



Department of Commerce

**2021-23 Biennial Capital Budget Request
September 2020**



STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

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September 14, 2020

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 our 2021-2031 10-Year Capital Budget Plan and request.

It includes items that align with Governor Inslee's priorities and the strategic priorities I've established for the agency over the last year. In putting together our proposals, we have been mindful of the historic situation we face, the continued impact of COVID-19 crisis, and the profound economic pressures the state is under.

Within these constraints, however, we are putting forward a set of proposals that not only meet the Governor's goals, but also meet our mission of strengthening communities and provide critical, equitable, economic support to underserved communities at this critical time.

In response to the crisis, our proposal centers on economic stimulus and recovery. Our proposal would create or save jobs by investing in public infrastructure and investing in key economic revitalization capital projects to stimulate local and regional economies. Our request would also expand the clean energy economy, not only to meet the state's climate goals, but to create or save jobs with investments in solar, electric vehicle infrastructure and the electrification of ferries, vessels, ports and other maritime projects. We seek to expand broadband infrastructure, connectivity and improve speeds in rural and underserved areas at a time when broadband access is critical. Lastly, our request would expand affordable housing development, creating jobs and mitigating the housing crisis exacerbated under the pandemic.

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

Sincerely,

Lisa Brown
Director



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Department of Commerce

Ten-Year Capital Plan Overview

The Department of Commerce's legislated mission is to grow and improve jobs in Washington State by championing thriving communities, a prosperous economy and a sustainable infrastructure.

The department's purpose is to strengthen communities and the department's values consist of being creative, collaborative and trusted. The department intends to bring new approaches to how it supports communities, ranging from equitably distributing agency funding, engaging communities to better respond to their needs and to helping communities assess and improve resilience.

The Ten-Year Capital Plan provides state resources for capital investments in local communities to support our core mission and policies set by the Governor and Legislature.

Reducing Homelessness and Improving Housing Affordability

RCW 43.185 created the *Housing Trust Fund* in 1986 to establish a resource to fill the gap created by economic conditions, federal housing policies and declining resources at the federal, state and local level. The gap adversely affects the ability of low-income persons to obtain safe, decent and affordable housing. Funds appropriated to the Housing Trust Fund are used for the Housing Assistance and Affordable Housing programs.

These programs help communities finance the development and preservation of affordable housing for low-income households and special needs populations. Projects must remain affordable to the target population for forty years. Funds are awarded on a competitive basis and have historically leveraged more than four dollars for every state dollar invested. Additionally, growth management planning is a key element to ensure the development of market rate and affordable housing. *Investment in Affordable Housing*, strategies would expand affordable housing development, creating jobs and mitigating the housing crisis exacerbated under the pandemic.

Clean Energy Economy

The *Clean Energy Funds Program* (CEF) has successfully catalyzed statewide investments in clean energy technology and infrastructure development. Continued funding for CEF is critical to effectively and equitably meet Washington's aggressive climate goals. CEF is a proven pathway that strengthens Washington leadership on clean energy innovation and deployment. These highly leveraged investments strengthen Washington's communities through living wage jobs, workforce skill development, and local economic activity.

The Energy Retrofits for Public Buildings Grant Program provides a pathway for public agencies to substantially improve building performance, reduce operating costs, and GHG emissions. Many public facilities were constructed prior to the adoption of new energy codes and do not include best practices for energy conservation. This program helps ensure public agencies build sustainable facilities, reduce deferred maintenance backlogs, create living wage jobs, and

contribute to our state's climate goals.

The Weatherization Plus Health Program, program delivers home repairs, health and safety improvements, and the installation of energy efficiency measures. Nearly 800,000 households in Washington live in poverty. Over half of these households are in need of weatherization services. This investment combined with leveraged funds will result in reduced energy burden, improved financial stability, better health conditions, and improved safety for over 15,000 of the state's most vulnerable residents. Low income weatherization is a targeted investment that helps address the underlying disparities and systemic inequalities that prevent low income residents from accessing and benefiting from healthy, affordable, efficient homes. Further, preservation of energy efficient housing improves community resiliency while advancing Washington's clean energy goals.

Funding Reliable Infrastructure

The Public Works Board Broadband infrastructure is essential to economic resiliency of business, communities, tribes and unserved residents. A current state survey reveals that 17 percent of respondents in Washington have no broadband access. The Public Works Board (PWB) requests \$80 million to deliver critical broadband infrastructure to unserved homes and businesses in support of education, healthcare, public safety, and job retention and creation. Bridging the digital divide is essential to shared economic recovery statewide.

The Public Works Board provides financial assistance in the form of low- or no-interest loans to local governments to repair, replace, or create bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems, and solid waste/recycling systems. Local governments use this funding to maximize their own resources by allowing them to fix problems as they emerge, rather than having to wait to amass necessary funds for critical projects. In recent years, Public Works funding has supported growth management initiatives. The department and the Board continue to seek ways leverage public infrastructure investments related to affordable housing.

The Community Economic Revitalization Board (CERB) is authorized by RCW 43.160 to assist in financing publicly owned local economic development infrastructure improvements to encourage new development and expansion in areas where growth is desired. The purpose of the funding is to foster job creation and private investment. The public improvements 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.

Community Economic Revitalization Board Competitive Grant Program and Broadband. The 2012 Capital Budget (ESB 6074, Section 1005) contained a \$12 million appropriation for the creation of a competitive grant program(s) for CERB. The intent of the program is to develop construction of publically owned infrastructure, facilities and related improvements, which enable and encourage private sector business creation or expansion, redevelopment of Brownfields, and/or enhance the vitality and livability of the community. Also, rural communities do not have access to adequate broadband services or connection speeds. The lack of high speed, open access broadband infrastructure in rural communities continues to be a challenge and the department seeks to fund efforts to provide low-cost financing to expand broadband infrastructure.

Building for the Arts Program. The Corporate Council for the Arts (now Arts Fund) first proposed Building for the Arts in 1991 to coordinate the many requests that the Legislature receives for support of arts-related capital projects. The Building for the Arts program provides state grants to nonprofit performing arts, art museum and cultural projects to defray up to 20 percent of the capital costs of new facilities or major renovations.

Building Communities Fund. The 2008 Legislature established the Building Communities Fund to provide nonprofit organizations with technical assistance and capital funding for social service and multipurpose community centers. To be considered eligible, projects must involve the acquisition, construction, or rehabilitations of a 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 percentage may be increased under exceptional circumstances. The program solicits applications every two years, and operates competitively.

The *Youth Recreational Facilities Program* is a competitive grant program that funds nonprofit organizations that feature a youth recreational component and a supporting social service and/or educational component. Funds may be used to construct or renovate youth recreational facilities, and are available on a 25 percent matching fund basis. By reducing or eliminating their lease or mortgage payments, these organizations are able to direct more of their limited resources into programmatic activities for young people.

Early Learning Facilities. In 2017, the legislature passed HB 1777, which established the Early Learning Facilities grant and loan program (RCW 43.31.565-583). The goal of the program is to increase high-quality early learning opportunities for low-income children and to address a severe shortage of early learning facility slots that are necessary to meet the ECEAP legislative mandate.

Library Capital Improvement Program Grants provides state capital grants to local governments for acquisition, construction, or rehabilitation of their public library facilities, with priority to those listed on registers of historic places and/or located in distressed or rural counties. Investing in public libraries is essential. They often provide the only accessible and free community support and services otherwise unavailable to the public, such as internet and computer access.

Other Infrastructure. The department continues to support the Pacific Hospital Preservation and Development Authority (PHPDA) and the 20-year capital maintenance plan for Pacific Tower. The Tower brings together training and support around issues of health care, education, job creation, and energy conservation.

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Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2021-23	New Approp 2021-23	Estimated 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31
0	92000377 Disaster Emergency Response									
	057-1 State Bldg Constr-State	1,809,000	1,781,000	4,000	24,000					
2	40000141 2021-23 Public Works Assistance Account-Construction									
	058-1 Public Works Assist-State	130,000,000				130,000,000				
6	40000144 2021-23 CERB Capital Construction									
	355-1 St. Bld Const Acct-State	15,000,000				15,000,000				
	887-1 Pub Facil Const Ln-State	10,000,000				10,000,000				
	Project Total:	25,000,000				25,000,000				
6	40000146 2021-23 CERB Rural Broadband Infrastructure Investments									
	355-1 St. Bld Const Acct-State	15,000,000				15,000,000				
6	40000152 2021-23 PWB Broadband Infrastructure									
	355-1 St. Bld Const Acct-State	80,000,000				80,000,000				
Total: Program		583,310,000	133,742,000	92,094,000	107,474,000	250,000,000				

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2021-23	New Approp 2021-23	Estimated 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31
0	30000082 2010 Local and Community Projects									
	057-1 State Bldg Constr-State	13,406,000	11,431,000		1,975,000					
0	30000097 Community Economic Revitalization Board									
	355-1 St. Bld Const Acct-State	5,000,000	1,723,000	3,277,000						

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Ten Year Capital Plan by Project Class
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Project Class: Grant

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2021-23	New Approp 2021-23	Estimated 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31
0	30000097 Community Economic Revitalization Board									
	887-1 Pub Facil Const Ln-State	13,020,000	5,000,000		8,020,000					
	Project Total:	18,020,000	6,723,000	3,277,000	8,020,000					
0	30000184 Public Works Assistance Account Program 2013 Loan List									
	058-1 Public Works Assist-State	36,948,000	25,948,000	5,130,000	5,870,000					
0	30000726 Clean Energy and Energy Freedom Program									
	057-1 State Bldg Constr-State	23,400,000	10,111,000	9,318,000	3,971,000					
	355-1 St. Bld Const Acct-State	17,000,000	13,468,000	911,000	2,621,000					
	Project Total:	40,400,000	23,579,000	10,229,000	6,592,000					
0	30000833 Housing Trust Fund Appropriation									
	355-1 St. Bld Const Acct-State	78,500,000	71,748,000	5,312,000	1,440,000					
	532-1 Wa Housing Trst Fd-State	3,000,000	2,850,000	150,000						
	Project Total:	81,500,000	74,598,000	5,462,000	1,440,000					
0	30000834 2015-17 Community Economic Revitalization Board Program									
	887-1 Pub Facil Const Ln-State	10,600,000	12,000	8,588,000	2,000,000					
0	30000836 Ultra-Efficient Affordable Housing Demonstration									
	532-1 Wa Housing Trst Fd-State	2,500,000	1,655,000	245,000	600,000					
0	30000846 2017 Local and Community Projects									
	057-1 State Bldg Constr-State	10,878,000	8,659,000	719,000	1,500,000					
0	30000872 2017-19 Housing Trust Fund Program									
	057-1 State Bldg Constr-State	19,631,000	3,187,000	10,728,000	5,716,000					

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0	30000872 2017-19 Housing Trust Fund Program									
	355-1 St. Bld Const Acct-State	83,500,000	17,090,000	41,599,000	24,811,000					
	532-1 Wa Housing Trst Fd-State	8,658,000	3,130,000	3,534,000	1,994,000					
	Project Total:	111,789,000	23,407,000	55,861,000	32,521,000					
0	30000873 Economic Opportunity Grants									
	689-1 Rural WA Loan Acct-State	6,750,000	3,178,000	3,072,000	500,000					
0	30000875 2017-19 Youth Recreational Facilities Grant Program									
	057-1 State Bldg Constr-State	6,907,000	2,353,000	1,554,000	3,000,000					
0	30000877 2017-19 Building for the Arts Grant Program									
	057-1 State Bldg Constr-State	12,000,000	8,476,000	2,024,000	1,500,000					
0	30000878 Public Works Assistance Account Construction Loans									
	355-1 St. Bld Const Acct-State	77,220,000	14,413,000	24,807,000	38,000,000					
0	30000879 Weatherization Plus Health Matchmaker Program									
	057-1 State Bldg Constr-State	18,500,000	13,922,000	4,430,000	148,000					
	355-1 St. Bld Const Acct-State	5,000,000	120,000	3,663,000	1,217,000					
	Project Total:	23,500,000	14,042,000	8,093,000	1,365,000					
0	30000881 Clean Energy Funds 3									
	057-1 State Bldg Constr-State	40,474,000	981,000	15,164,000	24,329,000					
	22M-1 Energy Efficncy Acct-State	5,500,000	57,000	81,000	5,362,000					
	355-1 St. Bld Const Acct-State	127,000	127,000							
	Project Total:	46,101,000	1,165,000	15,245,000	29,691,000					

