built), adding an average of more than 400 affordable housing units to current stock each quarter beginning in 2019. With current funding we average only a quarter of those units.

Part B: Affordable Housing Portfolio Preservation Program

These projects support the Governor's Results Washington **Goal 4: Healthy and Safe Communities**, by helping the most vulnerable people stay independent and self-sufficient. Affordable housing also promotes **Goal 2: Prosperous Economy**, by generating quality jobs and creating vibrant communities. This program will have a large impact on Results Commerce performance measure OM7-2B (Department Funded Affordable Housing Units Preserved). The Department estimates an average per unit cost of \$50,000, which would allow preservation of approximately 200 units per biennium.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

N/A

Is there additional information you would like decision makers to know when evaluating this request?

N/A

Location
City: Statewide

County: Statewide

Legislative District: 098

Project Type

OFM

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Version: RS FY18 Supplemental Resubmit

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Project Number: 30000872

Project Title: 2017-19 Housing Trust Fund Program

Description

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: RCW 43.185 and 43.185A

Application process used

Part A: HTF Program RCW that establishes grant (if applicable): RCW 43.185 and 43.185A Application process used (grants; if applicable): The department plans to distribute funds using a competitive funding process based on HTF's legislative priorities (see RCW 43.185 and RCW 43.185A). The governing legislation requires that 30 percent of the resources go to rural communities (unless Commerce does not receive enough suitable rural applications) and that priority be given to preserve existing privately owned housing stock. It also requires that preference is given to projects that leverage other funds, demonstrate ability by the applying organization to remain stable, and serve the greatest need and lowest income populations. Funding decisions are carefully coordinated with other funding sources such as the Washington Housing Finance Commission (HFC) and local (city and county) and federal government agencies. Final award decisions are reviewed and approved by the Commerce Director. Part B: Affordable Housing Portfolio Preservation Program As a long term plan, in order to implement this Preservation Program and ensure its sustainability in the future, the Department is currently considering a policy proposal to amend the HTF's legislation to allow some of the HTF loan repayments to be used to fund the Preservation Program in the future (Washington Housing Trust Account, Fund 532).

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	208,000,000				44,000,000
355-1	St. Bld Const Acct-State	274,000,000				58,000,000
532-1	Wa Housing Trst Ac-State	24,770,000				4,770,000
	Total	506,770,000	0	0	0	106,770,000

Acct Code	Account Title	2019-21	Future Fiscal Periods		
			2021-23	2023-25	2025-27
057-1	State Bldg Constr-State	41,000,000	41,000,000	41,000,000	41,000,000
355-1	St. Bld Const Acct-State	54,000,000	54,000,000	54,000,000	54,000,000
532-1	Wa Housing Trst Ac-State	5,000,000	5,000,000	5,000,000	5,000,000
	Total	100,000,000	100,000,000	100,000,000	100,000,000

Operating Impacts

No Operating Impact

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 10/17/2017 12:27PM

Project Number: 40000006

Project Title: Early Learning Facility Grants

Description

Starting Fiscal Year: 2018

Project Class: Grant - Pass Through

Agency Priority: 2

Project Summary

The department requests \$15,500,000, as stated in Senate Bill 5981, in general obligation bonds to address 25 percent of the statewide supply shortage of early learning facilities. To achieve the statutory requirement in RCW 43.215.456 to make the Early Childhood Education and Assistance Program (ECEAP) available to all eligible children in Washington State by the 2020 21 school year, the State of Washington must address a statewide supply shortage of early learning facilities, especially in underserved geographic areas. The Caseload Forecast Council estimates 19,068 slots will be needed by the 2020 21 school year to serve all eligible students who are likely to enroll. This is an additional 7,377 enrollment slots by 2020, which will require approximately 400 new classrooms. There are also shortages of high quality non ECEAP facilities throughout Washington State, limiting DEL's ability to effectively implement the Early Start Act and Early Achievers, Washington's quality rating and improvement system. In a partnership between DEL, the Department of Commerce (Commerce), the Office of Superintendent of Public Instruction (OSPI), the Washington State Housing Finance Commission (WSHFC), local government, private funding institutions like community development financial institutions (CDFIs), and private donors, the \$15,500,000 investment would be used with a small amount of existing resources in the Child Care Facility Fund (CCFF) program, tax exempt bonds purchased by lenders from the WSHFC, local match, private investment, and in kind donations, to help address this supply shortage by making strategic investments in new preschool and other early learning facilities across the state.

Project Description

The department requests \$15,500,000 in general obligation bonds to address 25 percent of the statewide supply shortage of early learning facilities. To achieve the statutory requirement in RCW 43.215.456 to make the Early Childhood Education and Assistance Program (ECEAP) available to all eligible children in Washington State by the 2020-21 school year, the State of Washington must address a statewide supply shortage of early learning facilities, especially in underserved geographic areas. The Caseload Forecast Council estimates 19,068 slots will be needed by the 2020-21 school year to serve all eligible students who are likely to enroll. This is an additional 7,377 enrollment slots by 2020, which will require approximately 400 new classrooms. There are also shortages of high quality non-ECEAP facilities throughout Washington State, limiting DEL's ability to effectively implement the Early Start Act and Early Achievers, Washington's quality rating and improvement system. In a partnership between DEL, the Department of Commerce (Commerce), the Office of Superintendent of Public Instruction (OSPI), the Washington State Housing Finance Commission (WSHFC), local government, private funding institutions like community development financial institutions (CDFIs), and private donors, the \$15,500,000 investment would be used with a small amount of existing resources in the Child Care Facility Fund (CCFF) program, tax-exempt bonds purchased by lenders from the WSHFC, local match, private investment, and in-kind donations, to help address this supply shortage by making strategic investments in new preschool and other early learning facilities across the state.

Project Type

Grants

Grant Recipient Organization: various

RCW that establishes grant: N/A

Application process used

None

Growth Management impacts

None

Capital Project Request

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 10/17/2017 12:27PM

Project Number: 40000006

Project Title: Early Learning Facility Grants

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	67,500,000				15,500,000
	Total	67,500,000	0	0	0	15,500,000
			Future Fiscal Periods			
		2019-21	2021-23	2023-25	2025-27	
057-1	State Bldg Constr-State	13,000,000	13,000,000	13,000,000	13,000,000	
	Total	13,000,000	13,000,000	13,000,000	13,000,000	

Operating Impacts

No Operating Impact

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 10/17/2017 4:06PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 0

Project Summary

The Public Works Board is directed by RCW 43.155 to administer the programs funded by the Public Works Assistance Account (PWAA) and to provide technical assistance to local governments. The Board provides financial assistance in the form of loans to local governments to upgrade bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems, and solid waste/recycling systems. Because this is a loan program, it is sustainable; lower interest loans make the financing of these projects achievable by even the smallest communities.

Project Description

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

Local Governments are struggling to provide basic infrastructure services to the citizens of Washington State. The cost of maintaining aging systems is sustained as long as possible until either the system fails or regulatory mandates require replacement or improvement. The ability for local jurisdictions to absorb the cost of addressing these critical needs is limited by rate affordability issues, taxation limitations, and multiple competing demands for funding resources. Population growth, regulations, and reduced resources have put a burden on local governments to meet the demands of providing basic services. In addition to these basic prioritization challenges, public resources available to fund these projects are declining. Federal grant / loan programs have been reduced. For example, the federal drinking water program will have \$40 million available in the fall 2016, a reduction of 40 percent from previous funding. Public Works Board construction loan program resources are needed to bridge the gap between what can be funded using federal government programs and what needs repair or replacement, but for which there is no funding other than the private market. The Association of Washington Cities published a video describing the condition of Washington's infrastructure: <https://www.youtube.com/watch?v=D9E2tCyb7Ug>. This video visually captures the problem that funding Public Works Board Construction, Pre-Construction, and Emergency activities will solve. Pre-Construction Loan resources enable local governments to do the preliminary activities necessary to prepare for a complex construction project. A pre-construction loan investment will enable local jurisdictions to meet readiness to proceed with requirements so that they compete better for limited federal construction resources. Most state and federal financing programs strongly reward readiness in the selection process.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

This request is for a prioritized list of projects, and not one project. A summary of the projects recommended for funding is: The project list will be provided and the Decision Package amended when a project list is approved for recommendation by the Public Works Board.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action? The Board is statutorily required to provide the legislature with a list of vetted projects recommended for funding through the PWAA. There is limited funding available for communities with infrastructure needs. The two primary funding programs are the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF). Using an accelerated funding cycle, these programs have been unable to fund all of the projects seeking financing. The Board's competitive construction loan program provides vetted projects with the financial capability, system management, and public need for funding consideration by the Legislature. This self-sustaining program reduces the number of specific requests made of the Legislature to provide grants for financing projects at the local level, and it augments other state and federal financing programs. The process is highly competitive and allows the state to invest in only the highest priority projects. This supports the execution of state policies, such as the reduction of greenhouse gases, protection of Puget Sound, and implementation of the Growth Management Act. The program has been kept current through legislative action with updates to the authorizing statute during each of the last three biennia. Programs administered by the Board are highly regarded by its

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Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

Description

users as evidenced by the letters of support and disappointment over lack of funding that are received on a regular basis: "The Public Works Assistance Account has been a remarkable success, innovative and effective at getting work funded. . . which helped us keep utility rates low and affordable for an increasingly diverse population. . . our staff has appreciated the relative simplicity of your process." – Alderwood Water and Wastewater District "The Public Works Assistance Account provides a straight-forward and easy process for local jurisdictions to obtain low-interest loans to finance public infrastructure construction. . . This program is especially helpful to smaller jurisdictions with the capacity to enter into the commercial bond market." – Jerry Cummins, Walla Walla City Council Member "Programs like the Public Works Trust Fund are nationally recognized for their efficient use of taxpayer dollars. . . ." – Association of Washington Cities "The membership also voted unanimously to support restoring the Public Works Trust Fund. Continued diversion of the revenue streams and loan repayments from this Fund break a promise that labor, business, utilities, waste haulers, realtors, and transportation advocates cannot support. This program is a model for a national infrastructure bank. It remains a critical source for local agencies to borrow funds for large capital projects that otherwise would remain unattainable." – Washington State Good Roads & Transportation Association.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Almost 2,000 government organizations are eligible for Board funding. Cities (281), counties (39), special purpose districts, municipal and quasi-municipal corporations (1,580 estimated) are eligible for Board funding. Many communities eligible for these funds are responding to regulatory requirements to upgrade their facilities. Without financial assistance, the communities do not have the resources to meet the requirements. At best, failure to meet a system's regulatory requirements will result in economic stagnation, at worst, public health is jeopardized. The project list is made up of local governments that are trying to address critical needs. Each project impacts a unique group of citizens.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. No Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Unknown at this time.

