

May 15, 2018

Attendees: Cecilia Gardener, Scott Hutsell, Buck Lucas, Britt McVicar, Janet Cherry, Mara Machulsky, Ki Bealey, David Jepsen, Robert Gordon, Marti Canatsey, David Dunn, Stevan Palmer, Jerry Cummins, Art Jenkins, Cynthia Wall, and KC Kuykendall

Meeting Notes are organized by themes:

- Maximizing value
- uncertainty of funding in state programs
- aligning funding – timing
- Value planning
- Regionalization
- Federal programs
- Odds and Ends

### **Maximizing value**

- We are tasked with focusing on water, what are the other areas?
- It's not shutting down a road three different times in a year. Planning better to avoid impacts to community.
- Can we work more quickly in delivering our funding – timing the funding cycles of all agencies when there is not enough money from a single program/agency, we can partner with other agencies.
- Streamlining and finding efficiencies is the right thing to do, but you don't have enough funding coming to your agencies.

### **Uncertainty of funding in existing state programs**

- Certainty of money is just not been there. We have great programs in the state but in this current time, there is no dependency on *if* the money will be there.
- Applying for funds that are swept is challenging and makes it hard for communities to plan and rely on what has always been there for us.
- Micro-communities = the absence of a program (i.e., PWB) makes it works, but the shifting and selection and award criteria makes it more challenging to access funding
  - Communities under 5k – amortizing for 20 years for a percent is entirely different than 5% over 5 years. Those are the communities that need the greatest amount of support
- Communities with debt capacity have more options, so how can we support communities that need more support and cannot take on GO debt to fund projects.
- With uncertainty is certainty of regulatory terms of unfunded mandates
  - PCBs, TMDLs
  - There are certainties of mandates that communities are required to meet, then the state doesn't support the programs designed to fund these projects or assist communities in meeting these mandates

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- Expectation on locals is you plan 20 years out – however the infrastructure funding system in our state is unreliable so communities have a difficult time meeting regulations. In short, plan for 20 year and build for 10.
- Consistency and reliability from PWAA has been there for 25 years.
  - Locals not applying, without certainty of available funds or financial guarantees as big projects in small districts give little time for applications. Need an ROI.

### Aligning funding – timing

- Aligning the programs waiting periods, application processes, etc. is a key driver of this work and a key areas of interest for clients.
- PWB has aligned their funding windows with two SRF programs from ecology and health
- Maybe a gap app could be a good idea – we can identify what information is missing from applying to other agencies so the community doesn't have to go through the application process for each agency.
  - The ideal: to package investments in a coordinated manner. There is not current viable formal strategy for this level of coordination.
  - Phased funding and projects can be a mechanism for co-funding projects.
  - This can lead to increased efficiency. Better projects and better process. Without consistency, local don't have a go-to, reliable source for funding. Many mentions of PWAA sweeps as the poster child for inconsistent support from the state.
- Michigan SRF – you pay upfront, send in application with design, construction, etc., do environmental, and get pot of money. Don't have to re-apply each year as long as scope remains consistent.
- I have a community where one person is the entire engineering department
  - **Idea: Funding broker**– An agency acts as intermediary and advocate for a district's needs, but beyond consultancy.
  - A district has a project, it would receive a review with potential partnerships identified, and contacts made to determine fit for program funds, and advocate for it in co-funding conversations. The state has more resources and more contacts to assist in assembling the package however that looks.
- State of Oregon, via [Business Oregon Infrastructure Finance Authority \(IFA\) may host One-stop tech teams](#) like IACC – usually the funding agencies will convene and seek alignment on a monthly basis and can schedule local one-stop meetings, as well.
  - USDA has something like this – tech teams but more robust and could be a good model for building a similar arm via Sync.
- Transportation sources harder to coordinate, as anecdotally, 5+ funders to build projects at times. This would be “a difficult nut to crack. [There are] fewer and fewer funding sources.”

### Value Planning

- Value planning – the reality is, municipal engineering firms will give you different versions on what the right timing, right engineering, etc. The notion that somehow, value planning should not be a – we need to be very careful about who is going to be the gatekeeper on determining which value plan is better – we all know that most of us are doing it not at the right time

because it's after the fact. We can't afford it, so the situations are also faulty by the metrics we have to measure. Like GMA – sounds great all these years later, communities are being restricted. Just a caution that we need to be careful how we integrate value planning.