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0	40000042 Clean Energy Transition 4									
	057-1 State Bldg Constr-State	21,300,000		458,000	20,842,000					
	355-1 St. Bld Const Acct-State	11,300,000		63,000	11,237,000					
	Project Total:	32,600,000		521,000	32,079,000					
0	40000043 2019-21 Building Communities Fund Program									
	057-1 State Bldg Constr-State	36,785,000		16,785,000	20,000,000					
0	40000044 2019-21 Early Learning Facilities									
	057-1 State Bldg Constr-State	9,362,000		1,362,000	8,000,000					
	22C-1 Early Lrng Fac Rev-State	22,248,000		248,000	22,000,000					
	22D-1 Early Lrng Fac Devel-State	3,410,000		1,610,000	1,800,000					
	Project Total:	35,020,000		3,220,000	31,800,000					
0	40000048 2019-21 Weatherization									
	057-1 State Bldg Constr-State	20,000,000		12,260,000	7,740,000					
0	40000049 2019-21 Energy Efficiency and Solar Grants Program									
	057-1 State Bldg Constr-State	12,500,000		154,000	12,346,000					
0	40000052 Rural Rehabilitation Loan Program									
	355-1 St. Bld Const Acct-State	5,000,000		1,920,000	3,080,000					
0	91000582 Clean Energy and Energy Freedom Program									
	057-1 State Bldg Constr-State	21,000,000	20,137,000	506,000	357,000					
	15P-1 Energy Recovery-State	50,000	50,000							
	355-1 St. Bld Const Acct-State	14,944,000	14,944,000							

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3	40000148 2021-23 Clean Energy V-Investing in Washington's Clean Energy									
	057-1 State Bldg	200,000,000				100,000,000	100,000,000			
	Constr-State									
4	40000149 2021-23 Energy Retrofits for Public Buildings Grant Program									
	057-1 State Bldg	100,000,000				50,000,000	50,000,000			
	Constr-State									
5	40000150 2021-23 Weatherization Plus Health									
	057-1 State Bldg	100,000,000				50,000,000	50,000,000			
	Constr-State									
6	40000139 2021-23 Youth Recreational Facilities Grant Program									
	057-1 State Bldg	40,000,000				8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
	Constr-State									
6	40000140 2021-23 Early Learning Facilities-School Districts Grant									
	22D-1 Early Lrng Fac	12,360,000				2,360,000	2,500,000	2,500,000	2,500,000	2,500,000
	Devel-State									
6	40000142 2021-23 Building Communities Fund Grant Program									
	057-1 State Bldg	250,000,000				50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
	Constr-State									
6	40000143 2021-23 Building for the Arts Grant Program									
	057-1 State Bldg	64,000,000				16,000,000	12,000,000	12,000,000	12,000,000	12,000,000
	Constr-State									
6	40000145 2021-23 Pacific Tower Capital Improvements									
	057-1 State Bldg	8,980,000				1,165,000	3,500,000	1,273,000	1,412,000	1,630,000
	Constr-State									
6	40000147 2021-23 Library Capital Improvement Program (LCIP) Grants									
	057-1 State Bldg	40,000,000				10,000,000	10,000,000	10,000,000	10,000,000	
	Constr-State									
Total: Grant		3,217,192,000	383,040,000	266,808,000	502,004,000	537,525,000	536,000,000	333,773,000	333,912,000	324,130,000

Project Class: Grant - Pass Through

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Project Class: Grant - Pass Through

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2021-23	New Approp 2021-23	Estimated 2023-25	Estimated 2025-27	Estimated 2027-29	Estimated 2029-31
0	40000005 2018 Local and Community Projects									
	057-1 State Bldg Constr-State	130,941,000	41,753,000	49,188,000	40,000,000					
0	40000006 Early Learning Facility Grants									
	22C-1 Early Lrng Fac Rev-State	10,996,000	5,361,000	2,635,000	3,000,000					
	22D-1 Early Lrng Fac Devel-State	4,504,000	2,733,000	772,000	999,000					
	Project Total:	15,500,000	8,094,000	3,407,000	3,999,000					
0	40000114 2019-21 Behavioral Health Capacity Grants									
	057-1 State Bldg Constr-State	125,151,000		25,151,000	100,000,000					
	355-1 St. Bld Const Acct-State	1,000,000		1,000,000						
	Project Total:	126,151,000		26,151,000	100,000,000					
0	40000116 2020 Local and Community Projects									
	057-1 State Bldg Constr-State	163,011,000		63,011,000	100,000,000					
0	40000117 Washington Broadband Program									
	23J-1 SW Broadband Account-State	21,550,000		1,050,000	20,500,000					
0	40000136 Seattle Vocational Institute									
	057-1 State Bldg Constr-State	1,300,000			1,300,000					
0	91000457 Housing for Farmworkers									
	355-1 St. Bld Const Acct-State	27,050,000	25,306,000	1,642,000	102,000					
Total: Grant - Pass Through		485,503,000	75,153,000	144,449,000	265,901,000					

Total Account Summary

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Total Account Summary

<u>Account-Expenditure Authority Type</u>	<u>Estimated Total</u>	<u>Prior Expenditures</u>	<u>Current Expenditures</u>	<u>Reapprop 2021-23</u>	<u>New Approp 2021-23</u>	<u>Estimated 2023-25</u>	<u>Estimated 2025-27</u>	<u>Estimated 2027-29</u>	<u>Estimated 2029-31</u>
057-1 State Bldg Constr-State	2,006,945,000	375,681,000	329,008,000	499,276,000	285,165,000	283,500,000	81,273,000	81,412,000	71,630,000
058-1 Public Works Assist-State	265,398,000	25,948,000	39,130,000	70,320,000	130,000,000				
15P-1 Energy Recovery-State	50,000	50,000							
19G-1 ELS Account-State	499,000	499,000							
22C-1 Early Lrng Fac Rev-State	33,244,000	5,361,000	2,883,000	25,000,000					
22D-1 Early Lrng Fac Devel-State	20,274,000	2,733,000	2,382,000	2,799,000	2,360,000	2,500,000	2,500,000	2,500,000	2,500,000
22M-1 Energy Efficncy Acct-State	11,000,000	100,000	1,296,000	9,604,000					
23J-1 SW Broadband Account-State	21,550,000		1,050,000	20,500,000					
23N-1 MTC Capital Account-State									
355-1 St. Bld Const Acct-State	1,847,307,000	161,391,000	109,847,000	216,069,000	360,000,000	250,000,000	250,000,000	250,000,000	250,000,000
532-1 Wa Housing Trst Fd-State	14,158,000	7,635,000	3,929,000	2,594,000					
689-1 Rural WA Loan Acct-State	6,750,000	3,178,000	3,072,000	500,000					
887-1 Pub Facil Const Ln-State	58,830,000	9,359,000	10,754,000	28,717,000	10,000,000				
Total	4,286,005,000	591,935,000	503,351,000	875,379,000	787,525,000	536,000,000	333,773,000	333,912,000	324,130,000

Department of Commerce

Review Documentation from DAHP and GOIA

2021- 2023 Biennium

Per Executive Order 05-05, agencies must consult with Department of Archaeology and Historic Preservation (DAHP) and the Governor's Office of Indian Affairs (GOIA) on all capital construction projects and land acquisitions for the purpose of a capital construction project.

Department of Commerce capital programs contain multiple subprojects; therefore, the DAHP requirements are contained in the application or contract process. Program specific procedures for obtaining EO 05-05 compliance are listed below. The agency is in compliance with DAHP and GOIA EO 05-05 requirements.

Community Economic Revitalization Board (CERB)

Community Economic Revitalization Grant/Loan Program
CERB Competitive Economic Development Grant Program
CERB Competitive Community Revitalization Grant Program
CERB Direct Appropriations

- Community Economic Revitalization Board (CERB) requires EO 05-05 be met as a special condition to the initial offer of financial assistance for construction projects. The recipient is given six months to meet the EO 05-05 terms or the funding offer is withdrawn. Documented evidence is retained in the project files.

Public Works Board (PWB)

Public Works Assistance Account Program (Construction Loans)

- Pre-Construction Loan
- Emergency Loan
- Direct Appropriations – Main Street Grant
- Water System Acquisitions and Rehabilitation (WSARP) Grant

Housing Assistance and Affordable Housing

Housing Trust Fund

- Housing Assistance, Affordable Housing, and Housing Trust Fund program application and contract conditions require EO 05-05 compliance for construction projects. Documented evidence is retained in the application/contract files.

Community Capital Facilities

Building Communities Fund
Building for the Arts
Individual Capital Provisos
Local and Community Projects
Library Capital Improvement Program Grants
Youth Recreational Facilities
Energy Efficiency and Solar Grant Projects

- Applicant projects are pre-screened using DAHP provided criteria. For example, if the project is for acquisition-only or has gone through a federal Section 106 National Historic Preservation Act review, per DAHP agreement, the department exempts the project from EO 05-05 procedures. However, for projects not meeting the DAHP criteria (for example, the project disturbs dirt ground and/or impacts a building older than 50 years), the department requires the grantee obtain DAHP evaluation approval according to EO 05-05 prior to contract execution. For projects involving modifications to a building older than 50 years, DAHP may recommend criteria pertaining to the proposed rehabilitation. Documented evidence is retained in the application/contract files.

Energy Division

State Energy Program

- The State Energy Program requires EO 05-05 compliance for all projects. The State Energy Office has a signed Programmatic Agreement with DAHP and the Department of Energy that covers some of the projects. Documented evidence is retained in the application/contract files for all projects that are not covered by the Programmatic Agreement.

Weatherization

Low-Income Energy Assistance Program – Weatherization (LIHEAP-WX)

Energy MatchMakers Program (MM)

Bonneville Power Administration (BPA) – Weatherization Program

Department of Energy (DOE) Weatherization Program

- Weatherization program requirements have federal requirements to satisfy EO 05-05 for weatherizing homes 45 years and older that could be historically significant. The policy states:

“The application for federal funds necessitates an environment review for Historic and Cultural Resources. This applies to all weatherization programs including DOE, Health and Human Services (HHS), BPA, and the MM Program.”

Local agency compliance is monitored. Failure to work with DAHP before work proceeds on homes 45 years and older results in disallowed costs.

Rural Washington Loan Fund

Rural Washington Loan Program

- Rural Washington Loan Fund contract conditions require EO 05-05 compliance for construction projects. Documented evidence is retained in the contract files. This program normally does not fund ground breaking projects.

103 - Department of Commerce
Capital FTE Summary
 2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS004

Date Run: 9/14/2020 5:25PM

FTEs by Job Classification

<u>Job Class</u>	<u>Authorized Budget</u>		<u>2021-23 Biennium</u>	
	<u>2019-21 Biennium</u>			
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Administrative Assistant 3			3.4	3.4
Administrative Assistant 4			0.9	0.9
Budget Analyst 4			0.9	0.9
Commerce Specialist 1			1.5	1.5
Commerce Specialist 2			4.1	4.1
Commerce Specialist 3			15.6	15.6
Commerce Specialist 5			3.3	3.3
EMS I			2.1	2.1
EMS II			0.6	0.6
EMS III			0.7	0.7
Management Analyst 3			0.5	0.5
Management Analyst 4			0.5	0.0
Management Analyst 5			0.5	0.5
Office Assistant 3			0.5	0.5
Washington Management Services			2.4	2.4
Total FTEs			37.5	37.0

Account

<u>Account - Expenditure Authority Type</u>	<u>Authorized Budget</u>		<u>2021-23 Biennium</u>	
	<u>2019-21 Biennium</u>			
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
057-1 State Bldg Constr-State			3,150,000	3,150,000
355-1 St. Bld Const Acct-State			3,750,000	3,750,000
Total Funding			6,900,000	6,900,000

Narrative

103 - Department of Commerce
Capital FTE Summary
2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS004

Date Run: 9/14/2020 5:25PM

Narrative

Local Government Infrastructure Division:

Local Government FTEs program and fund allocation:

*Fund 057 State Building Construction Account:

The Library Capital Improvement Program provides state capital grants to local governments for acquisition, construction, or rehabilitation of their public library facilities, with priority to those listed on registers of historic places and/or located in distressed or rural counties. FTE program allocation: 0.1 FTE Commerce Specialist 5, 0.1 FTE Washington Management Services, and 0.2 FTE Administrative Assistant 3 for both FY 2022 and FY 2023.