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

These projects support the Governor's Results Washington Goal 2: Prosperous Economy – Sustainable, Efficient Infrastructure by investing in the basic infrastructure systems and thereby maintaining the existing systems in satisfactory condition through 2020 ensuring that citizens have safe drinking water, and appropriate and safe waste water, and safe roads. Authorizing funding for the construction and pre-construction loan programs will directly reduce the emissions of greenhouse gases by local governments, reduce the amount of potable water used for non-potable purposes, improve the quality of water discharged into Washington waterways, increase transportation mobility, and create jobs.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions. The project list will be provided and Decision Package amended when project list approved for recommendation by the Public Works Board Once we have a list, we will provide PSP with the information they need to comply with the language in the 15-17 budget.

Is there additional information you would like decision makers to know when evaluating this request?

The steady decrease of funding options for local governments has occurred simultaneously with the need to rehabilitate or replace systems that have been in place for 30 or more years. These systems need to be brought to current standards to align with the Governor's carbon reduction strategy; replaced in order to improve the quality of our seas; and be in a position to

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Project Number: 3000878

Project Title: Public Works Assistance Account Construction Loans

Description

provide strategic traffic linkages for the transport of goods. A prime example of the positive impacts stemming from replacing an aged sewer system are the utilization of methane recapture technology which both reduces greenhouse gas emissions and also saves energy as the methane is used to provide power. In addition to this technology, modern sewage processing creates compost that can be used on farms and residents to reduce the need for petroleum based fertilizers. This process can make the water clean enough that it can be used for irrigation, flushing, washing clothes, and other non-potable uses, therefore decreasing the demand on our limited water supply. These examples provide the building blocks necessary for a sustainable community. The clean water created by modern sewer technology can be used as the water necessary to provide sufficient fire flow. The use of methane to power the sewer plants makes them self-sustaining and keeps costs within reach of the rate payers, residential and commercial alike. The use of treated water for non-potable uses frees up the potable water for food processing and other commercial water-intensive activities. The Board is dedicated to the long term sustainability of Washington's communities. The construction loan program provides a strategic tool that supports these goals: In 2012, the Board funded improvements to the City of Yakima's wastewater treatment plant enabling the city to convert two waste streams, methane and grease, into electricity to power the publically owned treatment works. In 2013, the Board further supported this "green and sustainable system" by funding the industrial sewer mains necessary to connect local food processing companies to the city's treatment works. Note: The Clean Water State Revolving Fund loan/grant program cannot fund these types of projects – projects that are solely intended to control transport, treat, dispose or otherwise manage commercial, institutional or industrial wastewater – Department of Ecology's Funding Guidelines State Fiscal Year 2017 Water Quality Financial Assistance Page 33, Table 11. Publication no. 15-10-033 In 2008, the Board funded a portion of the Brightwater Treatment Plant ("The most beautiful Sewage Treatment Plant in the World" – Green Building & Design, 2014) that conveys reclaimed water from the plant to the Sammamish Valley to, in part, irrigate the Willows Run Golf Course with reclaimed water rather than water siphoned from the Sammamish River; in September 2015, the City of Kirkland contracted with Brightwater to provide reclaimed water for street sweeping, tree irrigation, and cement mixing, thus saving clean drinking water for consumer usage. Brightwater Treatment Plant: <http://www.kingcounty.gov/environment/wtd/About/System/Brightwater.aspx> RCW that establishes grant (if applicable): RCW 43.155 Application process used: There is a series of actions that start the process of the development of a project list. · Identification of available resources based on the Public Works Assistance Account predictive model. · The model is based on 30+ years of loans and how they draw and repay. The model also tracks other obligations on the fund, (re-appropriations, operating, state matches for federal resources, and other activities identified by the Legislature). · Identification of loan terms for the cycle (interest rates, loan limits, etc.) · Approval of the above actions. The recommended list of projects is developed as an annual open competitive process. Elements to the funding cycle: · Application is developed with consultation from other infrastructure funders, both state and federally sourced (DOE, DOH, etc.), and stakeholder groups. · Significant outreach to inform applicants on the availability of resources. · Webinars and workshops are done to educate clients on the requirements and limitations. · Applications were due on August 18, 2016. · Financial underwriting on all applicants and projects was done. · Team of five (including non-Board staff) rated and ranked each project, meeting to arrive at a consensus scoring. · Numerically prioritized list with all information is presented to the Public Works Board for consideration. · Recommended numerically prioritized list is included in the Decision Package process. · Legislation is drafted to present to the Board's list of funding recommendations to the Legislature for consideration and funding. · Debriefing clients not recommended for funding consideration. Expenditure calculations and assumptions: Average Loan requests have historically been \$3.9 million – that would equal approximately 20-30 projects that could be funded. Construction loans have a 5-year period to complete the projects and 20 years to pay back principle and interest. Based on historical rates of draw, the average draw schedule is: Year 1 - 15% of loan amount drawn Year 2 - 30% of loan amount drawn Year 3 - 35% of loan amount drawn Year 4 - 15% of loan amount drawn Year 5 - 5% of loan amount drawn (final draw).

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

OFM

**103 - Department of Commerce
Capital Project Request
2017-19 Biennium**

Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 10/17/2017 4:06PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

Description

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
355-1	St. Bld Const Acct-State	97,103,000				97,103,000
	Total	97,103,000	0	0	0	97,103,000
		Future Fiscal Periods				
		2019-21	2021-23	2023-25	2025-27	
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

**103 - Department of Commerce
Capital Project Request**2017-19 Biennium
*

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000884

SubProject Title: Aberdeen - 1st Avenue Landslide Repairs

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board is directed by RCW 43.155 to administer the programs funded by the Public Works Assistance Account (PWAA) and to provide technical assistance to local governments. The Board provides financial assistance in the form of loans to local governments to upgrade bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems, and solid waste/recycling systems. Because this is a loan program, it is sustainable; lower interest loans make the financing of these projects achievable by even the smallest communities

Project Description

City of Aberdeen 1st Avenue Landslide Repair Project. This project repairs the retaining wall, water main as well as sidewalks resulting from 2015 flooding.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Birch Bay Water and Sewer District Automated Meter Reading System Project. This project purchases equipment necessary for modernized monitoring of water consumption resulting in water conservation.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Bremerton Ostrich Creek Culvert Improvement Project. This project replaces culvert for improved fish passage and stormwater management.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

**103 - Department of Commerce
Capital Project Request**

2017-19 Biennium

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects**SubProject Number: 30000888****SubProject Title: Bremerton - Pine Basin Shatershed Storm Sewer Improvements****Project Summary**

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Bremerton Pine Basin Watershed Storm Sewer Improvement Project. This project is for replacement of outfall for improvement with stormwater management.

Starting Fiscal Year: 2018**Project Class: Grant****Agency Priority: 5****Project Summary**

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Clark County NE 10th Avenue (NE 149th to NE 164th St)project. This project constructs roadway for transportation efficiencies, including GHG reduction as well as reduction in vehicle miles traveled.

Starting Fiscal Year: 2018**Project Class: Grant****Agency Priority: 5****Project Summary**

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Kenmore 61st/190th Culvert Replacement & Embankment Repair project. This project replaces culvert for improved fish passage and stormwater management.

Starting Fiscal Year: 2018**Project Class: Grant****Agency Priority: 5****Project Summary**

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

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Capital Project Request**2017-19 Biennium
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000891

SubProject Title: Kennewick - Automated Meter Reading Project

City of Kennewick Automated Meter Reading Project. This project purchases equipment necessary for modernized monitoring of water consumption resulting in water conservation.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Kennewick US 395 Ridgeline Interchange Project. This project improves highway in regards to transportation efficiencies as well as support for mobility and safety.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

King County Georgetown Wet Weather Treatment Station Project. This project is for site acquisition for Georgetown wet weather treatment station.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

King County Cedar Hills Regional Landfill North Flare Station Repairs Project. This project is for landfill station improvements for environmental protection.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

**103 - Department of Commerce
Capital Project Request**2017-19 Biennium
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000895

SubProject Title: King County - Cedar Hills Regional Landfill Pump Station Repairs

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

King County Cedar Hills Regional Landfill Pump Station Repairs Project. This project is for improvements to the landfill pump station for environmental protection.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Lake Forest Park Water District McKinnon Creek Wellfield Critical Infrastructure Security Improvements Project. This project is for security fencing for the district's source water in accordance to Department of Homeland Security Standards.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Lexington Flood Control Zone District South Fork McCorkle Creek Stormwater Detention Facility Project. This project is to drain basin installation to improve storm water management in existing flood plain.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

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Capital Project Request
2017-19 Biennium

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000898

SubProject Title: Lincoln County - Tipping Floor Restoration & Safety Upgrades

Lincoln County Tipping Floor Restoration and Safety Upgrades Project. This project is for landfill station improvements for environmental protection.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Quincy Wastewater Reuse Project. This project is for industrial reuse focusing on water conservation.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Seattle Fairview Ave N Bridge Replacement Project. This project replaces the bridge for transportation efficiencies, including Green House Gas (GHG) reduction as well as reduction in vehicle miles traveled.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Snohomish County 180th Street SE 527 Brook Boulevard Project. This project will widen roadway for transportation and pedestrian safety.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

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Capital Project Request**2017-19 Biennium
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000902

SubProject Title: Snohomish County - 35th Ave SE Phase II SR 524 to 180th SE

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Snohomish County 35th Avenue SE Phase II SR 524 to 180th SE Project. This project widens roadway for transportation and pedestrian safety.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Spokane Sunset Reservoir Restoration Project. The project is for rehabilitation of reservoir for improved water safety.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Thurston County PUD No. 1 Water System Safety and Energy Efficiency Improvements Project. This project is for water system safety and energy efficiency improvements.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Vancouver City Street Light Conversion to Light Emitting Diode Project. This project is for purchasing street light emitting

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Capital Project Request
2017-19 Biennium
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000905

SubProject Title: Vancouver - City Street Light Conversion to Light Emitting Diode diode (LED) fixtures for transportation and pedestrian safety.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Walla Walla Sudbury Landfill Area 7 Cell 3 Construction Project. This project is for landfill construction in response to a court order; environmental protection.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Walla Walla Isaacs Avenue Improvement Phase 2 Projects. This project is for road reconstruction for transportation and pedestrian safety.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

City of Wenatchee Miller Street Re-alignment and Storm Repairs Project. This project is for transportation re-alignment and improved storm water management in the area affected by 20165 Sleepy Hollow Fire.

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

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Capital Project Request

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000909

SubProject Title: Whatcom County - Slater Road/Jordan Creek Fish Passage Project

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

Whatcom County Slater Road/Jordan Creek Fish Passage Project. This project is for culvert replacement for improved fish passage, working in partnership with Lummi Nation. This is Key transportation corridor:1-5 and refineries/Sandy Point Community/Lummi Nation Reservation.