- Part of this is to increase ownership of the process- yes, if you ask 10 engineers you will get 10 answers. Involve your community.
  - May not have best metrics for accurate planning, and best project development, i.e., not speaking the same language.
  - Value planning guidance can provide the tools to communities to do the project on their timeline, and according to their internally determined needs. If a district can do the value planning internally, less chance the project can be led away from intention.
  - Example: Open forum value planning-style meetings may be helpful for small districts to work through the process, engage the necessary stakeholders, and collaborate decisions
- To clarify – value planning is not meant to be a part of criteria, rather a best practice. Value planning is eligible for funding. So we want to create products that will help communities go through a process involving value planning.
- Is there a better avenue for addressing the change of personnel and elected officials on a local level that can impact a project?
- If we have a “funding broker” who is inside the agency who will take the needs of the community and plug the project in where it can be efficiently and effectively supported by all the agencies involved.
  - Having a champion on the state level for communities that helps put together a funding package for the community
- How about pre-application to get the project in the door so a team can look at it? Like an initial vetting? Then the agencies can get the right funding to the projects.
- Oregon has a one-stop meeting – all the regulators meet and vet projects.
- Simplify accessibility issue – if we can have that broker, we've achieved access to value planning, asset management, connection to state resources that maximize value, etc.

#### **Federal agencies – USDA-RD and RCAC**

- USDA, RCAC, and ERWOW each have contracts with DOH and ECY to provide real hands on technical assistance.
  - Income survey assistance, and other assistance, comes free to recipients of funds.
- USDA is a supervisory lender. They are there for the life of the loan.
  - If a loan is active, will ensure system working, rates are on park and operations and maintenance are receiving appropriate care.
  - Can include civil rights compliance review to determine equitable services are delivered
- Federal perspective: a district's legislative authority needs to be involved, the responsibility is beyond the public works director and it ends with the council. They must have an active role. USDA-RD requires something from council like a resolution that says they approve the submission of the application and that there is a public meeting. Must communicate to the community.
  - District's legislative authority must pass a resolution to demonstrate their knowledge and involvement on the project, and a public meeting to demonstrate public knowledge of the project.

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- Underwriting looks at district's with comparable rates to see where you should be.
  - Also look at differences in systems and differences in needs, including different requirements for systems in wet vs dry climates.
- Require short-lived asset with the application. It's the engineer completes a matrix that identifies the components of the entire system as well as the project.
  - Regulatory angle on infrastructure loans. Best practices (asset management, short-lived asset, etc.) come at time of application to ensure project direction from the start and can produce efficiencies if district's can frontload material preparation of request.
- Require a vulnerability assessment and emergency plan be in place. Council and staff must know what vulnerabilities are and plan for worst case.

### Regionalization:

- There is value with partnering to address water systems throughout a county for example.
- Regionalization is not new so it is definitely feasible. It works well for some and not for others.
- Let's remove barriers for communities that want to engage in regionalization. Begin with education, and demystify that regionalization is not a takeover, but collaboration.
- Grants for feasibility studies for cross-jurisdictional resource sharing for communities.
- A regional model that Sync should highlight is the partnership between South Bend and Raymond, via the Willapa Regional Treatment Plant.
- There is a lot of opportunity for pooled procurement options.
  - This goes beyond generating resource efficiency for some districts, and extends to counties and regional collaboration
  - [IDIQ](#), or Indefinite Delivery, Indefinite Quantity contracts may provide supply efficiencies that may support regional infrastructure efforts or similar to regionalization to identify and respond to similar problems *en masse*.
  - May need a process to vet regional contractors and likely must resolve any statutory obstacles.
- Other alternatives to regionalization include:
  - Professional services programs – may be inefficient because of the award process. Benefit is to bundle work and reduce spill over (delays, change orders, etc.).

### Odds and Ends

#### *Other ideas/challenges*

- Statutory requirements for engineers who work with communities to ensure projects are getting access to value planning and asset management
- Turnover of city council and staff keep the need for technical assistance high, and a continuous effort to educate, inform, and develop relationships and knowledge.
- Reliance on consultants – can we empower the consultant to be a partner and for smaller jurisdictions to use them as a resource, not temp staff?
- To be more efficient, we need follow-up as communities start projects, through tech teams or some program support. More than a site visit, but project trajectory.
- Create useable tools that are usable, with resources clients and other staff would know where to get the information, such as a web portal or an agency initiative.

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### *Overall*

- Keep it simple, whatever process you create, and don't add regulation
- We are all partners in this and we want to leverage our funds and create resource efficiency.
- We need to develop tools to encourage best practices.

### *Asset Management*

- A manual, resources, and most importantly, follow up to see how that community is using the information provided was of key interest to attendees.