The total cost of \$150,000 per fiscal year in FY2022 and FY2023 from fund 057 State Building Construction Account.

Energy Division:

Energy program and fund allocation:

*Fund 057 State Building Construction Account:

Since 2013, the Clean Energy Fund (CEF) has successfully catalyzed statewide investments in clean energy technology and infrastructure development. FTE program allocation: 1.1 FTE Commerce Specialist 5, 4.0 FTE Commerce Specialist 3, 1.1 FTE Commerce Specialist 2, 0.4 FTE Washington Management Services, 1.3 FTE Administrative Assistant 3, 0.5 FTE Budget Analyst 4, 0.3 FTE EMS 3, 2.1 FTE EMS 1 for both FY 2022 and FY 2023.

The Energy Retrofits for Public Buildings program provides a pathway for public agencies to substantially improve building performance, reduce operating costs, and GHG emissions. FTE program allocation: 0.3 FTE Commerce Specialist 5, 2.0 FTE Commerce Specialist 3, 0.5 FTE Commerce Specialist 2, 0.2 FTE Washington Management Services, 0.2 FTE Administrative Assistant 4, 0.7 FTE Administrative Assistant 3, 0.2 FTE Budget Analyst 4, 0.2 FTE EMS 3, 0.3 FTE EMS 2 for both FY 2022 and FY 2023.

The Weatherization Plus Health program delivers home repairs, health and safety improvements, and the installation of energy efficiency measures. FTE program allocation: 0.3 FTE Commerce Specialist 5, 2.0 FTE Commerce Specialist 3, 0.5 FTE Commerce Specialist 2, 0.2 FTE Washington Management Services, 0.2 FTE Administrative Assistant 4, 0.7 FTE Administrative Assistant 3, 0.2 FTE Budget Analyst 4, 0.2 FTE EMS 3, 0.3 FTE EMS 2 for both FY 2022 and FY 2023.

The total cost of \$3,000,000 per fiscal year in FY2022 and FY2023 from fund 057 State Building Construction Account.

Community Services and Housing Division:

Community Services and Housing program and fund allocation:

*Fund 355 State Taxable Building Construction Account:

The HTF Program investments address the ongoing and critical need to develop and preserve affordable housing for low-income and special needs populations, while creating living wage jobs. FTE program allocation: 1.5 FTE Commerce Specialist 5, 7.0 FTE Commerce Specialist 3, 1.5 FTE Commerce Specialist 1, 2.0 FTE Commerce Specialist 2, 0.5 FTE Management Analyst 5, 0.5 FTE Management Analyst 4, 0.5 FTE Management Analyst 3, 1.5 FTE Washington Management Services, 0.5 FTE Administrative Assistant 4, 0.5 FTE Administrative Assistant 3, and 0.5 FTE Office Assistant 3 for both FY 2022 and FY 2023.

The total cost of \$3,750,000 per fiscal year in FY2022 and FY2023 from fund 355 State Taxable Building Construction Account.

Department of Commerce

Maintenance Backlog Reduction Plan

The Department of Commerce does not currently have a maintenance backlog reduction plan as defined in Chapter 1 of the 2021-31 Capital Budget Instructions.

The department does not manage maintenance or repair project backlogs.

Department of Commerce

All Preservation Projects

The Department of Commerce does not currently have any preservation related projects as defined in Chapter 3 of the 2021-31 Capital Budget Instructions.

Department of Commerce

All Programmatic Projects

The Department of Commerce does not currently have any programmatic related projects as defined in Chapter 3 of the 2021-31 Capital Budget Instructions.

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91001157

Project Title: 2019 Local and Community Projects

Project Class: Program

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

Funding is provided for 95 Local and Community projects administered by the Department of Commerce.

Project Description

Funding is provided for 95 Local and Community projects administered by the Department of Commerce.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

None

New Facility: No

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	40,569,000	15,227,000	18,342,000	7,000,000	
	Total	40,569,000	15,227,000	18,342,000	7,000,000	0

Future Fiscal Periods

Acct Code	Account Title	2023-25	2025-27	2027-29	2029-31
057-1	State Bldg Constr-State				
	Total	0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000124

Project Title: 2019-21 Behavioral Rehabilitation Services Capacity Grants

Project Class: Program

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding is provided for Behavioral Rehabilitation Services Capacity Grants.

Project Description

Funding is provided for Behavioral Rehabilitation Services Capacity Grants.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	2,000,000			2,000,000	
	Total	2,000,000	0	0	2,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000130

Project Title: 2021 Local and Community Projects

Project Class: Program

Description

Starting Fiscal Year: 2021

Agency Priority: 0

Project Summary

Funding is provided for Local and Community Projects.

Project Description

Funding is provided for Local and Community Projects.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	29,970,000		9,970,000	20,000,000	
	Total	29,970,000	0	9,970,000	20,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000018

Project Title: Behavioral Health Community Capacity

Project Class: Program

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

The department requests \$65,600,000 in funding 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

Additional funding is provided in the 2018 Supplemental Capital Budget for six specific projects and \$13 million is provided for additional competitive funding for community behavioral health projects, including projects for children and minor youth.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

New Facilities/Additions (Major Projects)

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	83,280,000	6,057,000	37,223,000	40,000,000	
	Total	83,280,000	6,057,000	37,223,000	40,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91000943

Project Title: CERB Administered Broadband Infrastructure

Project Class: Program

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

Funding is increased by \$5 million and funding from the enacted budget is switched from tax exempt bonds to taxable bonds for the Community Economic Revitalization Board (CERB) administered broadband infrastructure program that provides grants and loans for projects that meet specified criteria.

Project Description

Funding is increased by \$5 million and funding from the enacted budget is switched from tax exempt bonds to taxable bonds for the Community Economic Revitalization Board (CERB) administered broadband infrastructure program that provides grants and loans for projects that meet specified criteria.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans

Growth Management impacts

None.

New Facility: No

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
058-1	Public Works Assist-State	3,450,000			3,450,000	
355-1	St. Bld Const Acct-State	10,000,000		5,000,000	5,000,000	
	Total	13,450,000	0	5,000,000	8,450,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
058-1	Public Works Assist-State					
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91001306

Project Title: Dental Capacity Grants

Project Class: Program

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding provided for Dental Capacity Grants.

Project Description

Funding provided for Dental Capacity Grants.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	1,475,000		475,000	1,000,000	
	Total	1,475,000	0	475,000	1,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000377

Project Title: Disaster Emergency Response

Project Class: Program

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

Funding is provided for Disaster Emergency Response for the items outlined in ESHB 2380, Section 1009.

Project Description

Fund is provided for the following items: (1) \$209,000 of the appropriation is provided solely for a grant to Chelan county for its emergency operations center. (2) \$500,000 of the appropriation is provided solely for a grant to the city of Twisp for its city hall/emergency response. (3) \$1,100,000 of the appropriation is provided solely for a grant to the city of Pateros for its water reservoir project.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	1,809,000	1,781,000	4,000	24,000	
	Total	1,809,000	1,781,000	4,000	24,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91001239

Project Title: Library Capital Improvement Program

Project Class: Program

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding is provided for Library Capital Improvement Program.

Project Description

Funding is provided for Library Capital Improvement Program.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	12,838,000		4,838,000	8,000,000	
	Total	12,838,000	0	4,838,000	8,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000369

Project Title: Local & Community Projects 2016

Project Class: Program

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

Funding is provided for Local and Community Projects

Project Description

Local and Community Projects 2016 (92000369)7 The appropriation in this section is subject to the following conditions and limitations: (1) Except as directed otherwise prior to the effective date of this section, the department may not expend the appropriation in this section unless and until the non state share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature. This requirement does not apply to projects where a share of the appropriation is released for design costs only. (2) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component. (3) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW. (4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances. (5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(6). (6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages. (7) \$2,209,000 of the appropriation in this section is provided solely for the Fairchild air force base protection and community empowerment project, including the purchase of twenty acres of land for development of affordable housing and the county's purchase of p. 28 2EHB 1115.SL mobile home parks in order to reduce the use of the accident potential zone for residential purposes. If the county subsequently rezones, develops, and leases the mobile home park property for commercial or industrial uses contrary to the allowed uses in the accident potential zone, the county must repay to the state the amount spent on the purchase of mobile home parks in its entirety within ten years. (8) \$850,000 of the appropriation in this section is provided8solely for the White River restoration project. Design solutions for flooding reductions in the lower White River must include a floodplain habitat design that both reduces flood risks and restores salmon habitat by reconnecting the river with its floodplain and a sustainable riparian corridor. Project designs and plans must also identify lands for acquisition needed for floodplain reconnection where pending or existing development eliminates the potential for riparian and aquatic habitat restoration. The city shall work cooperatively with the Muckleshoot Indian Tribe and the Puyallup Tribe of Indians, and develop a plan collaboratively to achieve both flood reduction and habitat restoration. (9) Up to \$150,000 of the appropriation in this section for the veterans helping veterans: Emergency transition shelter project may be spent on preconstruction or pre-acquisition activities, including, but not limited to, building inspections, design of necessary renovations, cost estimation, and other activities necessary to identify and select a facility appropriate for the program. The remainder of the appropriation must be used for eventual acquisition and renovations of a facility. (10) \$2,500,000 of the appropriation in this section is provided solely for the mercy housing and health care center at Sand Point. During the 2015-2017 fiscal biennium, the center may not house any community health care training organization that has been investigated by and has paid settlement fees to the attorney general's office for alleged medicaid fraud. (11) The Lake Chelan land use plan must be developed without adverse impacts on agricultural operations.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000369

Project Title: Local & Community Projects 2016

Project Class: Program

Description

Growth Management impacts

Unknown

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	128,919,000	108,225,000	8,694,000	12,000,000	
	Total	128,919,000	108,225,000	8,694,000	12,000,000	0

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
057-1 State Bldg Constr-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000009

Project Title: PWAA Preconstruction and Emergency Loan Programs

Project Class: Program

Description

Starting Fiscal Year: 2018

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

Funding is provided for financial assistance in the form of low or no interest preconstruction and emergency loans to local governments to repair, replace, or rehabilitate bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems and solid waste/recycling systems.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans

Growth Management impacts

N/A

New Facility: No

How does this fit in master plan

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
355-1	St. Bld Const Acct-State	19,000,000	2,452,000	7,548,000	9,000,000	
	Total	19,000,000	2,452,000	7,548,000	9,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000141

Project Title: 2021-23 Public Works Assistance Account-Construction

Project Class: Program

Description

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000141

Project Title: 2021-23 Public Works Assistance Account-Construction

Project Class: Program

Description

Starting Fiscal Year: 2022

Agency Priority: 2

Project Summary

Infrastructure is the backbone of sustained economic recovery, growth, and job creation. It is critical to environmental protection, public health, and safety. The Public Works Board (PWB) requests \$130 million from the Public Works Assistance Account (PWAA) to address the statewide need for financing infrastructure, as demonstrated by a known project pipeline of eligible, shovel ready projects totaling more than \$673 million.