Starting Fiscal Year: 2019
Project Class: Grant
Agency Priority: 5

Project Summary

The Public Works Board requests authority to use \$125.3 million projected revenues in the Public Works Assistance Account (PWAA) to fund Construction, Pre-Construction, and Emergency activities for critical infrastructure projects. \$285 million of revenue is anticipated in the PWAA for the 2017-2019 biennium. Funds will be awarded to projects using a competitive process based on the 19 funding considerations as outlined in RCW 43.155.070

Project Description

The project list for this amount will be presented during the supplemental legislative session

Location

City: Aberdeen	County: Grays Harbor	Legislative District: 019
City: Bellingham	County: Whatcom	Legislative District: 042
City: Bellingham	County: Whatcom	Legislative District: 042
City: Bremerton	County: Kitsap	Legislative District: 023
City: Bremerton	County: Kitsap	Legislative District: 035
City: Davenport	County: Lincoln	Legislative District: 013
City: Everett	County: Snohomish	Legislative District: 044
City: Everett	County: Snohomish	Legislative District: 044
City: Kelso	County: Cowlitz	Legislative District: 019
City: Kenmore	County: King	Legislative District: 046
City: Kennewick	County: Benton	Legislative District: 008
City: Kennewick	County: Benton	Legislative District: 008
City: Olympia	County: Thurston	Legislative District: 022
City: Quincy	County: Grant	Legislative District: 013
City: Seattle	County: King	Legislative District: 005
City: Seattle	County: King	Legislative District: 005
City: Seattle	County: King	Legislative District: 011
City: Seattle	County: King	Legislative District: 032
City: Seattle	County: King	Legislative District: 043
City: Spokane	County: Spokane	Legislative District: 006
City: Statewide	County: Statewide	Legislative District: 098

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Capital Project Request
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

Location

SubProject Number: 30000905

SubProject Title: Vancouver - City Street Light Conversion to Light Emitting Diode

City: Vancouver

County: Clark

Legislative District: 018

City: Vancouver

County: Clark

Legislative District: 018

City: Walla Walla

County: Walla Walla

Legislative District: 016

City: Walla Walla

County: Walla Walla

Legislative District: 016

City: Wenatchee

County: Chelan

Legislative District: 012

Project Type

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

Grants

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Grants

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Grants

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Grants

Intermediate

Intermediate

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000884

SubProject Title: Aberdeen - 1st Avenue Landslide Repairs

Grant Recipient Organization: Local Government

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

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Capital Project Request**

2017-19 Biennium

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000890

SubProject Title: Kenmore - 61st/190th Culvert Replacement and Embankment Repair

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

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Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000895

SubProject Title: King County - Cedar Hills Regional Landfill Pump Station Repairs

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

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Capital Project Request
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002
Date Run: 10/5/2017 2:14PM

Project Number: 30000878
Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000901
SubProject Title: Snohomish County - 180th St SE SR 527 Brook Blvd
The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts
Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments
RCW that establishes grant: RCW 43.155
Application process used
The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts
Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments
RCW that establishes grant: RCW 43.155
Application process used
The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts
Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments
RCW that establishes grant: RCW 43.155
Application process used
The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts
Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments
RCW that establishes grant: RCW 43.155
Application process used
The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts
Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments
RCW that establishes grant: RCW 43.155
Application process used
The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts
Local jurisdictions must have an approved Growth Management Plan.

**103 - Department of Commerce
Capital Project Request
2017-19 Biennium**

*

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000906

SubProject Title: Walla Walla - Sudbury Landfill Area 7 Cell 3 Construction

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Grant Recipient Organization: Local Governments

RCW that establishes grant: RCW 43.155

Application process used

The recommended list of projects is developed as an annual open competitive process.

Growth Management impacts

Local jurisdictions must have an approved Growth Management Plan.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
058	Public Works Assist-Unknown					
	Total	0	0	0	0	0

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000902

SubProject Title: Snohomish County - 35th Ave SE Phase II SR 524 to 180th SE

<u>Funding</u>		<u>Expenditures</u>			<u>2017-19 Fiscal Period</u>	
<u>Acct Code</u>	<u>Account Title</u>	<u>Estimated Total</u>	<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reappropriations</u>	<u>New Approps</u>
058-1	Public Works Assist-State	3,008,000				3,008,000
058-1	Public Works Assist-State	1,412,000				1,412,000
058-1	Public Works Assist-State	1,028,000				1,028,000
058-1	Public Works Assist-State	4,816,000				4,816,000
058-1	Public Works Assist-State	2,978,000				2,978,000
058-1	Public Works Assist-State	3,962,000				3,962,000
058-1	Public Works Assist-State	4,826,000				4,826,000
058-1	Public Works Assist-State	5,000,000				5,000,000
058-1	Public Works Assist-State	233,000				233,000
058-1	Public Works Assist-State	374,000				374,000
058-1	Public Works Assist-State	1,500,000				1,500,000
058-1	Public Works Assist-State	4,688,000				4,688,000
058-1	Public Works Assist-State	3,881,000				3,881,000
058-1	Public Works Assist-State	10,000,000				10,000,000
058-1	Public Works Assist-State	1,500,000				1,500,000
058-1	Public Works Assist-State	6,000,000				6,000,000
058-1	Public Works Assist-State	6,000,000				6,000,000
058-1	Public Works Assist-State	3,500,000				3,500,000
058-1	Public Works Assist-State	1,583,000				1,583,000
058-1	Public Works Assist-State	3,000,000				3,000,000
058-1	Public Works Assist-State	200,000				200,000
058-1	Public Works Assist-State	4,700,000				4,700,000
058-1	Public Works Assist-State	156,000				156,000
058-1	Public Works Assist-State	10,000,000				10,000,000
058-1	Public Works Assist-State	10,000,000				10,000,000
058-1	Public Works Assist-State	3,000,000				3,000,000
	Total	97,345,000	0	0	0	97,345,000

		<u>Future Fiscal Periods</u>			
		<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>
058	Public Works Assist-Unknown				
	Total	0	0	0	0

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Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000902

SubProject Title: Snohomish County - 35th Ave SE Phase II SR 524 to 180th SE

	Future Fiscal Periods			
	2019-21	2021-23	2023-25	2025-27
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
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058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
058-1 Public Works Assist-State				
Total	0	0	0	0

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Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000884

SubProject Title: Aberdeen - 1st Avenue Landslide Repairs

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

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No Operating Impact

No Operating Impact

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Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000884

SubProject Title: Aberdeen - 1st Avenue Landslide Repairs

Narrative

N/A

Narrative

N/A

Narrative

N/A

Narrative

N/A

Narrative

N/A

Narrative

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N/A

Narrative

NONE

Narrative

N/A

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N/A

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Narrative

N/A

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:14PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

SubProjects

SubProject Number: 30000908

SubProject Title: Wenatchee - Miller Street Re-Alignment and Storm Repairs

Narrative

N/A

Narrative

N/A

Narrative

N/A

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:29AM

Project Number: 40000009

Project Title: PWAA Preconstruction and Emergency Loan Programs

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 0

Project Summary

The department requests \$19,000,000 to fund Public Works Board emergency loan and preconstruction loan programs. \$5,000,000 would be for the emergency loan program and \$14,000,000 would be provided for the preconstruction loan program.

Project Description

The department requests \$19,000,000 to fund Public Works Board emergency loan and preconstruction loan programs. \$5,000,000 would be for the emergency loan program and \$14,000,000 would be provided for the preconstruction loan program.

Pre-Construction loans have a 24-month period to complete the projects and five years to pay back principle and interest. They have the option of extending to 20 years if the project goes to construction. Based on historical rates of draw, the average draw schedule is:

Year 1- 60% of loan amount drawn
 Year 2- 40% of loan amount drawn (final draw)

Emergency loans have a 12-month period to complete the projects and 20 years to pay back principle and interest. Based on historical rates of draw, the average draw schedule is:

Year 1- 60% of loan amount drawn
 Year 2- 40% of loan amount drawn (final draw)

NOTE: Per RCW 43.155.050, no more than 15% of the biennial capital budget appropriation to the Board from the Public Works Assistance Account may be obligated for non-construction loans.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

None

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	19,000,000				19,000,000

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002
Date Run: 12/13/2017 11:29AM

Project Number: 40000009
Project Title: PWAA Preconstruction and Emergency Loan Programs

Funding					
Total	19,000,000	0	0	0	19,000,000
	Future Fiscal Periods				
	2019-21	2021-23	2023-25	2025-27	
355-1 St. Bld Const Acct-State					
Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:22AM

Project Number: 30000879

Project Title: Weatherization Plus Health Matchmaker Program

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 0

Project Summary

Many of Washington State's most vulnerable people—including seniors, families with young children, people with disabilities, and veterans—live in deteriorating, energy inefficient, and unhealthy housing. The Weatherization Plus Health Matchmaker Program represents a sound investment in clean energy and affordable housing by matching funds and resources from utilities, rental property owners, and other sources dollar for dollar to create healthy, efficient homes that reduce home utility bills and lower the risk of absences from schools and jobs or trips to the emergency room because of unhealthy living conditions.

Project Description

The department is requesting \$28 million to continue the Matchmaker Program's statewide investment in clean energy and affordable housing. At this time, the department estimates investment will leverage approximately \$20 million in private utility funding for a total investment of \$48 million. Full funding will encourage a full dollar-for-dollar match. With \$48 million invested, the Matchmaker Program will improve the energy efficiency, health, and safety of approximately 5,700 low-income households living in energy inefficient and unhealthy housing (\$48M*0.87(removing Admin.)/\$7,326 per unit). Many live in energy inefficient and unhealthy housing, facing high energy and medical bills as well as absences from work and school. Matchmaker Program funding allows for Washington's weatherizing agencies to provide comprehensive, whole house weatherization services to eligible clients. Participants directly benefit by saving an average of \$270 in energy bills annually as well as benefit from the additional comfort, durability, and health outcomes that weatherization provides. The department currently operates with 2.6 FTEs. If this request is funded in full, we would look at adding an additional position for a total count of 3.6 FTEs. At full funding, Washington State's Weatherization Plus Health initiative would expand its grantees, measures, and partnerships. This position would take a lead role in building Plus Health by creating policy, managing contracts, maintaining and creating new partnerships to leverage resources.

Identify the problem or opportunity addressed. How would the request address the problem or opportunity? Why is the request a priority? What would be the result of not taking action? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request) Be prepared to provide detailed cost backup.

The enactment of the Healthy Housing Bill (HB 1720) in 2015 expanded eligible activities for the Matchmaker Program to include lead hazard control, remediation of asthma triggers, reduction in exposure to radon and other toxic chemicals, and prevention of injuries caused by dilapidated housing. This additional funding will allow the state to fully implement HB 1720 and better leverage the U.S. Dept. of Energy Weatherization Plus Health Initiative by integrating healthy housing activities with weatherization. Each biennium the Matchmaker Program leverages \$18-20 million in utility and other matching fund sources for low-income weatherization. The capital funds previously available do not fully leverage potential funding from private utilities, leaving these valuable resources untapped. Additional state funding will allow the department to fully leverage local public resources and private investments from utilities and other private sources, and create new incentives for these entities to increase their funding. Without the state's investment, the number of housing units preserved and weatherized will be reduced substantially across the state. The lack of state investment in weatherization will reduce utility investments in energy efficient retrofits, which has proven to be an effective means for Washington to invest in rapid growth of the state's clean technology economy.