Project Description

The PWB utilizes an infrastructure revolving fund to administer three loan programs for traditional infrastructure systems (roads, bridges, sanitary sewer, domestic water, stormwater and solid waste/recycling). These programs are: a) construction, b) pre-construction, and c) emergency. The competitive construction and pre-construction programs award funds through annual funding cycles. The emergency loan program is open as long as funds are available. The PWB sets the amount of funds available under each category.

This request will use approximately \$130 million from the PWAA to fund projects in the aforementioned funding programs. Application rating and ranking follows the funding considerations and criteria outlined in RCW 43.155.070. After loans are awarded, loan repayments and interest earnings return to the revolving account. These resources can finance future public infrastructure. Since new legislation enacted in 2018 moved the funding process from a list to a competitive process, projects seeking PWB support are at a high degree of readiness. Under this new framework, the projected average time from application to project completion is 2.1 years, rather than 5.4 years or longer, with the previous process. Thus, investments in public works board projects can ensure an immediate infusion of funds that will help revive local economies.

Funding in this request will be directed toward local priority infrastructure projects that are ready-to-go, meaning they can be completed within one-to-four years of award dates.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Infrastructure systems are the backbone of economic recovery and growth, the cornerstone of public health and safety, and a first line of defense against environmental damage. PWB funding awards allow local jurisdictions to address their specific public and environmental health and safety concerns, such as raw sewage discharge, flooding, contamination, and fire flow. Project awards also enable community economic growth and development. In rural communities, access to low cost financing is the key to development and a requirement for maintaining service affordability for customers. These benefits are not limited to new construction. System rehabilitation and upgrades not only ensure the proper functioning of infrastructure systems, they also reduce operating expenses and increase local efficiency.

The 2019-21 capital appropriation for the PWB traditional infrastructure program was \$95 million. The PWB closed a competitive construction and pre-construction funding cycle on July 12, 2019 that resulted in 75 applications with more than \$246 million in resource requests. There was such a large need for construction funds that the PWB, after funding all qualified pre-construction applications, utilized all remaining funds to award additional construction projects. The PWB awarded the full \$95 million capital appropriation in that single application cycle, and still had to deny 35 qualified applicants due to lack of funds. The PWB also had to cancel subsequent application cycles scheduled for the biennium.

This funding cycle demonstrates that the demand for infrastructure funding far surpasses recent appropriations. 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. This style of system management drives up operations costs, negatively impacts customer budgets and service availability, and greatly increases the likelihood of catastrophic failure resulting in harm to the public and environment. Half of

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000141

Project Title: 2021-23 Public Works Assistance Account-Construction

Project Class: Program

Description

the construction awards in the PWB's recent funding cycle were to replace infrastructure at or well past end of life. Rate affordability issues, revenue limitations, and the competing demands for funding resources limit local jurisdictions' ability to absorb the cost of addressing these critical infrastructure needs. Population growth, regulation, and reduced resources have put a burden on local governments to meet the demands of providing and maintaining basic services.

Statutory flexibility allows the PWB to address multiple needs through one funding award. This means that while fixing a road, PWB also supports culvert replacement, stormwater upgrades, even access to schools, parks and improved economic development opportunities. By utilizing this multi-system approach, jurisdictions realize cost savings in labor and materials and reduce the impact on area residents. During Fiscal Year 2020, the PWB supported 15 multi-system benefit projects across construction, pre-construction, and emergency.

In June 2020, staff revisited this pipeline of projects, and when engaging with these applicants, learned of an additional \$169 million in funding needs. These are ready-to-go projects, meaning completion within one to four years of funding award. These potential applicants told staff 69 shovel-ready projects that address systems that are beyond useful life and that pose public health and safety concerns. The funding needed for these projects totals \$504 million and, due to the limited scope of contacts made, only scratches the surface of the state's true funding need.

Public resources available to fund these projects are declining. According to a May 2019 report by Brookings Institute, federal spending on infrastructure from 2007-2017 \$9.9 billion in real terms while operations and maintenance costs rose 9.5% over the same time frame and capital investments in infrastructure declined by 16 percent (source data: <https://www.brookings.edu/research/shifting-into-an-era-of-repair-us-infrastructure-spending-trends/>).

Resources are needed to bridge the gap between alternative state and federal infrastructure programs and a communities' need for repair or replacement, but for which there is no other funding than the private market. The private market is a costly alternative that is out of reach for smaller communities, and requires millions in added interest payments for those who do qualify. Analysis of the costs for local governments to borrow indicates nearly a two percent difference between the PWB interest rate and the private market.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

The request of \$130 million in resources from the PWAA will fund projects that meet current infrastructure demands across the state. The projects used to justify this request are ready to go, meaning they can be completed in 2-4 years. One example of a Fiscal Year 2020 project that passed scoring threshold, but did not receive an award due to lack of funds, is the city of Quincy's Phase 2 Wastewater and Recycled Water project. The two primary economic activities for the city are food processing and data storage, both water intensive activities. In order to continue economic growth in the region and maintain regulatory compliance, water reuse is the only affordable solution. This project is still seeking funding and is part of the PWB pipeline of projects. If the city is unable to secure other financing to complete this project, the city may have to shut down one of its food processing locations and halt expansion of data center operations. Investing \$130 million in local priority infrastructure projects achieves a job multiplier of 10.89, for a total 1,416 jobs. The economic output generated with this investment is \$256 million, based on a total output modifier of 1.97.

This represents a much-needed economic boost during this pandemic-induced recession. These funds will plan and build Washington's next legacy infrastructure systems and support communities to deliver essential public services.

Infrastructure not only provides essential services, it is the backbone of economic recovery, and is a vital component of community development. For instance, in Fiscal Year 2020 the city of Camas received PWB financing for their State Route 500 and Lake Road interchange project. This project resolves traffic issues that are preventing the development of 235 acres of commercial/industrial land, 225 acres of residential land. This roadway solution also provides for safe parking and pedestrian access to recreational areas on Lake Lacamas. Stormwater management and treatment is also being addressed during this

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project, which results in decreased contaminant introduction into the lake.

Kitsap County's Fiscal Year 2020 application to finance improvements along Bay Shore and Washington Avenues in Silverdale passed threshold, but did not receive award due to lack of funding. This project addresses traffic flow, ADA compliance issues, wastewater and stormwater management, aging domestic water services, parking, and pedestrian access concerns that have hampered the continued development of the Old Town neighborhood. Visitors come to this waterfront area year-round for community events, recreational activities, and access to commercial and service industries. Public involvement in the design of this project is high, with over 500 inquiry respondents at multiple public meetings. This project is still seeking funding and is part of the PWB pipeline of projects.

Beginning in the 2017-2019 biennium, the Legislature authorized the PWB to fund construction projects with an appropriation. Prior to this, funding for PWB projects was done through a loan list that required prior legislative approval. Changing from a list to an appropriation not only makes the funding cycle faster, it allows for PWB to serve as leverage for other infrastructure funding programs, thus extending the "reach" of limited federal and state resources, and facilitates packaging of funding sources to benefit local projects; making viable projects whole.

To achieve this, four funding windows per biennium have been established that align with the federally capitalized State Revolving Funds (both Clean Water and Drinking Water). This subtle change allows greater coordination with other funders and for projects to be packaged, which brings substantially greater value to communities. In Fiscal Year 2020, 17 PWB financed projects were co-funded efforts with state and/or federal partners. The emergency award to the city of Moxee is an example of a co-funded project between the PWB and the Drinking Water State Revolving Fund (DWSRF). This project was in response to the failure of one of the city's wells and was funded with \$282,000 in local funds, \$500,000 from DWSRF, and \$1,000,000 from PWB. Completion of this project will ensure access to domestic water for city residents and local agricultural industry. By financing this project rather than using local funds exclusively, the city is able to continue their system maintenance program without interruption or curtailment.

The PWB anticipates \$130 million going towards construction. Based on the average award of the PWB's last two construction loan cycles (\$3.5 million), \$130 million would fund approximately 37 construction projects throughout the biennium. Construction projects are complete within five years, with loan repayments funding the next generation of local infrastructure projects.

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

The proposal would reduce the backlog of critical infrastructure projects that exists in most communities due to aging infrastructure and limited fiscal capacity.

Funding for communities with infrastructure needs is limited, especially for those with limited capacity to take on large infrastructure projects or private market loans. The PWB's open competitive construction loan program conducts a competitive process that ensures all projects are vetted, including the financial capability to assume a loan, effective local systems management, and that projects will meet a critical public need. The new funding structure authorized by the legislature enabled the PWB to meet local governments where and when they need it, and not be restricted by either annual or biennial funding windows. This appropriation will allow the PWB to continue exercising that authority, and effectively support infrastructure development statewide.

The PWB is a self-sustaining program that can augment other state and federal financing programs. The process is highly competitive and allows the PWB 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. PWB funding also assists the state in addressing Diversity, Equity, and Inclusion (DEI) goals. National studies indicate that communities of color are less likely to have access to clean, affordable drinking water and wastewater services. These communities are also at a higher likelihood to have services turned off as rates increase (emergency repairs are the leading cause of dramatic increases in ratepayer costs). Similarly, implementation of stormwater management and maintenance of

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roads lags behind in these communities. Such investments move the state towards a sustainable infrastructure system that accounts for environmental, social, and economic realities while increasing resilience, functionality, and access.

It is important to note that two primary funding programs for water infrastructure, the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), using an accelerated funding cycle have been unable to fund all of the projects seeking financing. On average, the demand on these resources has been 2:1. That means that half of the projects receive no funding and must wait for the next annual funding cycle. During that time, funding may shrink or disappear altogether. That is, costs may increase significantly, funding may be lost due to match requirements, and communities may experience emerging demands or new regulation. Additionally, delaying the replacement of aging system components increases the chance for catastrophic failure and emergency repair, which dramatically increases the cost to the community. In the most recent funding cycle, the DWSRF and CWSRF only funded 38 percent of project requests. In the PWB's most recent funding cycle, the ratio of request to award was 3:1 and only 40 percent of projects were funded.

If no action is taken, the PWB will not be able to address critical and failing infrastructure systems, resulting in negative impacts on public health and safety, reduced environmental protection, and stalled economic recovery and development. Every year there is a deficit of infrastructure financing, communities must absorb the environmental, social, and economic costs associated. Infrastructure connects the daily lives of people and businesses. Without it, communities are less capable of growing in a sustainable way. For communities that must access the private credit market and guarantee future revenues to large principal and interest payments, the future growth capability of the community is restrained and other priorities must be sacrificed.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Knowing the demand for infrastructure financing, the PWB explored two options for increasing the requested appropriation. Through the agency request legislation process, the PWB is pursuing reinstatement of PWAA revenue streams that have been redirected to other state priorities over the last two biennia. This would increase the amount of funds available in the account, and enable the PWB to provide a greater level of financial assistance to Washington communities. Until these statutory changes are made, this is not a legal option.

The PWB also considered an appropriation request more consistent with known local financing demand by requesting an additional \$120 million in taxable bonds, which would bring the appropriation request up to \$250 million. The PWB rejected this option due to the increased costs to the state and because a revolving loan fund like the PWB's, when left to operate as designed, should be self-sustaining.

A final alternative to funding the \$130 million requested by the PWB is to not provide an appropriation. However, with the state facing critical revenue challenges at all levels due to the COVID-19 pandemic, local resources to fund priority areas such as infrastructure in support of economic recovery and growth, culvert replacement to restore salmon habitat, and updating legacy infrastructure systems that are moving beyond useful life into failure are even more constrained. The PWB is an affordable resource for local governments that moves the state towards an effective infrastructure solution that ensures public health and safety, protects the environment, and drives economic recovery and growth.

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

Nearly 2,000 government organizations are eligible for PWB Traditional Programs funding: Cities (281), counties (39), special purpose districts (approximately 1,300 excluding ports and school districts), and municipal and quasi-municipal corporations (1,580 estimated). The infrastructure systems they manage touch the lives of every resident in the state and provide the backbone for economic recovery and growth. 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 and

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environmental health and safety are jeopardized.

This request will allow the PWB to help local governments to address critical needs. For the Fiscal Year 2020 funding cycle, every applicant who had a permit violations passed scoring threshold and were eligible for award; however, five of them did not score high enough to be awarded before the PWB ran out of funds. Looking to the future, the PWB project pipeline is a limited snapshot in time and represents the current needs of only 48 cities, 18 counties, and 35 special purpose districts. The \$673 million in funding sought benefits 46 domestic water, 34 wastewater, and 9 stormwater systems; 9 roadways; and 3 solid waste/recycling facilities. Each project funded impacts a unique group of citizens; however, affordability and access are negatively impacted when systems are managed by crisis rather than proactive maintenance, expansion, and upgrade.

Additionally, infrastructure is a prime determining factor when deciding to locate, maintain, and expand business. A prime example is the city of Pasco's Process Water Reuse Facility (PWRF) improvements project, which is part of the PWB pipeline of projects that applied for financing in Fiscal Year 2020, passed scoring threshold, did not receive an award because of lack of funds, and is still looking for funding. By Department of Ecology order, the city must transition wastewater service for a food processing plant from the city's wastewater treatment plant to the PWRF. The PWRF is already at capacity with the five current food processing plants it services and cannot service additional connections without upgrades and expansion. By completing this project, the city will be able to retain at least 1,200 jobs and create an additional 250 jobs, not counting the jobs retained within the agricultural jobs associated with growing and harvesting. The upgraded wastewater management system will allow for the expanded operations at existing food processing plants, the locating of new processing plants, and expanded residential and commercial capacity. This is a necessary step for the city as its anticipated population growth is 68% over the next 20 years.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. In Fiscal Year 2020, the \$93 million in PWB loan awards leveraged more than \$289 million in state, federal, and local infrastructure investment.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request would support the Department of Commerce and the PWB's strategic priorities for reliable infrastructure and building outreach to communities.

Authorizing funding for the construction and pre-construction loan programs will directly:

- Reduce the emissions of greenhouse gases by local governments. The Horn Rapids Landfill construction project in the city of Richland, awarded by PWB in Fiscal Year 2020, will collect landfill gas emissions for re-use as biogas.
- Reduce the amount of potable water used for non-potable purposes. The King County Pre-construction Brightwater Reclaimed Storage project, awarded PWB funding in Fiscal Year 2020, reduces the area's draw on potable water sources for irrigation purposes and allows for aquifer recharge. The construction phase of this project is part of the PWB pipeline of known projects.
- Improve the quality of water discharged into Washington waterways. The Fiscal Year 2020 awarded King County Georgetown Wet Weather Treatment Station construction project manages stormwater flows in the Georgetown area of Seattle. Completion of this project will keep hundreds of thousands of gallons of partially treated effluent from discharging into the Duwamish River every year.
- Increase transportation mobility. The Fiscal Year 2020 construction award to the city of Long Beach for its Washington Avenue South project will not only allow the City to place a new water main to ensure clean domestic water and fire flow to the southern

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half of their distribution system, it will also allow the City to widen and resurface Washington Avenue South to create an alternate route through town. This alternate route will increase pedestrian safety, facilitate the efficient movement of goods and services, and relieve congestion.

· Create jobs. The PWB does not collect job data directly from its applicants. However, 25% of the applicants for funding in Fiscal Year 2020 indicated economic development as a driver for their infrastructure project. Additionally, 87% of the Fiscal Year 2020 applicants were addressing failing or failed systems. The failure of infrastructure results in economic decline, the loss of commercial and industrial employers, and the inability to provide affordable housing. One such construction project awarded in Fiscal Year 2020 by the PWB is the city of Connell's Country Estates Sewer Improvements. The current sewer system is failing, costing the City in staff time and reserve funding to deal with backups and blockages. Additionally, due to these system issues, the City is unable to develop several parcels of land that would be connected for sewer service.

Infrastructure is the backbone of economic recovery, and is a vital component of community development. Investing \$130 million in local priority infrastructure projects achieves a job multiplier of 10.89, for a total 1,416 jobs. The economic output generated with this investment is \$256 million, based on a total output modifier of 1.97.

The Fiscal Year 2020 awarded Seattle Public Utilities Pearl Street Drainage and Wastewater Improvements construction project deals with both economic vitality and community development. This Beacon Hill area in Seattle has a combined sewer system that experiences repeated backups into the public right-of-way across from Maple Elementary School and neighborhood homes and businesses. Additionally, stormwater flooding has been significant in the elementary school and the public Maplewood Playfield. Resolution of these issues will enable businesses to thrive, ensure that school is uninterrupted, allow public access to recreational facilities, and mitigate adverse impacts on utility human and financial resources.

Does this project include IT related costs, including hardware, software, cloud based services, contracts or staff?

N/A

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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

PWB staff submits a list of prioritized projects to the Puget Sound Partnership (Partnership) as a part of threshold review. This process also includes consideration and feedback from Partnership staff on whether projects are consistent with the Puget Sound Action Agenda. The Partnership includes information on relevant PWB funded projects annually in its required reporting to the National Estuary Program.

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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 aging systems need to be brought up to current standards to align with the governor's carbon reduction strategy. Replacing outdated infrastructure will improve environmental quality and be able to provide strategic traffic linkages for more efficient transport of goods. Infrastructure can contribute to reducing carbon pollution and energy efficiency, but consistent investment is necessary to realize this potential.

A prime example of the positive impacts stemming from replacing an aged sewer system is the use of methane recapture technology that both reduces greenhouse gas emissions and 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 by 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 sustainable communities. The clean water created by modern sewer

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technology can be used as the water necessary to provide sufficient fire flow, irrigation, and other nonpotable uses. The use of methane to power sewer plants makes them self-sustaining and keeps costs within reach of the ratepayers, 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 PWB and the department are dedicated to the long-term sustainability of Washington's communities. The construction loan program provides a strategic tool that supports these goals.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

PWB financing enable communities to design, construct, rehabilitate, and upgrade the infrastructure systems that mitigate the impact of human activities on the environment. Replacement of outdated systems allows for the recovery of fish habitat, local ecology, and water quality.

The modernization of infrastructure is a clear and necessary step in moving towards resilient communities. It allows legacy systems to utilize the most current technologies to move towards carbon neutral solutions and increased energy efficiency.

PWB funding also assists the state in addressing Diversity, Equity, and Inclusion (DEI) goals. National studies indicate that communities of color are less likely to have access to clean, affordable drinking water and wastewater services. These communities are also at a higher likelihood to have services turned off as rates increase (emergency repairs are the leading cause of dramatic increases in ratepayer costs). Similarly, implementation of stormwater management and maintenance of roads lags behind in these communities.

Such investments move the state towards sustainable infrastructure that accounts for environmental, social, and economic realities while increasing resilience, functionality, and access.

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

Presently, the PWB has \$554,243 dollars available for emergency and preconstruction projects. There is no available funding to hold a construction cycle. Without an infusion of dollars as proposed in this request, the PWB will not have a construction cycle for the foreseeable future.

Emergency Construction - 12-month period to complete the projects and 20 years to pay back principle and interest.

Pre-Construction - 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.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

Growth Management impacts

TBD

New Facility: No

Funding

Expenditures

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Funding

<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 Appropriations</u>
058-1	Public Works Assist-State	130,000,000				130,000,000
	Total	130,000,000	0	0	0	130,000,000

Future Fiscal Periods

	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
058-1 Public Works Assist-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Narrative

Operating costs for Capital investments are covered in a separate operating appropriation. That operating appropriation covers 9.0 FTEs, and all costs associated with administering the Board. The cost of administering the \$130 million capital request is less than 2.3 percent.

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Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

The Community Economic Revitalization Board (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 community economic development (RCW 43.160). CERB requests \$25 million in resources to construct public infrastructure to facilitate private business development and expansion in Washington's communities from the Public Facility Construction Revolving Loan Account) and State Taxable Building Construction Account.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The department and CERB request \$25 million in resources to construct public infrastructure to facilitate private business development and expansion in Washington's communities from the Public Facility Construction Revolving Loan Account and State Taxable Building Construction Account. 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 funding recipients repay loan funds to CERB, those funds will return to the Public Facility Construction Loan Revolving Account and can finance other public infrastructure related to economic development.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

For the 2019-21 biennium, CERB received a capital appropriation of \$8.6 million. Due to high demand, in the 2020 supplemental session CERB received an additional capital appropriation of \$10 million. At this time, CERB anticipates awarding all currently available funds in late 2020, and it is very likely that CERB could be without funding for approximately 7 months.

CERB is a vital business recruitment and retention program for the state, often preventing existing businesses from moving out of state and attracting new businesses to Washington. CERB's economic development mandate requires that all projects approved by the board demonstrate significant job creation, job retention, or significant private investment outcomes.

Areas of high unemployment receive reduced interest rate loans from CERB to incentivize job creation where it is most needed. A continuation of CERB's funding, at \$25 million for the biennium, will provide the critical gap funding to make local economic development projects a reality. CERB primarily provides gap funding that leverages other local, state, and federal funds and private investments.

CERB investment in a community is not only in support of businesses, job creation, private investment, and increased tax revenue. CERB's investment has many ancillary benefits when it invests in a community, such as:

- Housing and Homelessness
- Health Care and Mental Health Care
- Education

2013-19: 95* CERB funded Planning Studies (Assumptions: 2/3's of the original studies could return to CERB construction funding at an average of \$1.2 million per project.)

Results:

61 Constructions Projects

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\$73.2 million CERB Construction Funds
 \$517 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)
 \$732 million leveraged private investment (2017-19 average: \$10 per \$1 CERB)
 10,028 Full-time Jobs (2017-19: \$7,299 cost per job)

Project Development Pipeline:
 44 - \$57.2 million, Construction Projects
 16 - \$600,000 Planning Projects
 60 - \$57.8 million Total

Results:

44 Construction Projects
 \$57.2 million CERB Construction Funds
 \$404.9 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)
 \$572.7 million leveraged private investment (2017-19 average: \$10 per \$1 CERB)
 7,847 Full-time Jobs (2017-19: \$7,299 cost per job)

\$131 million** – Total Pipeline Projects

Results:

105 Construction Projects
 \$131 million CERB Construction Funds
 \$926.1 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)
 \$1.31 billion leveraged private investment (2017-19 average: \$10 per \$1 CERB)
 17,947 Full-time Jobs (2017-19: \$7,299 cost per job)

**Economic Development and Broadband Planning*

***does not include rural broadband construction projects*

CORE CERB Projections:

Based on the 2017-19 averages, an additional \$25 million would result in the following:

22 Construction Projects (\$24.2 million)
 16 Planning Projects (\$800,000)
 \$176.75 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)
 \$250 million leveraged private investment (2017-19 average: \$10 per \$1 CERB)
 23,719 Full-time Jobs (2017-19: \$7,299 cost per job)

2017-19 CERB Biennial Review: <https://deptofcommerce.app.box.com/v/cerb201719biennialreview> What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

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

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on a limited basis.

Clients will have increased access to funding, particularly jurisdictions in urban counties. By statute, CERB must award the first 75 percent 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, rural communities within urban counties have increased opportunity to use 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 \$25 million in loan funds will leverage more than \$330 million in private investment (\$22 private investment per \$1 CERB – 5 year average) and create and retain a minimum of 1,420 permanent jobs (1 job for every \$10,557 CERB – 5 year average).

The \$25 million requested will support the creation of permanent, high-wage jobs in the state, recruit and retain businesses, and support economic vitality statewide. By taking no action, rural communities would have one less prospect for investment that will increase resiliency, and promote collaboration and innovation.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The demand for CERB funding exceeds resources available. If funding is not received or partial funding, it would make an impact in addressing this demand. Due to the increase in funded planning grants, since 2013, CERB has a pipeline of thoroughly vetted projects ready for the next stage of investment, which supports the economic, environmental, and social needs of local governments, federally recognized tribes, and their residents.

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

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 (1670), and 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 and 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 27 projects under contract with an additional 11 jurisdictions that have been approved for funding and are working on the conditions necessary to go to contract.

Refer to pipeline information provided in question #1.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. CERB projects are required to have a matching component and will attract additional project investment. Specifics vary, as individual projects each have a unique situation regarding other funds.