The flexibility of the Matchmaker Program adds value by maximizing a local agency's ability to customize their services for each home in order to save energy, increase health and safety and preserve affordable housing. Matchmaker Program funding is a vital four way partnership among state, federal, local agencies, and private utilities. Weatherization has proven to be a cost effective means to reduce utility bills and energy consumption, helping move low income and vulnerable families to self-sufficiency. Additional capital funding for the Matchmaker Program will sustain jobs, as well as enable the state to fulfill more of the need to upgrade and preserve low-income housing. The introduction of the Matchmaker Program's Weatherization Plus Health pilot has created the opportunity to address unhealthy home conditions, expand our target base, build new partnerships, and leverage new resources. It is vitally important to keep this momentum going.

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Project Number: 3000879

Project Title: Weatherization Plus Health Matchmaker Program

Description

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request. Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

The Matchmakers Program is an on-going energy efficiency program that provides energy efficiency improvements to low-income homes. Full funding will allow for approximately 5,700 additional low-income households in all 39 counties across Washington to receive weatherization program benefits and allow Washington to maximize utility partnerships, which provides a dollar for dollar match. The Northwest Power and Conservation Council's 7th Power Plan, which informs resource decisions by northwest electric utilities, has recognized energy efficiency as a least cost resource. Without funding, Washington's weatherization program would have to reduce units weatherized, would not be able to fully leverage utility resources, and would lose highly trained staff in Washington's weatherization network. Weatherization agencies use the Washington Information Data System (WIDS) to report detailed information about all single and multi-family projects weatherized statewide. WIDS also includes an inspection module that is used to improve the efficiency and effectiveness of Commerce monitoring and inspection activities. These efforts contribute to high quality work, maintaining and improving program performance, and cost-effectiveness.

The Washington State University Energy Program (WSU) completed a preliminary analysis of the benefits and costs for the Washington State Low-Income Weatherization Program for units weatherized from July 2014 through June 2015 (FY2015) using WIDS data. Highlights include:

- The average household saved \$270 per year in energy costs.
- Other utility, household, and societal benefits were \$204 per year per household.
- The average direct unit cost was \$7,326.
- Direct unit costs are the labor and materials costs associated with installing weatherization measures for a project. They do not include Program administration costs or other Program operation costs not directly associated with installation.

Installing energy efficiency improvements in 5,700 homes in Washington State would result in an estimated energy savings of 75,584 Million British Thermal Units (MBTUs) and are estimated to save households \$1,539,066 per year in energy costs (\$270/unit/year). Energy savings will accrue each year during the lifetimes of the energy measures, more than 30 years for insulation measures. The program's cost effectiveness is based on the benefits and costs per household over the lifetime of the direct installation of weatherization measures. On average, the benefit-cost ratio for the Weatherization Program was 1.3 for FY2015. Program benefits were 30 percent greater than costs. The combination of the leveraged dollars that the Matchmaker Program attracts and a 130% benefit compared to cost makes the Matchmaker Program a sound investment for Washington.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.

The Matchmaker Program does not anticipate any additional IT-related cost beyond maintaining our current systems.

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

As a result of Washington's investment of \$28 million, the Matchmaker Program has the ability to attract an identified \$20 million in private utility funding that would not be available to low-income weatherization without this statewide investment. With the launch of Weatherization Plus Health and capital funding in excess of \$20 million, we expect to grow the available leveraged funding beyond \$20 million. Matchmaker's Weatherization Plus Health has already created opportunities for Commerce to partner with WA DSHS, WSU Extension, WA DOH, and other partners in applying for HUD and CDC grants. The Matchmaker Program also has federal partnerships with the Department of Energy, Bonneville Power Administration, and Health & Human Services. These federal partners contribute over \$16 million annually to Washington's weatherization efforts.

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Project Number: 30000879

Project Title: Weatherization Plus Health Matchmaker Program

Description

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The Matchmaker Program supports the Governor's Results Washington Goal 3 by prioritizing Sustainable and Clean Energy through energy efficient buildings. In addition, it supports Healthy and Safe Communities by improving Stability and Self-Sufficiency by reducing low-income household utility bills and preserving affordable housing. Reducing the utility-related cost burden for low/moderate income households improves quality of life and supports the creation of Vibrant Communities. It also supports Commerce's key goal of Vibrant Communities and contributes toward achieving three outcomes: Build and Maintain Local Capacity, Equitable Resources for Disadvantaged Areas and Populations, and a Decreased Carbon Footprint.

The Matchmaker Program strengthens communities by directly encouraging job growth and economic development by weatherizing low income households. In Washington, more than 250,000 households live under the federal poverty level. Many of our state's most vulnerable people live in deteriorating, energy inefficient and unhealthy housing, facing high energy and medical bills as well as absences from work and school. The total Matchmaker Program investment of \$28 million plus \$20 million in leverage would fund approximately 5,700 units. Based on annual evaluations, the Weatherization program's historical average direct cost per unit is \$7,326. This estimate is based off of subtracting administrative costs; three percent for Department of Commerce and ten percent for local agencies. The remaining funds are divided by the per unit average to determine the number of units to be funded by the program ($\$48,000,000 \times 0.87$)/\$7,326 per unit = 5,700 units. The 2015 National Association of Home Builders' (NAHB) Economic Impact of Home Building Report shows one job created per \$86,957 in funding. At the NAHB calculation rate, this project will create approximately 552 jobs across Washington State. Funding the Matchmaker Program creates clean technology jobs and improves the homes of Washington's low-income residents. The design of the Matchmaker Program utilizes existing partnerships and delivery systems to minimize costs, leveraging both federal weatherization funding and matching contributions from local utility partners. The program facilitates the preservation of affordable housing, balancing the needs of multiple funders to save energy, increase health and safety, and preserve housing through cost effective repairs.

Commerce allocates the appropriation statewide, serving a broad spectrum of vulnerable Washington households including families with young children, farm workers, seniors, individuals with special needs, Native Americans, and homes with high energy use or a high energy burden. By investing in the Matchmaker Program, more Washington families can live in healthy, efficient homes.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

The Matchmaker Program is not linked to the Puget Sound Action Agenda.

Is there additional information you would like decision makers to know when evaluating this request?

The Governor's top priority is to create and sustain a thriving economic climate that spurs job growth. The Matchmaker Program directly encourages job growth by weatherizing low income households. With \$28 million in funding, the Matchmaker Program will leverage at least \$20 million in other public and private investments demonstrating the state's leadership in spurring economic development and job growth. Matchmaker will create an estimated 552 jobs in the residential construction industry. In addition, this project will preserve affordable housing stock and reduce energy costs for nearly 5,700 households through weatherization improvements, which include energy efficiency, health, safety, and durability. The healthy housing improvements authorized by the WA legislature in 2015 create a new opportunity to more fully integrate health and safety with energy efficiency and by doing so opens the possibility of leveraging additional funds from underutilized health partners.

RCW that establishes grant (if applicable): 70.164

Application process used (grants; if applicable): Funds will be distributed as grants. \$28 million in Matchmaker funds will generate leveraged funds from utilities and other private partners. Grants are provided to 25 community based nonprofit agencies that have the technical expertise to make cost effective energy conservation improvements to qualifying low-income households statewide.

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Report Number: CBS002

Date Run: 12/13/2017 11:22AM

Project Number: 30000879

Project Title: Weatherization Plus Health Matchmaker Program

Description

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: RCW 70.164

Application process used

Funds will be distributed as grants. \$28 million in Matchmaker funds will generate leveraged funds from utilities and other private partners. Grants are provided to 25 community based nonprofit agencies that have the technical expertise to make cost effective energy conservation improvements to qualifying low income households statewide.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	76,000,000				16,000,000
355-1	St. Bld Const Acct-State	25,000,000				5,000,000
CPR-1	Carbon Pollutn Reduc-State					
	Total	101,000,000	0	0	0	21,000,000
			Future Fiscal Periods			
			2019-21	2021-23	2023-25	2025-27
057-1	State Bldg Constr-State	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
355-1	St. Bld Const Acct-State	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
CPR-1	Carbon Pollutn Reduc-State					
	Total	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Operating Impacts

No Operating Impact

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:35AM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 7

Project Summary

The Clean Energy Funds Program (CEF) matches funds from businesses, electric utilities, and research institutions from around the state of Washington dollar for dollar to provide energy efficiency, renewable energy generation, and intermittent energy integration to residences and businesses. These funds create resiliency investments in the electrical grid while growing clean energy technology solutions that can be exported nationally and abroad to grow local Washingtonian economies.

Project Description

The Clean Energy Fund at the Department of Commerce in the State Energy Office was established for the FY13-15 biennium and renewed for the FY15-17 biennium to provide a benefit to the public through development, demonstration, and deployment of clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state. The interest has been very strong from businesses and homeowners in the state to make improvements to their buildings and the electric grid. This request would fund the following projects, push out the edges of technology and close the divide on low/medium income families to incorporate these technologies into the properties and lifestyles.

Vehicle Electrification Grants (\$10M)

Low interest revolving loan fund
 Program targeted at local government entities (municipalities, schools, ports, etc.)
 Next Generation Electric Vehicle (EV) infrastructure build out (Public/Private Partnerships, Heavy Vehicles)

Strategic Research, Development & Demonstration (RD&D) (\$35M)

University Clean energy technology R&D and demonstration
 RD&D Match
 Advanced research and materials sciences match program

Low Moderate Income (LMI) Grants (\$10M)

"Solar rooftops" for affordable housing
 Targeted vehicle electrification to improve air quality in LMI neighborhoods
 LMI Community Solar

Nonprofit Lenders Grants (\$5M)

Loan loss reserve for residential and commercial energy efficiency and renewable energy

"Utility of the Future" Community-Based Microgrid Grants (\$30M)

Engineering and infrastructure build out
 "Breakthrough/Innovation" Grid Modernization Grants
 Electric utility grid improvements to integrate intermittent renewable generation
 Grid-related Vehicle Electrification

Water/Energy Technology (\$10M)

Energy Efficiency and Production Opportunities around water infrastructure

Washington has an opportunity to support Washington's clean energy businesses in growing their market share and moving Washington's clean energy economy forward as the next export rich industry. The state's current \$40 million investment in the Clean Energy Fund 2 is expected to leverage more than \$200 million in matching funds from industry partners for each round. New grid technologies, developed and deployed in Washington, are now positioned to sell into rapidly growing global markets (<http://www.commerce.wa.gov/wp-content/uploads/2016/06/energy-cef-update-Oct2015.pdf>).