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000144

Project Title: 2021-23 CERB Capital Construction

Project Class: Program

Description

Describe how this project supports the agency's strategic master plan or would improve agency performance.

Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure.

Authorizing funding for the 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.

This funding supports the Governor's Results Washington Goal 2: Prosperous Economy and related outcomes:

Increasing Access to living wage jobs: CERB will 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 1,420 jobs.

Ensuring Access to Quality Healthcare: Approximately 98% of businesses supported by CERB's investment provide healthcare to their employees and dependents.

Increasing the Economic Security of Washingtonians: CERB's investment supports businesses who hire full-time positions and pay higher than the current county median. This allows an employee to investment of themselves into a company and into their future.

Reducing Homelessness: As stated above, CERB's investment supports businesses who hire full-time positions and pay higher than the current county median. Sustainable higher wage jobs, ensure that housing can be paid for 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, and specifically identifies that between 2012 and 2018, 1,264 permanent private-sector jobs were created. An additional 5,945 construction jobs were created from the public and private facilities construction associated with CERB funded projects.

(<https://www.commerce.wa.gov/wp-content/uploads/2013/01/2018-CERB-Legislative-Report-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 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.

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

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Project Title: 2021-23 CERB Capital Construction

Project Class: Program

Description

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

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

As stated above, CERB investment in a community is not only in support of businesses, job creation, private investment, and increased tax revenue. CERB's investment has many ancillary benefits when it invests in a community, such as:

Housing and Homelessness – Investing in a stable future

- Sustainable higher wage jobs, ensure that housing can be paid for.
- Instills confidence that they can afford a home long-term.
- Builds confidence and self-reliance.

Health Care and Mental Health Care – Investing gives access to health care

- Jobs that provide: medical benefits and sick time and vacation leave
- Wages that allow for payment of co-pays & prescriptions.
- Removes a barrier to medical services.

Education – Investing in parents

- Gives children stability.
- Gives children hope for the future
- Gives the community a future workforce.

The investments from the CERB account are an economic powerhouse – OFM's prior years' conservative estimate of 10.89 construction related jobs for each \$1 million CERB invested underestimates the job creation from CERB investment. 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 33:1 ratio.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
355-1	St. Bld Const Acct-State	15,000,000				15,000,000
887-1	Pub Facil Const Ln-State	10,000,000				10,000,000
	Total	25,000,000	0	0	0	25,000,000

Future Fiscal Periods

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	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
355-1 St. Bld Const Acct-State				
887-1 Pub Facil Const Ln-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

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Project Number: 40000146

Project Title: 2021-23 CERB Rural Broadband Infrastructure Investments

Project Class: Program

Description

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Date Run: 9/14/2020 5:52PM

Project Number: 40000146

Project Title: 2021-23 CERB Rural Broadband Infrastructure Investments

Project Class: Program

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

The Community Economic Revitalization Board's (CERB) Rural Broadband Construction Program provides low-cost financing to local governments and federally recognized Indian tribes to build high-speed, open-access broadband infrastructure. CERB requests \$15 million in resources to construct public broadband infrastructure that will foster community and economic development in rural and underserved communities, serve the growing needs of local education systems, increase local connectivity and resiliency in Washington's communities from the State Taxable Building Construction Account.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

CERB request \$15 million in resources to construct public broadband infrastructure that will foster community and economic development in rural and underserved communities, serve the growing needs of local education systems, increase local connectivity and resiliency in Washington's communities from the State Taxable Building Construction Account. CERB's Rural Broadband Construction Program allows local governments and federally recognized tribes to own their own broadband infrastructure. They can then lease the capacity to one or many internet service providers, who ultimately provide retail internet service to the end user. This program has changed the conversation with local governments, federally recognized Indian tribes, and the internet service providers, and opened new opportunities for local innovation.

As funding recipients repay loan funds to CERB, those funds will return to the Public Facility Construction Loan Revolving Account and can finance other public infrastructure related to economic development.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Much of today's world runs at the speed of light. Essential services, such as our 911 emergency system, banking, and transferring prescriptions from the doctor's office to the pharmacy require high-speed broadband internet connections. Most recently, a majority of workers are teleworking and kids are attending school online. Yet today, 2.8 million Washingtonians lack connectivity of at least 25/3 Mbps (Measurement Labs, 2020) which is the minimum speed the Federal Communications Commission states is needed to be considered served.

The picture is grim for many of the small farming towns of southeastern Washington, where cell phone service is spotty, and internet is only available through the over-capacity and tediously slow satellite

services. Surveys to evaluate the need show that 61 percent of Asotin County residents lack access to broadband internet. In Whitman County, where Pullman has universal access to the fiber optic lines, 88 percent of rural residents have no access, and none of Garfield County residents can access the fiber running through their main street, fiber built to serve lucrative markets in larger cities. -Rep. Mary Dye, September 7, 2017

(<http://huckleberrypress.com/fight-continues-bring-broadband-rural-washington/>)

As classrooms become digital, a lack of broadband access makes it difficult for kids to complete homework assignments and research projects. Most of our students are required to attend class and submit homework online, their books and materials are also digital. The State continues to invest in the equitability of education across the State. An investment in rural broadband is an investment in long-term economic development and rural resiliency that will enrich the state's educational system, and expand markets for local businesses. The State will be investing in today's students and our future workforce.

Since 2013, Core CERB has funded 16 rural broadband planning studies: (Assumptions: these communities could return to CERB construction funding at an average of \$902,333 per project.)

Planning Study Results:

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Project Class: Program

Description

- 16 Construction Projects (average cost per project \$920,333)
- \$14.7 million CERB Construction Funds
- 16,577 connections (average cost per connection \$904)
- 80 ISPs (average # of ISPs per project 5)
- \$28.5 million Annual Economic Benefit (\$1,850 per household connection)

Project Development Pipeline Results:

- 17 Construction Projects
- \$23.3 million CERB Construction Funds
- 25,725 connections (average cost per connection \$904)
- 85 ISPs (average # of ISPs per project 5)
- \$44.3 million Annual Economic Benefit (\$1,850 per household)

\$38 million Total Pipeline Projects

Results:

- 33 Construction Projects
- \$38 million CERB Construction
- 42,302 connections (average cost per connection \$904)
- 165 ISPs (average # of ISPs per project 5)
- \$72.8 million Annual Economic Benefit (\$1,850 per household)*

2018-2020: 93% of all estimated connections funded by CERB are household connections*Rural Broadband Projections:** Based on the 2018-20 averages, an additional \$15 million would result in the following:

- 16 Construction Projects (average cost per project \$920,333)
- 16,577 connections (average cost per connection \$904)
- 80 ISPs (average # of ISPs per project 5)
- \$28.5 million Annual Economic Benefit (\$1,850 per household connection)*

**2018-2020: 93% of all estimated connections funded by CERB are household connections*

2018 CERB Rural Broadband Legislative Report:

<https://www.commerce.wa.gov/wp-content/uploads/2013/01/cerb-2018-Rural-Broadband-Leg-Report-2018.pdf>

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Broadband infrastructure projects that are located in a rural community, or rural county, encourage, foster, develop, and improve broadband within the state in order to:

- Drive job creation, promote innovation, and expand markets for local businesses; or
 - Serve the ongoing and growing needs of local education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and
- Improve accessibility for underserved communities and populations.

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

When an internet service provider builds and owns the broadband infrastructure, they generally try to recapture their return on investment in 2-4 years. This model makes the price for the retail end user much higher.

When a local government or federally recognized tribe builds and owns the broadband infrastructure, they generally try to recapture their return on investment in 15-20 years. This model makes the price for the retail end user much more affordable.

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Project Class: Program

Description

CERB's Rural Broadband Construction Program helps the local government or federally recognized tribe finance the construction of the infrastructure with low-interest loans, and may make grants in unique circumstances. By allowing the local government or federally recognized tribe to extend the recapture time for their return on investment, communities can expand their network infrastructure at a pace that suits their own unique needs.

With a local government or federally recognized tribe owning the infrastructure, this allows the network to be open access, therefore, there are more options for the end user to choose from. This competition helps drive the price down for the end-user.

This \$15 million request will support connectivity in rural underserved communities, at a lower connection cost, open-access networks, and support community economic vitality statewide. By taking no action, rural communities would have one less prospect for investment that will increase resiliency and promote collaboration and innovation.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

CORE CERB can fund broadband infrastructure strictly for economic development, by way of private job creation/retention, private investment, and increased tax revenue. This is a heavy lift for broadband infrastructure, as a community must prove the viability of a broadband project to create jobs and allow private business to expand. This places communities in a soft position to respond to a business need, rather than a communities' growing need for broadband infrastructure services.

The Rural Broadband Construction Program has a more holistic community development approach that includes economic development and business use, as well as local education systems, health care system, public safety system, governmental operations, and citizens. This places communities in a strong position to respond to their unique broadband needs, and expands opportunities for local innovation and community development.

Demand for CERB exceeds resources available. If funding is not received or partial funding, it would make an impact in addressing this demand. Due to the increase in funded planning grants, since 2013, CERB has a pipeline of thoroughly vetted projects ready for the next stage of investment, which supports the economic, environmental, and social needs of local governments, federally recognized Indian tribes, and their residents.

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

- Cities and Towns
- Counties
- Federally Recognized Indian Tribes
- Municipal Corporations
- Public Port Districts
- Quasi-Municipal Corporations
- Special Purpose Districts

Refer to pipeline information provided in question #1.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. CERB projects are required to have a matching component and will attract additional project investment. Specifics vary, as individual projects each have a unique situation regarding other funds.

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Project Title: 2021-23 CERB Rural Broadband Infrastructure Investments

Project Class: Program

Description

Describe how this project supports the agency's strategic master plan or would improve agency performance.

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

Increasing Access to living wage jobs: CERB will 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 1,420 jobs.

Ensuring Access to Quality Healthcare: Approximately 98% of businesses supported by CERB's investment provide healthcare to their employees and dependents.

Increasing the Economic Security of Washingtonians: CERB's investment supports businesses who hire full-time positions and pay higher than the current county median. This allows an employee to investment of themselves into a company and into their future.

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

N/A

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

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

CERB's rural broadband investment has many benefits and tackles many issues, when it invests in a community, such as:

Economic Issues related to home broadband:

- Broadband access boosts access to jobs
- Connectivity helps with global competitiveness
- Discounted Internet programs help with access to information and services
- Having home broadband improves household income

Education issues related to home broadband:

- The Internet is required for homework
- Families without home Internet are less connected with schools
- Low-income families report that the Internet is very helpful for schoolwork
- Teachers are slow to use edtech in lessons when students don't have home access
- The gap is wider than teachers think

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Description

Health care issues related to home broadband:

- Wealthier, more educated people use the Internet for health care questions
- Shopping for health insurance can be difficult without home broadband
- Lower-income youth may need Internet health information the most
- Most teens use the Internet for health information

Broadband expansion is closely tied to America's economic, educational, and health outcomes. And yet 30 percent of American homes still lack high-speed Internet access, and America ranks behind many of our global economic competitors in the percentage of homes connected to broadband. Closing the gap between homes that have broadband and those that do not should be a national priority. Modernizing and reforming the Lifeline program to include a broadband option is one step that can and should be taken to help close this critical gap.