The Clean Energy Fund directly supports job growth by making affordable loans to businesses and homeowners for projects including, but not limited to: residential, industrial, and commercial energy retrofits, residential and community scale solar

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Project Number: 3000881

Project Title: Clean Energy Funds 3

Description

installations, anaerobic digesters to treat dairy and organic waste, and combined heat and power projects using woody biomass as a fuel and providing grants for matching federal or private energy research, development and demonstration funds and to advance renewable energy. With \$100 million in requested funding, the Clean Energy Fund will leverage more than \$500 million in other public and private investments demonstrating the state's leadership in spurring economic development and job growth within the clean energy field.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

The enactment of the Clean Energy Fund at the Department of Commerce in the State Energy Office in FY13-15 biennium and renewed for the FY15-17 biennium provides a benefit to the public through development, demonstration, and deployment of clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state. The interest has been very strong from businesses and homeowners in the state to make improvements to their buildings and the electric grid. Each biennium the Clean Energy Funds Program leverages approximately \$40 million in private financing, public and private research monies, and electric utility funds. Without the state's investment, the number of clean technology patents in clean energy solutions will be reduced substantially across the state. The lack of state investment in clean energy innovations will reduce private financing, public research institutions, and electric utility investments currently leading to the rapid growth of the state's clean technology economy.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

The Clean Energy Funds Program runs competitive solicitations to get the greatest benefit for Washingtonians as possible. Historically, the contractor provided match has exceeded 110 percent of the state funds with some contractors getting a 20:1 match ratio. All awarded contracts must meet the minimum 1:1 match of state appropriations to non-state funds.

Since the State Energy Office at the Department of Commerce facilitates a competitive process, outcomes are approximate. Nonetheless, the following projects will push out the edges of technology and close the divide on low/medium income families to incorporate these technologies into the properties and lifestyles.

Vehicle Electrification Grants (\$10M)

Low interest revolving loan fund

Program targeted at local government entities (municipalities, schools, ports, etc.)

Next Generation EV infrastructure build out (Public/Private Partnerships, Heavy Vehicles)

Strategic RD&D (\$35M)

University Clean energy technology R&D and demonstration

RD&D Match

Advanced research and materials sciences match program

Low Moderate Income (LMI) Grants (\$10M)

"Solar rooftops" for affordable housing

Targeted vehicle electrification to improve air quality in LMI neighborhoods

LMI Community Solar

Nonprofit Lenders Grant (\$5M)

Loan loss reserve for residential and commercial energy efficiency and renewable energy

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:35AM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Description

"Utility of the Future" Community-Based Microgrid Grants (\$30M)

Engineering and infrastructure build out

"Breakthrough/Innovation" Grid Modernization Grants

Electric utility grid improvements to integrate intermittent renewable generation

Grid-related Vehicle Electrification

Water/Energy Technology (\$10M)

Energy Efficiency and Production Opportunities around water infrastructure

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

Not continuing the Clean Energy Funds Program may lead to stalled development of the state's clean energy sector, lower employment rates within this sector, employer flight to other states providing more substantial incentives, or key employees and researchers from the nascent clean technology sector to leave for better opportunities elsewhere. The department will implement the six-fold strategy noted above. The program's cost effectiveness is based on the benefits and costs per Washingtonian which is hard to define since many of the previously funded demonstration projects have not been operating long enough to generate precise economic return on investment data. Nonetheless, the non-state match has been greater and consequently the state investment and clean technology businesses and non-profit lenders are clamoring for a larger state investment for this biennium. Program benefits are estimated at 30 percent greater than costs. The combination of the leveraged dollars that the Clean Energy Funds Program attracts and a 130 percent benefit compared to cost makes the Clean Energy Funds Program a sound investment for Washington.

The department also proposes an expansion to Strategic RD&D investments to catalyze new facilities and institutions that can become centers of excellence, which in turn attracts additional investment and endures as institutions over time. This includes advanced research capabilities, materials sciences and clean technology research development and commercialization.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Washington residents, businesses and institutions will benefit from the six-fold strategy noted above. The diversity of the Clean Energy Funds Program adds value by maximizing the spectrum of clean energy technology being implemented. This ranges from mature energy efficiency technology retrofits, to the demonstration of cutting edge solutions in electric utility grid resiliency, and the speculative research in game changing technology at the state's private and public research institutions. Additionally, this state investment is training tomorrow's smarter and agile next generation of workers. This state investment supports Washington's clean energy businesses in growing their market share and moving Washington's clean energy economy forward as the next export rich industry. It incrementally solves climate change concerns within the current economic constructs of the state's marketplace.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.

The Clean Energy Funds Program does not anticipate any additional IT-related cost beyond maintaining our current systems.

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

As a result of Washington's investment of \$100 million, the Clean Energy Funds Program has the ability to attract over \$100 million in private financing, utility funding, federal and local funds that would not be available to clean energy technology businesses without this statewide investment.

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Project Title: Clean Energy Funds 3

Description

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The Clean Energy Funds Program supports the Governor's Results Washington Goal 3 by prioritizing Sustainable and Clean Energy through energy efficient buildings, clean energy demonstration investments, investing in clean energy R&D, and integrating intermittent renewable generation. It also supports Commerce's key goal of Vibrant Communities and contributes toward achieving a Decreased Carbon Footprint. The Clean Energy Funds Program creates an estimated 1,000 clean technology jobs.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

The Clean Energy Funds Program is not linked to the Puget Sound Action Agenda.

Is there additional information you would like decision makers to know when evaluating this request?

The Governor's top priority is to create and sustain a thriving economic climate that spurs job growth. Clean energy is a key component of that priority. The Clean Energy Funds Program directly encourages job growth across industries via financing, researching, engineering, constructing various clean energy innovations and energy efficiency products. With \$100 million in funding, the Clean Energy Funds Program will leverage at least \$100 million in other public and private investments demonstrating the state's leadership in spurring economic development and job growth. Clean Energy Funds will create an estimated 1,000 jobs in the state. In addition, this project has an opportunity to support Washington's clean energy businesses in growing their market share and moving Washington's clean energy economy forward as the next export rich industry.

RCW that establishes grant (if applicable):

Application process used (grants; if applicable): Funds will be distributed as grants. A competitive process within each fund program area will determine the awardees. \$100 million in Clean Energy Funds will generate leveraged funds from other non-state entities and private partners of at least 1-to-1. CEF 1 experience has a leverage ratio of nearly 5-to-1.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.325

Application process used

Funds will be distributed as grants. A competitive process within each fund program area will determine the awardees. \$100 million in Clean Energy Funds will generate leveraged funds from other non state entities and private partners of at least 1 to 1. CEF 1 experience has a leverage ratio of nearly 5 to 1.

Growth Management impacts

To be determined.

Funding

Expenditures

2017-19 Fiscal Period

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Project Number: 30000881
 Project Title: Clean Energy Funds 3

Funding						
<u>Acct Code</u>	<u>Account Title</u>	<u>Estimated Total</u>	<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reapprops</u>	<u>New Approps</u>
057-1	State Bldg Constr-State	32,600,000				32,600,000
238-1	Energy Effic Constrc-State	5,500,000				5,500,000
355-1	St. Bld Const Acct-State	208,000,000				8,000,000
CPR-1	Carbon Pollutn Reduc-State					
	Total	246,100,000	0	0	0	46,100,000

		Future Fiscal Periods			
		<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>
057-1	State Bldg Constr-State				
238-1	Energy Effic Constrc-State				
355-1	St. Bld Const Acct-State	50,000,000	50,000,000	50,000,000	50,000,000
CPR-1	Carbon Pollutn Reduc-State				
	Total	50,000,000	50,000,000	50,000,000	50,000,000

Operating Impacts

No Operating Impact

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 2:59PM

Project Number: 3000882

Project Title: Energy Efficiency and Solar Grants

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 8

Project Summary

The Energy Efficiency and Solar Grant program will provide grants to state agencies, public higher education institutions, and local governments to improve the energy efficiency of public facilities and street lighting, and install solar systems to reduce energy demand and costs. These grants will support the work of public agencies to implement facets of existing energy efficiency laws and regulations, significantly improve the energy performance of both public and private buildings, and upgrade the energy efficiency of street lighting throughout the state. Funding of these projects will support jobs in the construction industry across the state during the next two biennia.

Project Description

This \$30 million package will provide grants to state agencies, public higher education institutions, K-12 school districts and local governments. These grants support the work of public agencies to implement facets of existing energy efficiency laws and regulations, significantly improve the energy performance of public buildings, upgrade the energy efficiency of street lights throughout the state, promote using Washington made solar products, and reduce Washington's carbon footprint. This funding will assist K-12 schools in the removal of lighting fixtures containing polychlorinated biphenyl (PCB). Funding of these projects supports jobs in the construction industry across the state during the next two biennia. These new funds will allow Commerce's ongoing Energy Efficiency and Solar grant program to continue.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

Facilities owned and occupied by state agencies, state higher education institutions, K-12 school districts, and local governments were constructed prior to state energy codes or practices that encouraged energy conservation. Over the last 20 years, energy efficiency technologies have changed radically and many facilities can no longer find replacement equipment. In addition, all state agencies must meet Governor's Executive Orders 12-06 and 14-04.

Washington has a developing solar industry. The Department's program promotes the use of Washington made solar products. Many of Washington's public and investor owned utilities are considering raising their rates. Consequently, state agencies, state higher education institutions, K-12 school districts, and local governments face ever-increasing energy costs at a time when the competition for operating funds grows more competitive.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

This request allows public agencies to remodel their facilities making them more energy and water efficient, and in some cases, to install renewable energy (solar). Many local governments will also replace aging street lights with energy efficient LED lights. Most energy efficiency and solar projects begin and complete during the biennium in which they received their grant award.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

This request will allow public agencies to make their facilities more energy and water efficient, upgrade street lights to LEDs and to install renewable energy (solar). More efficient buildings reduce overall energy, utility and operational costs, and provide more comfortable and environmentally safe buildings for students, teachers, and other employees. The savings realized maybe used to hire additional teachers or repair other facilities or assist applicants in meeting the demands of reduced operating budgets. Also of great importance is the reduction in the state's overall level of greenhouse gas emissions.

No action would delay eligible projects, increasing construction and related costs.

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Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Description

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

The department's clientele includes state agencies, higher educational institutions, K-12 public schools, and local governments. This investment will improve aging facilities, promote better working conditions and create savings from lower utility bills. K-12 schools will have improved classrooms and more comfortable and environmentally safe buildings for students, teachers, and other workers. The number of organizations receiving grants is unknown because the department awards grants through a competitive process.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.]

No

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Yes. The department's goal for the energy efficiency and street lighting projects is to pay 25 percent or less of the total project cost (a leverage ratio of 3:1 non-state funds to state funds). For the solar projects, Commerce is requiring at least a 1:1 match except for small cities and towns (populations 5,000 or less) which are required to have a 0.5:1 match. Commerce's matching funds come from: public and investor owned utility rebates/incentives, federal funds, private donations, student fees, private lenders, local funds, and the lease-purchase and LOCAL funds via the state treasurer. LOCAL is a state treasurer ran local program.

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request is consistent with the Governor's Results Washington Goal 3: Sustainable Energy and a Clean Environment and Goal 5: Efficient, Effective, and Accountable Government. It also allows state agencies to meet Governor's Executive Orders 12-06 and 14-04. These projects support the Results Commerce goals of Sustainable Energy, Reliable and Sustainable Infrastructure, and Growing Economies.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions. There is no link to the Puget Sound Action Agenda for this request.

Is there additional information you would like decision makers to know when evaluating this request?

None

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

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Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Description

Grant Recipient Organization: State agencies, public higher education institutions and local governments.

RCW that establishes grant: N/A

Application process used

Projects will be selected on a competitive basis.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	71,000,000				11,000,000
	Total	71,000,000	0	0	0	11,000,000
		Future Fiscal Periods				
		2019-21	2021-23	2023-25	2025-27	
057-1	State Bldg Constr-State	15,000,000	15,000,000	15,000,000	15,000,000	
	Total	15,000,000	15,000,000	15,000,000	15,000,000	

Operating Impacts

No Operating Impact

Narrative

No Operating Impacts

Capital Project Request

2017-19 Biennium

Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:40AM

Project Number: 30000097

Project Title: Community Economic Revitalization Board

Description

Starting Fiscal Year: 2012

Project Class: Grant

Agency Priority: 0

Project Summary

CERB provides low cost infrastructure financing and site specific planning funds to local governments, special purpose districts and Federally Recognized Tribes to attract and retain private businesses, create permanent private jobs and promote economic development (RCW 43.160).

Project Description

The department requests \$8 million for the Community Economic Revitalization Board (CERB) from loan repayments in the Public Facility Construction Loan Revolving Account (Fund 887). These funds will be used to construct public infrastructure to facilitate private business development and expansion in Washington's communities. These projects include industrial water, general purpose industrial buildings and port facilities, sanitary and storm sewers, industrial wastewater treatment facilities, railroad spurs, telecommunications, electricity, natural gas, roads, and bridges and incubation/research/testing facilities. As loan funds are repaid by funding recipients to CERB, those funds will return to the Public Facility Construction Loan Revolving Account (Fund 887) and can be utilized to finance other public infrastructure related to economic development.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

CERB is a vital business recruitment and retention program for our state, often serving to prevent businesses from moving out of state and to attract new businesses to Washington. CERB's economic development mandate requires that all projects approved by the board demonstrate significant job creation/retention and/or significant private investment outcomes. Areas of high unemployment receive reduced loan interest rates from CERB in order to incentivize job creation where it is most needed. By continuing CERB's funding at \$8 million for the biennium, CERB loans will be able to provide the critical gap funding to make local economic development projects a reality. CERB primarily provides gap funding that leverages other non-state public funds and private investments. CERB resources are needed to support public and private investments. CERB's statute requires that "the board shall approve at least seventy five percent of the first twenty million dollars of funds available and at least fifty percent of any additional funds for financial assistance for projects in rural counties" (RCW 43.160.076). There is an exception that remaining funds available during the last six months of the biennium may be allocated to urban projects. However, business development opportunities don't wait. Having additional funds available when an opportunity arises ensures that valuable economic development prospects are not lost for our state.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

CERB funds will be used to construct public infrastructure and to facilitate private business development and expansion. These projects include industrial water, general purpose industrial buildings and port facilities, sanitary and storm sewers, industrial wastewater treatment facilities, railroad spurs, telecommunications, electricity, natural gas, roads and bridges and incubation/research/testing facilities. Site specific economic feasibility and planning studies will also be eligible for CERB funds on a limited basis. Clients will have increased access to funding, particularly jurisdictions in urban counties. By statute, CERB must award the first 75% of its available funding in a biennium to rural communities, limiting the number of projects in urban communities that the board can finance. With increased resources available for projects, urban communities have increased opportunity to utilize CERB for economic development projects.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action? CERB's capital appropriation of \$8 million in loan funds will leverage more than \$176 million in private investment (\$22 private investment per \$1 CERB - 5 year average) and create and retain a minimum of 758 permanent jobs (1 job for every \$10,557 CERB - 5 year average). The \$8 million requested will support the creation of permanent, high-wage jobs in our state.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Almost 10,000 government organizations are eligible for CERB funding. Federally recognized tribes (29), cities (281), counties

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Description

(39), public port districts (75), special purpose districts, municipal and quasi-municipal corporations (1,580 estimated) are all eligible for CERB funding. CERB responds to immediate business siting and expansion needs. Businesses benefit from knowing public infrastructure will be provided before committing to locate or expand operations. CERB's investments strengthen communities by creating/retaining jobs, leveraging private investment, and increasing tax revenue. The construction jobs related to these projects will pay prevailing wage. CERB provides funding in an ongoing basis throughout the year. CERB currently has 26 planning projects under contract with an additional 14 jurisdictions who have been approved for funding and are working on the conditions necessary to go to contract. These projects are selected for funding, in part, because of the likelihood that they will seek funding from CERB for the construction phase of these planning projects.

In addition to the projects for which CERB provides planning funding, communities are seeking CERB funding for construction projects without first obtaining these planning dollars. It is difficult to quantify these potential applicants as they do not submit applications for funding until they have projects, with specific private partners in mind, that are ready to proceed to construction.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.

No

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

CERB loans money to local governments and federally recognized tribes to construct publicly owned infrastructure. This investment is necessary to attract, retain, and/or expand a business in the community. The businesses that have been supported through public infrastructure funded by CERB will invest an estimated \$176M in private property, equipment, etc. that will create median wage (or greater) jobs. This private investment figure is based on the five year average that for every \$1 of CERB, \$22 of private investment is made (\$8 million CERB x \$22 private investment = \$176M). CERB requires a cash match (cash only, no "in kind", etc.) for each of its three funding programs:

- 20% of the total project cost for the Committed Private Partner construction program;
- 50% of the total project cost for the Prospective Development construction program; and
- 25% of the total project cost for the Planning / Economic Feasibility Studies program. The source of the cash match is at the discretion of the jurisdiction seeking CERB funding.

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This funding supports the Governor's Results Washington **Goal 2: Prosperous Economy** and related **outcome 2.1: Increase the number of jobs in the state by providing gap funding to make local economic development projects a reality that will create an additional 758 jobs.** This proposal is essential to the successful implementation of **Commerce's key goals: Reliable and Sustainable Infrastructure and Growing Economies** and their associated outcomes: **Build and Maintain Local Capacity and Healthy Economic Climate.** CERB is required to report biennially on the outcome-based evaluations of its funding programs. This report identifies actual jobs created as reported by the borrowing jurisdictions and businesses themselves. The most recent report identifies that between 2010 and 2014, 1,252 permanent private-sector jobs were created with an additional 3,592 construction jobs created from the public and private facilities construction associated with CERB funded projects. (<http://www.commerce.wa.gov/wp-content/uploads/2016/06/Commerce-CERB-2014-final.pdf>)

Local governments' ability to offer adequate infrastructure (such as transportation systems to move goods, sufficient clean water to ensure adequate fire flow and potable water, plus effective wastewater management) is vital to accommodate allocated growth and the promotion of economic development and business opportunities, while also enhancing the quality of life in the Northwest. This proposal directly supports the ability of local governments to provide these services, which are becoming increasingly expensive and complex to build and maintain to modern standards. This is especially true in non-urban areas, where fewer people spread over larger distances means that single services to multiple communities are not feasible, thus individual community systems are more expensive on a per capita basis.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

This effort is not linked to the Puget Sound Action Agenda.

Is there additional information you would like decision makers to know when evaluating this request?

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Project Title: Community Economic Revitalization Board

Description

One of the Governor's top priorities is to create and sustain a thriving economic climate that spurs job growth. The job creation/retention investments directly support job growth by assisting local governments in being in the optimal position to take advantage of economic development opportunities as they arise. With \$8 million in requested funding, the job creation/retention investments will create an estimated 758 permanent jobs (1 job per \$10,557 CERB investment – 5 year average), and leverage about \$176 million in other public and private investments– demonstrating the state's leadership in spurring economic development and job growth.

The investments from the CERB account continue to prove to be beneficial–previous estimates of 9.9 construction related jobs for each \$1 million CERB invested underestimates the job creation that comes from CERB investments. This figure does not take into account the additional funds provided by the local governments through other funding partners. Historically, CERB money has been matched at a 27:1 ratio.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.160

Application process used

Applicants submit loan funding requests to finance publicly owned infrastructure improvements that encourage new private business development and expansion. Applications for all of CERB's funding programs are considered on an ongoing basis. The Board meets every two months to consider projects and make funding decisions. CERB has three funding programs: • Committed Private Partner construction loans (CPP). CPP applications require a private business commitment and the requirement that the project must create a significant number of permanent jobs, and / or generate significant private investment. All created jobs must exceed the county median wage. CERB requires that these applicants demonstrate the need for CERB assistance in that no other timely source of funds at similar rates is available. • Prospective Development Construction Loans (PD). PD loans are only available to rural communities with an economic feasibility study that demonstrates that private business development is likely to occur as a result of the publicly owned improvements. The PD program requires that the feasibility study identify that the project will lead to the creation of a significant number of permanent jobs and / or generate significant private investment. This program also requires the applicant demonstrate the need for CERB assistance in that no other timely source of funds at similar rates is available. • Planning Program provides limited funding for studies which evaluate high priority economic development projects. These projects target job growth and long term economic prosperity and can include site specific plans, studies, and analysis that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, site planning, and project debt and revenue impacts. This program also requires applicants demonstrate the need for CERB assistant in that no other time source of funds at similar rates is available.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
887-1	Pub Facil Const Ln-State	12,690,000	3,170,000	1,500,000		8,020,000
	Total	12,690,000	3,170,000	1,500,000	0	8,020,000
Future Fiscal Periods						
		<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>	

OFM

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Project Title: Community Economic Revitalization Board

Funding

	Future Fiscal Periods			
	2019-21	2021-23	2023-25	2025-27
887-1 Pub Facil Const Ln-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:46AM

Project Number: 91000943

Project Title: CERB Administered Broadband Infrastructure

Description

Starting Fiscal Year: 2018
Project Class: Grant
Agency Priority: 0

Project Summary

The department requests \$5,000,000 in funding for Community Economic Revitalization Board to make grants and loans to local governments and federally recognized tribes to build infrastructure to provide high-speed, open-access broadband services with a minimum of 25 megabits per second download speed to rural and underserved communities for the purpose of economic development.

Project Description

The department requests \$5,000,000 in funding for Community Economic Revitalization Board to make grants and loans to local governments and federally recognized tribes to build infrastructure to provide high-speed, open-access broadband services with a minimum of 25 megabits per second download speed to rural and underserved communities for the purpose of economic development.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: various

RCW that establishes grant: N/A

Application process used
None

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	5,000,000				5,000,000
	Total	5,000,000	0	0	0	5,000,000
Future Fiscal Periods						
		<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:48AM

Project Number: 30000883

Project Title: 2017-19 Building Communities Fund Grant

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 0

Project Summary

The Building Communities Fund Program provides state capital grants to nonprofit organizations for social service and multipurpose community centers. State grants may be used for acquisition, construction, or rehabilitation of facilities and may defray up to 25 percent of capital costs. RCW 43.63A.125 requires the Department of Commerce to submit a list of competitively selected projects to the Governor and Legislature each biennium.