The Benefits of Broadband Expansion to America's Economy, Education, and Health: A Policy Brief by Common Sense Kids Action

(https://www.common sense media.org/sites/default/files/uploads/benefits_of_broadband_expansion_to_america0s_economy_education_and_health-cska-2015_1.pdf)

The investments from the CERB account are an economic powerhouse – OFM's prior years' conservative estimate of 10.89 construction related jobs for each \$1 million CERB invested underestimates the job creation from CERB investment. 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 33:1 ratio.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

N/A

New Facility: No

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	15,000,000				15,000,000
	Total	15,000,000	0	0	0	15,000,000
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Title: 2021-23 CERB Rural Broadband Infrastructure Investments

Project Class: Program

Operating Impacts

Narrative

N/A

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Project Number: 40000152

Project Title: 2021-23 PWB Broadband Infrastructure

Project Class: Program

Description

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Date Run: 9/14/2020 5:52PM

Project Number: 40000152

Project Title: 2021-23 PWB Broadband Infrastructure

Project Class: Program

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

Broadband infrastructure is essential to economic resiliency of business, communities, tribes and unserved residents. A current state survey reveals that 17 percent of respondents in Washington have no broadband access. The Public Works Board (PWB) requests \$80 million to deliver critical broadband infrastructure to unserved homes and businesses in support of education, healthcare, public safety, and job retention and creation. Bridging the digital divide is essential to shared economic recovery statewide.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The Public Works Board (PWB) requests \$80 million to deliver critical broadband infrastructure to unserved homes and businesses in support of education, healthcare, public safety, and job retention and creation. Bridging the digital divide is essential to shared economic recovery statewide.

In 2019, the 66th Legislature passed 2SSB 5511--Broadband Internet Service Access. The enacted legislation recognized that, "achieving affordable and quality broadband access for all Washingtonians requires additional and sustained investment, research, local and community participation, and partnerships between private, public, and nonprofit entities" The Act directed the Public Works Board to establish a competitive grant and loan program to award funding to expand access to broadband service in unserved (defined in statute as 25 Mbps download and 3 Mbps upload or less) areas of the state. Through this action, the legislature identified broadband as a priority activity for community development; economic recovery; and diversity, equity and inclusion and provided \$21.6 million of funding for the Washington Broadband Program. The appropriation provides for administrative costs and broadband construction grants and loans. PWB Broadband staff completed rulemaking in May 2020, awarded nine planning grants that spring, and opened the first broadband construction funding cycle on July 13, 2020. This cycle closes September 9, 2020 and the PWB will award funding to qualifying projects at a special meeting October 23, 2020. Legislation requires the PWB to post the list of applicants to the PWB Construction Program. The application cycle closes September 9, 2020 with the list being posted shortly thereafter.

The State Broadband Office launched a mapping effort to collect data regarding broadband access and service levels. To date, 17 percent of the 6,272 respondents reported no broadband access and over half, are considered unserved receiving 25Mbps download and 3Mbps upload or less. While rural areas are particularly challenged, there are also pockets in urban areas that are not receiving broadband at speeds that meet modern broadband service needs.

The divide between those who have broadband and those who do not, as demonstrated by the COVID-19 pandemic crisis, is widening. The majority of statewide educational institutions are moving to remote learning for Fall 2020, if not longer. Underdeveloped broadband infrastructure limits student participation in education (the paramount duty of the state) and interferes with the rapid shift to distance learning. Adequate broadband access is also critical for telehealth and telework, small business adaptability and resilience, and the ability for individuals and businesses to fully participate in a modern global economy.

In early 2020, the PWB initiated an online Broadband Planning Assessment Survey, held meetings with potential applicants and stakeholders across the state, including participation in state Broadband Action Teams (BATs), to listen, learn and collect data on the cost and feasibility to connect middle and last mile homes and businesses in unserved areas. The preliminary data suggests an estimated biennial funding need in excess of \$118 million. This is a conservative number that will likely increase based on emerging data from the State Broadband Office and analysis of the funding cycle for the PWB Broadband construction program.

The PWB Broadband Grant and Loan Program emphasizes readiness and helps foster local, collaborative efforts to develop

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Project Class: Program

Description

and fund projects. The ability to fund applicants from both the public and private sectors can provide cost and deployment efficiencies for unserved communities. Eligible applicants are cities, counties, special purpose districts, public utility districts, public ports, tribal governments, non-profit organizations, cooperative associations, multi-party entities comprised of public entity members, limited liability corporations organized for the purpose of expanding broadband access, and incorporated businesses or partnerships.

The requested fund source for this investment is from the State Taxable Bonds Account (Fund 355). In keeping with legislative intent, loan repayments will be redeposited in the revolving State Broadband Account to fund future broadband infrastructure construction projects statewide.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

The COVID-19 pandemic highlighted the weaknesses of the State's current broadband infrastructure and demonstrated the critical need for equitable and accessible broadband services. The Washington State Office of Superintendent of Public Instruction reports there are more than 250,000 Washington students, nearly 1 in 4, without broadband access, and 173,000 without an internet-ready device. The last census identified 280,252 seniors living alone and 192,165 Washingtonians without a vehicle and for whom broadband is vital to accessing critical social services and the ability to participate in a digital-work economy.

Broadband is the solid foundation of commerce and community development. Broadband can boost local economies, improve employment access, and expand access to educational opportunities, as well as health care services. Before the COVID-19 pandemic, doctor consultations via videoconferencing were rare or unknown, now they are commonplace. According to a 2019 study by the U.S. Chamber of Commerce Technology Engagement Center, "digital technology increased gross sales for rural small businesses by 17.2 percent during the past three years, representing \$69.8 billion per year." This illustrates that connectivity is significant to economic growth and vitality in rural communities. Research indicates that broadband access can increase job growth for rural communities as much as 1.4 percent. Broadband is also an element of community development and smart infrastructure for the future, including community facilities and traffic management systems.

A conservative estimate of the number of households without broadband service in Washington state is at least 17% based on an ongoing statewide assessment. This leaves a significant percentage of Washington's communities without any choice for broadband access. Relying solely on private broadband investments to unserved areas has not provided sufficient infrastructure to meet the needs of a digital workplace, distance learning, or the digital economy. While public broadband investments are in their infancy, the PWB Broadband Program is designed to guide Washington into broadband maturity.

Broadband is essential infrastructure and an essential service for ensuring access to community services and educational opportunities, for essential public facilities and vibrant community development, and a strong, resilient economy.

Broadband investment ensures the state can meet its educational goals, and the emergent need to provide distance learning for thousands of students who have no, or insufficient access at home. Nationally, the "Closing The K-12 Digital Divide in The Age of Distance Learning" report provides that 50 million students will be learning remotely. Approximately 30% of these students, 15 million, lack sufficient internet, lack a device, or lack both to sustain adequate distance learning from home. There are also 400,000 teachers who are unable to teach remotely, due to lack of internet access.

Rural and tribal areas of the state continue to fall behind urban areas in the capacity to provide education and telemedicine; to meet public health and safety standards; and to stimulate economic opportunity and recovery. Broadband investment creates jobs, attracts businesses, and advances local and regional economies. Based on the Office of Financial Management Input

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Project Class: Program

Description

Output Model, an \$80 million investment in broadband would create approximately 2,500 direct and indirect jobs, and \$168 million in economic activity from the production of new goods and services. The majority of this economic benefit is likely to be experienced in rural and tribal communities.

However, the magnitude of these job and economic benefits may be understated. Increased access to the digital tools small businesses need to compete will deliver an even greater economic impact in local economies. Broadband investment will foster new employment and reduce rural unemployment. The World Bank provides that access to distance learning for vocational training or high education can help to raise the average earning potential of rural workers by 29 percent. Further, the Federal Communications Commission (FCC) reports that broadband investments spur economic growth at a greater clip than other infrastructure investment, while the Bureau of Economic Analysis estimates that the digital economy is growing three times faster than the overall economy. Broadband investments can create jobs, but also hold an increased potential for indirect economic and employment impacts.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This investment will build critical middle and last mile broadband infrastructure in areas that are unlikely to attract private investment, but without will leave hundreds of thousands of Washingtonians lacking, what for many, is a vital lifeline. Both planning and construction projects will provide unserved homes and business, many of which are located in rural and tribal communities, with the broadband accessibility required to connect their community and grow their local economies.

Funds may also be used to support emergency broadband grants and loans for the construction, recovery, and restoration of broadband services to support Washingtonians and public safety. Without continued, sustained public investment many Washingtonians will continue to fall behind their counterparts in educational achievement, job opportunities, and healthcare.

This investment is part of a larger, long-term need to fund unserved households across the state, with a preliminary needs assessment greater than \$2 billion. Based on an \$80 million broadband investment for rural and unserved communities and an average \$5 million award, PWB could fund construction of approximately 16 broadband projects.

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

Last mile broadband infrastructure in rural and tribal areas does not provide the immediate return on investment necessary to attract private investment. The ability of the state to fund last mile infrastructure allows for robust and competitive partnerships with retail providers and strengthens communities. By funding this request, Washington can:

- Connect K-12 students with the services necessary for distance learning in a safe environment;
- Support individuals seeking post-secondary education or workforce retraining;
- Increase economic competitiveness and business retention in rural communities;
- Decrease the carbon footprint associated with the daily commute, while increasing the capabilities of the current workforce to telecommute and receive telemedicine;
- Increase competition by attracting providers while meeting telecommunications needs for public safety and emergency response; and
- Grow the future workforce and their economic earning potential.

Without state investment in broadband, the market will continue to determine who is served and who isn't. Without broadband investment, communities will suffer economically and the digital divide will widen for individuals in rural Washington. Students in rural and tribal areas may be left waiting to connect, unable to participate in a distance learning environment. The cultural

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Project Number: 40000152

Project Title: 2021-23 PWB Broadband Infrastructure

Project Class: Program

Description

identities of rural communities may fade as people migrate to urban areas to enhance their prospects for work and life. The state economy and global competitive edge will dull without concentrated broadband investments. This is corroborated by the Fiber Broadband Association which found that, "14 gigabit communities enjoyed approximately \$14 billion in additional GDP over other, similarly situated communities."

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Communities work with local providers to encourage broadband infrastructure investment. However, without state investment in broadband, the market will continue to determine who is served and who is not. This is the current status quo and it is an inequitable alternative that creates winners and losers based on population density, and other factors. That is, the immediate return on investment for private providers is diminished by the cost to build, maintain, and operate a network in rural areas and pockets of urban communities. This discourages private sector competitiveness and investment, leaving communities struggling to find alternatives for affordable services at modern speeds.

The request is the best alternative, given the legislative commitment to bring accessible and reliable internet to rural Washington. Funding from the Universal Communications Services Account could be considered. A technical language correction (directing the Utilities and Transportation Commissions which has authority over the account to implement the funds rather than the Community Economic Revitalization Board) could be explored.

Secondly, the 2019-2020 Broadband funding sources was redirected from the Public Works Assistance Account. Infrastructure is critical infrastructure for economic recovery and sustainable vitality. The amount requested in the PWB Traditional decision package, \$130 million, is inadequate to address both traditional infrastructure and broadband infrastructure needs. Both are necessary for Washington's economy and the health and safety of all Washingtonians.

If the funding proposed in this package is secured, the PWB Broadband Program could be a change agent for expansion of broadband services statewide, especially to those unserved. A consistent and reliable level of public resources to the benefit of unserved urban and rural Washington would compel private providers to align their business models with the state's broadband paradigm and enhance Washington's connectivity for the better. By building up rural Washington, we can build out all of Washington.

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

This is a statewide effort to connect all unserved Washington communities and residents to essential broadband services. Based on an analysis of applications for 2019 Broadband funding, an \$80 million investment could fuel access for tens of thousands of Washingtonians. As the program is competitive, it is unknown where the distribution of new services will be located. It is assumed the majority of new households served would be located in rural counties and tribal communities based on the program's focus on rural broadband investment.

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

The PWB Broadband Grant and Loan program requires local or private investment as cost share for each project funded. The state investment in non-distressed areas is no more than 50% of total project costs up to \$2 million. State investment in distressed or severely distressed areas is no more than 90% of total project costs up to \$5 million. Assuming all projects funded are located in distressed areas and cover 90% of project costs, an \$80 million investment would leverage a minimum of \$9 million. Based on an even split in distressed and non-distressed areas, an \$80 million investment would leverage \$44.4 million in other investment.

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Description

The PWB encourages applicants to seek federal funds when available and applicable. State statute already authorizes the PWB Broadband Program to serve as grant match or gap funding for applicants seeking federal broadband resources and collaborates with the State Broadband Office to provide technical assistance to applicants pursuing federal funding opportunities.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This investment aligns with Governor's Results Washington initiative and the Department of Commerce's strategy for recovery planning.