Project Description

This request is for \$36.2 million for the Building Communities Fund (BCF), a competitive grant program providing nonprofit organizations with capital funding for social service and multipurpose community centers. Eligible projects must be nonresidential facility or facilities, and must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons. The state's share is generally limited to 25 percent of the total project cost, although this amount may be increased under exceptional circumstances. The program solicits applications each even year and works with a citizen's advisory board to review project proposals.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

By providing capital for social service and multipurpose community center construction projects, this program enhances the livability of our communities. Low-income and distressed communities will receive expanded and improved social services. Community residents will receive services which expand employment opportunities and enhance educational and recreational opportunities as a result of these projects.

A citizen's advisory board reviews and ranks project, which then outlines the priorities.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

Grants may be used for acquisition, construction, or rehabilitation of social service and multipurpose community centers. Projects must result in a discreet, usable phase.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

No action would delay eligible projects, increasing construction and related costs.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Social service nonprofit agencies will offer improved facilities and improved educational and social service activities.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.

No Impact

**103 - Department of Commerce
Capital Project Request**

2017-19 Biennium

Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:48AM

Project Number: 30000883

Project Title: 2017-19 Building Communities Fund Grant

Description

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Yes, by statute BCF can only fund up to 25 percent of capital costs. Non-state funds must comprise the other 75 percent and can be from all sources listed above.

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request is consistent with the Governor's Results Washington priority of promoting healthy and safe communities. These projects also support the Results Commerce goal of vibrant communities and targeted outcomes of building and maintaining local capacity.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

There is no link to the Puget Sound Action Agenda for this request.

Is there additional information you would like decision makers to know when evaluating this request?

Commerce is required by 43.63A.125 RCW to submit a project list to the Governor and Legislature.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.63A.125

Application process used

Projects are reviewed and ranked by a citizen's advisory board.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	108,209,000				36,209,000
	Total	108,209,000	0	0	0	36,209,000
Future Fiscal Periods						
		<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>	
057-1	State Bldg Constr-State	20,000,000	20,000,000	20,000,000	12,000,000	
	Total	20,000,000	20,000,000	20,000,000	12,000,000	

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:25PM

Project Number: 40000026

Project Title: 2018 Local and Community Projects

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 11

Project Summary

The department request funding as stated in Senate Bill 5981 for the 2018 Local and Community Projects list. This list includes construction, renovation, and land acquisition projects requested by Legislature throughout the state.

Project Description

The department request funding as stated in Senate Bill 5981 for the 2018 Local and Community Projects list. This list includes construction, renovation, and land acquisition projects requested by Legislature throughout the state.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: various

RCW that establishes grant: N/A

Application process used
 None

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	130,661,000				130,661,000
	Total	130,661,000	0	0	0	130,661,000
			Future Fiscal Periods			
		2019-21	2021-23	2023-25	2025-27	
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2017-19 Biennium

Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:51AM

Project Number: 30000877

Project Title: 2017-19 Building for the Arts Grant Program

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 0

Project Summary

The Building for the Arts Program provides state capital grants to non profit organizations for performing arts, art museums, and cultural facilities projects. State grants may be used for acquisition, construction, or rehabilitation of facilities and may defray up to 20 percent of capital costs. RCW 43.63A.750 requires the Department of Commerce to submit a list of competitively selected projects to the Governor and Legislature each biennium

Project Description

This request is for \$12 million for the Building for the Arts Program, a competitive grant program for nonprofit organizations that supports capital facilities acquisition, rehabilitation, and construction. A community's cultural resources are a strong indicator of its overall health and vitality, and the state of Washington has a long history of providing funding to promote arts related construction projects. The Department of Commerce conducts a statewide competitive grant process every two years to solicit and evaluate project proposals. The Building for the Arts Advisory Board assists the Department by establishing program policy and by reviewing and ranking project proposals.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

The Building for the Arts Program assists nonprofit organizations in acquiring, constructing or rehabilitating performing arts, art museum projects, and cultural organization projects. This opportunity enhances livability and strengthens local communities by maintaining thriving arts programs.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

Grants may be used for acquisition, construction, or rehabilitation of arts-related facilities. Projects must result in a discreet, usable phase.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

No action would delay eligible projects, increasing construction and related costs.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Arts-related nonprofits, their stakeholders and communities would be impacted. The department may not request more than \$12 million by statute.

Below is a project list approved by the Building for the Arts Advisory Board:

1. Campaign for Town Hall - \$1,520,000
2. Replacement PNB School at the Francia Russell Center - \$1,520,000
3. Asian Art Museum Renovation - \$1,520,000
4. Chewelah Center for the Arts - \$194,000
5. Seattle Opera at the Center - \$1,520,000
6. Benaroya Building Project - \$1,020,000
7. Sage Arts and Education Building- \$1,270,000
8. Renovating the PONCHO Forum - \$258,000
9. Hugo House: Building an Enduring Home for Words - \$935,500
10. Theater and Interior Revitalization- \$689,000
11. Admiral Theatre Renovation Part II - \$150,000
12. Pratt's Campus Expansion - \$520,000
13. Northwest Choirs - Building for Today and Tomorrow - \$75,000
14. Power House Theatre Walla Walla Acquisition - \$335,000
15. Youngstown Theater & Kitchen Renovation Project - \$140,000

**103 - Department of Commerce
Capital Project Request
2017-19 Biennium**

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Version: RS FY18 Supplemental Resubmit

Report Number: CBS002

Date Run: 12/13/2017 11:51AM

Project Number: 30000877

Project Title: 2017-19 Building for the Arts Grant Program

Description

16. Sylvia Center for the Arts - \$334,000
These projects total \$12 million.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.63A.750

Application process used

Projects are reviewed and ranked by a citizens advisory board.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	48,000,000				12,000,000
	Total	48,000,000	0	0	0	12,000,000
Future Fiscal Periods						
		<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>	
057-1	State Bldg Constr-State	9,000,000	9,000,000	9,000,000	9,000,000	
	Total	9,000,000	9,000,000	9,000,000	9,000,000	

Operating Impacts

No Operating Impact

Capital Project Request

2017-19 Biennium

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:27PM

Project Number: 30000875

Project Title: 2017-19 Youth Recreational Facilities Grant Program

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 12

Project Summary

The Youth Recreational Facilities Program is a competitive grant program that funds capital recreational projects for nonprofit organizations. RCW 43.63A.135 requires the Department of Commerce to submit a list of competitively selected projects to the Governor and Legislature each biennium.

Project Description

This request is for \$7 million for the Youth Recreational Facilities (YRF) Program. These capital projects must feature an indoor youth recreational component and a supporting social service or educational component. State grants require 75 percent matching funds. The Youth Recreational Facilities Program Advisory Board assists the Department by establishing program policy and by reviewing and ranking project proposals.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

By financing construction and renovation costs, the Youth Recreational Facilities Program not only encourages and improves the health and well-being of Washington's youth, it frees up funds that would otherwise be spent on facility mortgage or lease payments, thereby increasing funds available for local organizations to commit to direct youth program services.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

Grants may be used for acquisition, construction, or rehabilitation of non-residential youth recreational facilities. Projects must result in a discreet, usable phase.

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

No action would delay eligible projects, increasing construction and related costs.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

Youth-focused organizations will offer improved facilities and improved educational and social service activities to youth. Below is a project list approved by the Youth Recreation Facilities Program advisory board:

1. Colby Avenue Youth Center - \$438,000
2. Boys and Girls Club of Chehalis - \$200,000
3. Lake Stevens Boys & Girls Club Teen Center Expansion - \$120,000
4. Teen Expansion at the Clinton & Gloria John Club - \$328,000
5. Arlington Boys & Girls Club Expansion - \$99,500
6. Port Angeles Boys & Girls Club - \$1,000,000
7. Eastside Branch - \$1,200,000
8. Kent YMCA Youth Recreational Facilities Grant - \$1,170,000
9. Auburn Valley YMCA YRF Grant - \$762,500
10. University YMCA YRF Grant - \$1,114,000
11. Lopez Island Pool - \$175,000
12. HUB Capital Campaign - \$300,000

103 - Department of Commerce
Capital Project Request
2017-19 Biennium

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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:27PM

Project Number: 30000875

Project Title: 2017-19 Youth Recreational Facilities Grant Program

Funding

		Future Fiscal Periods			
		2019-21	2021-23	2023-25	2025-27
057-1	State Bldg Constr-State	6,907,000	6,907,000	6,907,000	6,907,000
	Total	6,907,000	6,907,000	6,907,000	6,907,000

Operating Impacts

No Operating Impact

**103 - Department of Commerce
Capital Project Request
2017-19 Biennium**

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002
Date Run: 10/5/2017 3:30PM

Project Number: 30000873
Project Title: Economic Opportunity Grants

Description

Starting Fiscal Year: 2018
Project Class: Grant
Agency Priority: 13

Project Summary

Establish spending authority of Community Development Block Grant Economic Opportunity Funds.

Project Description

The Department needs budget authorization to award and expend funds from the Rural Washington Loan Fund (Fund 689) through to Fiscal Year 2021. Commerce administers the federally-funded Community Development Block Grant (CDBG) program. The Rural Washington Loan Fund (Fund 689) was initially capitalized with CDBG funds and, as confirmed by the US Department of Housing and Urban Development (HUD), are CDBG revolving loan/program income funds. As established by the HUD approved CDBG Action Plan, CDBG utilizes Fund 689 exclusively for CDBG Economic Opportunity Grants. The types of projects that the Economic Opportunity Program funds include grants for infrastructure, community facilities, microenterprise revolving loans, and other eligible Community Development Block Grant activities. A project list of current commitments is attached. \$6,750,000 is currently unobligated but will be obligated by the end of the FY 2017-2019 biennium. Projects awarded CDBG Economic Opportunity Grants in the current biennium are scheduled to expend funds through the end of that biennium.

Identify the problem or opportunity addressed. Why is the request a priority? (Provide numbers of people or communities not served, students without classroom space, operating budget savings, public safety improvements, history, or other backup necessary to understand the need for the request.) Be prepared to provide detailed cost backup.

The budget authorization will allow the department to award, expend and manage Fund 689 Federal funds as approved by HUD as CDBG Economic Opportunity Grants, and assist rural communities with grant assistance through the FY 2017-2019 biennium. These grant funds have provided low- and moderate-income communities in Washington state with resources that address emerging economic opportunities and repair and enhance infrastructure necessitated from damage received by the 2014 wildland fires in North Central Washington.

What will the request produce or construct (i.e., design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request.

Projects will be awarded and drawn through the FY 2017-2019 biennium. We are anticipating up to six projects will receive awards through Fund 689. Please see the attached project list for grants we have obligated. Below is a high level summary. Unobligated funds will be used to fund one or more CDBG eligible projects (i.e., job creation, infrastructure improvements, housing rehabilitation, or community facilities).

Project	Jurisdiction	Amount
<i>Awarded and Underway:</i>		
Farmer Microenterprise Assistance Program	Skagit Co	\$900,000
Domestic/industrial water system improvements	City of Warden	\$750,000
Douglas-Okanogan Fire District 15 Emergency Medical Services Facility	Okanogan Co	\$1,000,000
Mason County Microenterprise Assistance Program	Mason Co	\$269,210
Water system improvements	City of Entiat	\$482,543
Water system improvements	City of Pateros	\$2,700,000
<i>In project development/pre-award stage</i>		
Economic development, infrastructure, facility projects	EST	\$3,200,000
<i>Spending authority for anticipated spending (existing and new CDBG Economic Opportunity Grants)</i>		Requested \$6,750,000

How would the request address the problem or opportunity identified in question #1? What would be the result of not taking action?

103 - Department of Commerce Capital Project Request

2017-19 Biennium
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:30PM

Project Number: 30000873

Project Title: Economic Opportunity Grants

Description

Spending authority is needed to make awards and reimburse CDBG grantees for eligible activities to spend down the Rural Washington Loan Fund. This will allow deserving communities to repair its infrastructure, enhance community public safety and health, provide loans to start businesses, and engage in other community development projects.

If spending authority is not granted, then Commerce would not be authorized to expend the \$6.8 million currently under contract and scheduled for expenditure or award to local government grant recipients through the FY 2017-2019 biennium. Commerce would not be following its HUD approved Action Plan for the use of the CDBG revolving loan/program income funds and may need to return those funds to HUD. The CDBG Action Plan is attached and contains a description of the program.

Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc. Be prepared to provide detailed cost backup.

CDBG Economic Opportunity Grants are awarded to rural cities, towns and counties in Washington State for activities that will principally benefit low- and moderate-income persons. The grants fund either activities directly resulting in job creation for low- and moderate-income persons and microenterprises, or infrastructure and services activities that support lower income communities' economic development strategies.

Does this request include funding for any IT-related costs? (See the IT Appendix for guidance on what is considered an IT-related cost.) [If yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup.

No Impact

Will non-state funds be used to complete the project? How much, what fund source, and could the request result in matching federal, state, local, or private funds?

Yes, these are federal Community Development Block Grant Funds. While there is no matching requirement to obtain funding, in many of the awards made, local governments and other state and federal funding partners will participate in financing projects. Especially in infrastructure financing, this kind of bundled financing is necessary due to the high cost of constructing these projects.

Describe how this project supports the agency's strategic master plan, contributes to statewide goals, or would enable the agency to perform better. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The CDBG Economic Opportunity Grants are awarded to rural local governments for activities that create jobs for low- and moderate-income persons or support local economic development strategies for lower income communities. These activities support Results Washington goals including a Prosperous Economy – 2.1 Quality Jobs, 3.1 Reliable Infrastructure. They also support Results Commerce goals and outcomes, including Vibrant Communities, Growing Economies, and Reliable & Sustainable Infrastructure through increased public investment in Washington State. This budget authorization will allow approximately six rural local governments to receive grant funds into FY 2021 for economic and community development related activities.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14.4 (Puget Sound recovery) in the 2017-19 Operating Budget Instructions.

The projects financed under Fund 689 are not linked to the Puget Sound Action Agenda.

Is there additional information you would like decision makers to know when evaluating this request?

Without the additional spending authority, the department cannot award or expend funds in accordance with the HUD-approved Action Plan for use of CDBG revolving loan/program income funds. Failure to adhere to the approved action plan could result in delays in federal authorization of future funding. The HUD Action Plan is attached and the approved method of distribution for these funds as CDBG Economic Opportunity Grants is located on page 33 of the plan.

Location

City: Statewide

County: Statewide

Legislative District: 098

103 - Department of Commerce
Capital Project Request

2017-19 Biennium

*

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:30PM

Project Number: 30000873

Project Title: Economic Opportunity Grants

Description

Project Type
 Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used
 N/A

Growth Management impacts
 N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
689-1	Rural WA Loan Acct-State	6,750,000				6,750,000
	Total	6,750,000	0	0	0	6,750,000
		Future Fiscal Periods				
		2019-21	2021-23	2023-25	2025-27	
689-1	Rural WA Loan Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Narrative

No Operating Impacts

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:35PM

Project Number: 40000021

Project Title: Behavioral Health Community Capacity

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 14

Project Summary

The department request funding as stated in Senate Bill 5981 to issue grants to community hospitals or other community entities to expand and establish new capacity for behavioral health services in communities. The funding is for construction and equipment costs associated with establishing new facilities. The department will work in collaboration with the Department of Health, Health Care authority and the Department of Social and Health Services to address the emergent need for behavioral health services.

Project Description

The department request funding as stated in Senate Bill 5981 to issue grants to community hospitals or other community entities to expand and establish new capacity for behavioral health services in communities. The funding is for construction and equipment costs associated with establishing new facilities. The department will work in collaboration with the Department of Health, Health Care authority and the Department of Social and Health Services to address the emergent need for behavioral health services.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used
 None

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	65,600,000				65,600,000
	Total	65,600,000	0	0	0	65,600,000
		Future Fiscal Periods				
		2019-21	2021-23	2023-25	2025-27	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

OFM

**103 - Department of Commerce
Capital Project Request**

2017-19 Biennium
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Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:35PM

Project Number: 40000021

Project Title: Behavioral Health Community Capacity

Operating Impacts

No Operating Impact

103 - Department of Commerce
Capital Project Request

2017-19 Biennium

*

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:36PM

Project Number: 4000022

Project Title: Dental Clinic Capacity Grants

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 14

Project Summary

The department request funding as stated in Senate Bill 5981 to issue grants to construct and purchase equipment directly associated with dental facilities. The funding is to address unmet patient need and increase efficiency in dental access.

Project Description

The department request funding as stated in Senate Bill 5981 to issue grants to construct and purchase equipment directly associated with dental facilities. The funding is to address unmet patient need and increase efficiency in dental access.

Location

City: Statewide County: Statewide Legislative District: 098

Project Type

Grants

Grant Recipient Organization: various

RCW that establishes grant: N/A

Application process used
 None

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropr	New Approps
057-1	State Bldg Constr-State	15,338,000				15,338,000
	Total	15,338,000	0	0	0	15,338,000
			Future Fiscal Periods			
			2019-21	2021-23	2023-25	2025-27
057-1	State Bldg Constr-State					
	Total	0	0	0	0	0

Operating Impacts

No Operating Impact

103 - Department of Commerce
 Capital Project Request

2017-19 Biennium

*

Version: SP FY18 Supplemental Budget Request

Report Number: CBS002

Date Run: 10/5/2017 3:37PM

Project Number: 40000024

Project Title: 2017-2019 Stormwater Pilot Project

Description

Starting Fiscal Year: 2018
 Project Class: Grant
 Agency Priority: 14

Project Summary

The department request funding as stated in Senate Bill 5981 to establish a community-based public-private partnership storm water pilot program using the United States Environmental Protection Agency guidelines for local governments.

Project Description

The department request funding as stated in Senate Bill 5981 to establish a community-based public-private partnership storm water pilot program using the United States Environmental Protection Agency guidelines for local governments.

Location

City: Statewide County: Statewide Legislative District: 098

Project Type

Grants

Grant Recipient Organization: various

RCW that establishes grant: N/A

Application process used
 None

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2017-19 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	250,000				250,000
	Total	250,000	0	0	0	250,000
		Future Fiscal Periods				
		2019-21	2021-23	2023-25	2025-27	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Ten Year Capital Plan Summary

**103 - Department of Commerce
Ten Year Capital Plan by Project Class**
2017-19 Biennium *

Version: RS FY18 Supplemental Resubmit

Report Number: CBS001
Date Run: 10/17/2017 5:13PM

Project Class: Grant										
Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2017-19	New Approp 2017-19	Estimated 2019-21	Estimated 2021-23	Estimated 2023-25	Estimated 2025-27
2	40000030 Early Learning Facilities	10,800,000				10,800,000				
	057-1 State Bldg Constr-State	10,800,000								
3	40000029 Community Investments for Job Creation and Retention	22,055,000				22,055,000				
	355-1 St. Bld Const Acct-State	22,055,000								
7	30000881 Clean Energy Funds 3	32,600,000				32,600,000				
	057-1 State Bldg Constr-State	32,600,000								
	238-1 Energy Effic Constr-State	5,500,000				5,500,000				
	355-1 St. Bld Const Acct-State	208,000,000				8,000,000	50,000,000	50,000,000	50,000,000	50,000,000
	CPR-1 Carbon Pollutn Reduc-State					46,100,000	50,000,000	50,000,000	50,000,000	50,000,000
	Project Total:	246,100,000				500,102,000	240,907,000	240,907,000	240,907,000	232,907,000
	Total: Grant	1,460,400,000	3,170,000	1,500,000						

Project Class: Grant - Pass Through										
Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2017-19	New Approp 2017-19	Estimated 2019-21	Estimated 2021-23	Estimated 2023-25	Estimated 2025-27
0	40000005 2018 Local and Community Projects	130,661,000				130,661,000				
	057-1 State Bldg Constr-State	130,661,000								
2	40000006 Early Learning Facility Grants	67,500,000				15,500,000	13,000,000	13,000,000	13,000,000	13,000,000
	057-1 State Bldg Constr-State	67,500,000								
	Total: Grant - Pass Through	198,161,000				146,161,000	13,000,000	13,000,000	13,000,000	13,000,000

103 - Department of Commerce
 Ten Year Capital Plan by Project Class
 2017-19 Biennium

Version: RS FY18 Supplemental Resubmit

Report Number: CBS001
 Date Run: 10/17/2017 5:13PM

Total Account Summary

Account-Expenditure Authority Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2017-19	New Approp 2017-19	Estimated 2019-21	Estimated 2021-23	Estimated 2023-25	Estimated 2025-27
057-1 State Bldg Constr-State	838,193,000				396,565,000	112,407,000	112,407,000	112,407,000	104,407,000
238-1 Energy Effic Constrc-State	41,000,000				11,000,000	7,500,000	7,500,000	7,500,000	7,500,000
355-1 St. Bld Const Acct-State	735,158,000				219,158,000	129,000,000	129,000,000	129,000,000	129,000,000
532-1 Wa Housing Trst Ac-State	24,770,000				4,770,000	5,000,000	5,000,000	5,000,000	5,000,000
689-1 Rural WA Loan Acct-State	6,750,000				6,750,000				
887-1 Pub Facil Const Ln-State	12,690,000	3,170,000	1,500,000		8,020,000				
CPR-1 Carbon Pollutr Reduc-State									
Total	1,658,561,000	3,170,000	1,500,000		646,263,000	253,907,000	253,907,000	253,907,000	245,907,000