This investment also aligns with the PWB mission to empower Washington communities to build and maintain sustainable infrastructure. Affordable and accessible broadband will support diversity, equity and inclusion in those areas where services are not available: urban, rural and tribal communities. Access to broadband services provides equitable opportunity.

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

In practice, high speed broadband provides the opportunity for remote work thus reducing air and water pollutants. PWB submits project information for the traditional program to the Puget Sound Partnership (Partnership) as a part of threshold review. This process includes consideration and feedback from Partnership staff on whether projects are consistent with the Puget Sound Action Agenda. The Partnership includes information on relevant PWB-funded projects annually in its required reporting to the National Estuary Program. While not a statutory requirement of the Broadband program, it could be adopted as a best practice.

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The Environmental Protection Agency reports that the average passenger vehicle emits nearly 404 grams of CO2 per square mile and the average passenger vehicle emits about 4.6 metric tons of carbon dioxide per year. Investments in broadband create social and environmental benefits that lower carbon emissions.

Broadband investment and adoption facilitate telework, telemedicine and distance learning, all of which take vehicles off already congested roads and significantly reduce vehicle carbon dioxide emissions. This means students are not taking busses, employees are not commuting to work, and more residents have an opportunity to reduce carbon emissions by working from home. This not only directly reduces carbon output by traffic reduction, but reduces wear and tear on streets meaning ongoing maintenance costs can potentially be reduced. That can further reduce carbon emissions from concrete and asphalt replacement as well as the emissions released by trucking construction material to roadways under repair. Fewer cars on the road mean fewer contaminants in stormwater. Research by the Washington State University Stormwater Center indicates that one of the most toxic elements in road runoff to fish species in Puget Sound comes from vehicle tires.^[1]

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Project Class: Program

Description

[1] <https://www.pugetsoundinstitute.org/2018/09/automobile-tires-seen-as-a-prominent-suspect-in-coho-deaths/>

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Broadband technology is a core component of how the PWB aims to reach state energy and climate resiliency goals. A California study provides that broadband will save \$1.9 trillion globally in reduced energy consumption and increased efficiency. Communities with affordable access to broadband infrastructure have the ability to promote societal transformation that can create positive downstream impacts for our changing climate. That is, a community connected with broadband infrastructure can reduce the number of cars on the road, improve conservation and the energy efficiency of our water, sewer, and electric utility systems, and reduce the carbon footprint from agriculture. Investments that promote telehealth, telework, power and transportation efficiency, precision agriculture, e-government services, and green buildings will both strengthen businesses and communities and increase their resiliency.

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

The PWB Broadband Construction Program makes its first awards in October 2020. PWB anticipates awarding all available funding, \$17.8 million, to qualifying projects this cycle. Infusion of funds to the PWB Broadband Program is critical during this time of pandemic and subsequent economic recovery.

According to the Center for Broadband Equity: "America's economic future depends on our investment in opportunities for everyone and building systems that support innovation. Broadband is now indispensable for almost every facet of society: getting healthcare to hard to reach places, helping our kids learn, building our small businesses and helping them compete; and insuring that we all get the information we need to participate in our democracy. Our economic future depends on everyone having access to this vital resource. Poor communities and communities of color must not be left behind."

A Federal Communications Commission survey (FCC) shows that the disconnected tend to be older, poorer, less educated, and people of color. Federal statistics show on average 69% of American households have broadband at home, but only 59% of African American households and only 49% of Latino households have broadband. The PWB Broadband Program can be instrumental to bridging the digital divide so that opportunities for education, and community and economic development are available to all residents of the state, thereby promoting statewide resiliency.

Lastly, in terms of economic impact, based on a recent Boston Consulting Group analysis, 3,500 jobs would be impacted (created or saved) for every \$1 billion investment in rural broadband connectivity and improved speeds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

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Project Title: 2021-23 PWB Broadband Infrastructure

Project Class: Program

Description**Growth Management impacts**

None.

New Facility: No

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
355-1	St. Bld Const Acct-State	80,000,000				80,000,000
	Total	80,000,000	0	0	0	80,000,000

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
355-1 St. Bld Const Acct-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Narrative

N/A

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Project Number: 30000082

Project Title: 2010 Local and Community Projects

Project Class: Grant

Description

Starting Fiscal Year: 2010

Agency Priority: 0

Project Summary

The Local/Community Projects Program was established by Legislature in 2003 (ch.26, 1.2003 ex, sec 151). Laws of 2010, Chapter 36, Section 1015 provided Appropriation J24 solely for a list of sixteen projects for construction, renovation, and land acquisition projects throughout the state requested by the Legislature.

Project Description

A reappropriation is requested for local community and nonprofit organization projects funded in the 2010 Supplemental Capital Budget. The appropriation is subject to RCW 43.63A.125(2)(c) and other standard requirements for community projects administered by the Department. These standard requirements primarily are to ensure that grants accomplish the intent of the Legislature and that grants to non-governmental recipients do not violate lending of credit provisions in the state constitution. These standards, among other things, are to ensure that there is no gift of funds, that the primary benefit is to the public and not an individual or a small privileged group, and that there are safeguards to ensure the intended public benefit is accomplished. At a minimum, these standards include: (1) only governments or 501(c)(3) nonprofit organizations are eligible; (2) the recipient must have all the funds necessary to complete the project or a phase of the project; (3) the recipient must demonstrate that the project site is under control for a minimum of ten years; (4) the recipient may be required to comply with Washington's high performance building standards; (5) funds are available on a reimbursement basis only; (6) projects are generally required to pay state prevailing wages; and (7) the recipient must enter into a contract with the Department and must agree to repay the grant if the facility is not used for the intended purpose for an appropriate amount of time.

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

Member added projects.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	13,406,000	11,431,000		1,975,000	
	Total	13,406,000	11,431,000	0	1,975,000	0

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
057-1 State Bldg Constr-State				

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Project Number: 30000082

Project Title: 2010 Local and Community Projects

Project Class: Grant

Funding

Total

0

0

0

0

Operating Impacts

No Operating Impact

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Project Number: 30000834

Project Title: 2015-17 Community Economic Revitalization Board Program

Project Class: Grant

Description

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Project Number: 30000834

Project Title: 2015-17 Community Economic Revitalization Board Program

Project Class: Grant

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

The Community Economic Revitalization Board (CERB) provides low cost infrastructure financing to local governments, special purpose districts, and tribes for economic development projects resulting in business expansion and job creation. These grant and loan funds are primarily used by rural communities experiencing high rates of unemployment. By increasing CERB's capital appropriation with an additional \$14 million, the state will leverage more than \$714 million in private investment (\$51 private investment per \$1 CERB 5 year average) and create and retain a minimum of 1,853 permanent jobs (1 job for every \$7,553 CERB — 5 year average) based on actual figures provided by CERB clients.

Project Description

Project description What is the proposed project? 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. As demonstrated in the attached Chart 1, 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 restoring CERB's funding to a total of \$14 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 6 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, will ensure that valuable economic development prospects are not lost for our state. What opportunity or problem is driving this request? CERB funds will be used to construct public infrastructure 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 does the project support the agency and statewide results? 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 by providing gap funding to make local economic development projects a reality that will create an additional 1,853 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. What are the specific benefits of this project? The Governor's top priority is to create and sustain a thriving economic climate that spurs job growth. The job creation/retention investments directly supports job growth by assisting local governments in being in the optimal position to take advantage of economic development opportunities as they arise. With \$14 million in requested funding, the job creation/retention investments will create an estimated 1,853 permanent jobs, and leverage about \$714 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 an economic powerhouse—OFM's prior years' conservative estimate of 9.9 construction related jobs for each \$1 million CERB invested underestimates the job creation from CERB investment. This figure does not take into account the additional funds provided by the local governments through

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Project Class: Grant

Description

other funding partners. Historically, CERB money has been matched at a 32:1 ratio. - construction jobs (9.9 jobs per \$1M investment = 138 jobs) · permanent median wage jobs (\$1M investment = 202 permanent jobs – based on historical number of \$4,941 cost per job) · \$448 private sector capital investment (historical return on CERB investment 32:1 return) 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 80 jobs. We believe this model understates jobs created because CERB's investment is but a small portion of a larger investment. In order for a client to 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 (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've benefited from the CERB investment. Job figures cited earlier in this document are aggregate actuals as reported by the clients. How will clients be affected and services change if this project is funded? Local communities will benefit from the economic growth from the investments that generate jobs. How will other state programs or units of government be affected if this project is funded? There is no direct impact to other state units of governments. The local government recipients will enhance their ability respond to opportunities as they arise. What is the impact on the state operating budget? It is estimated, based on an average of actual figures provided by CERB clients in 2012, that job creation/retention investments will increase tax revenues by \$1,885,940, making more funds available for the state operating budget. There is no operating impact to Commerce. Why is this the best option or alternative? This proposal takes advantage of an existing successful program (CERB) with a proven track record of creating direct, permanent jobs and leveraging significant private business investment. What is the agency's proposed funding strategy for the project? The revenue needed to fund a portion (50%) of this request comes from Fund 887-Public Facility Construction Loan Revolving Account, which is funded through loan repayments. In addition, an additional \$7,000,000 is being requested from Fund 355-State Taxable Building Construction Account.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.160

Application process used

Projects approved by the Board.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
887-1	Pub Facil Const Ln-State	10,600,000	12,000	8,588,000	2,000,000	
	Total	10,600,000	12,000	8,588,000	2,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
887-1	Pub Facil Const Ln-State					
	Total	0	0	0	0	

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Project Number: 30000834

Project Title: 2015-17 Community Economic Revitalization Board Program

Project Class: Grant

Operating Impacts

No Operating Impact

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Date Run: 9/14/2020 5:52PM

Project Number: 30000846

Project Title: 2017 Local and Community Projects

Project Class: Grant

Description

Starting Fiscal Year: 2017

Agency Priority: 0

Project Summary

Funding is provided for local community and nonprofit organization projects.

Project Description

Funding is reappropriated for local community and nonprofit organization projects. The appropriation is subject to RCW 43.63A.125(2)(c) and other standard requirements for community projects administered by the Department. These standard requirements primarily are to ensure that grants accomplish the intent of the Legislature and that grants to non-governmental recipients do not violate lending of credit provisions in the state constitution.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

Project list approved by the Legislature.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	10,878,000	8,659,000	719,000	1,500,000	
	Total	10,878,000	8,659,000	719,000	1,500,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 30000883

Project Title: 2017-19 Building Communities Fund Grant

Project Class: Grant

Description

Starting Fiscal Year: 2018

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

Funding is provided for the Building Communities Fund grants to 26 competitively-selected social service and multipurpose community center projects sponsored by nonprofit organizations statewide.

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

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	30,900,000	19,079,000	5,821,000	6,000,000	
	Total	30,900,000	19,079,000	5,821,000	6,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 30000877

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

Project Class: Grant

Description

Starting Fiscal Year: 2018

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

Funding is provided for the Building for the Arts grant program for 16 non-profit organizations for performing arts, art museums and cultural facilities projects.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: See project list

RCW that establishes grant: 43.63A.750

Application process used

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

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	12,000,000	8,476,000	2,024,000	1,500,000	
	Total	12,000,000	8,476,000	2,024,000	1,500,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 30000872

Project Title: 2017-19 Housing Trust Fund Program

Project Class: Grant

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

The Department of Commerce (department) requests a new appropriation from the State Taxable Building Construction Account (Fund 355) of \$150 million to reduce the backlog of affordable housing projects seeking 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.

Project Description

Additional funding totaling \$4 million is provided for four affordable housing projects through the Housing Trust Fund (HTF). Additionally, \$3.3 of funding is shifted from bonds to the HTF Account and \$1.5 M of the enacted appropriation is specified for a modular project.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.185 and 43.185A

Application process used

These funds are distributed 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. 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 (Washington Housing Trust Account, Fund 532).

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	19,631,000	3,187,000	10,728,000	5,716,000	
355-1	St. Bld Const Acct-State	83,500,000	17,090,000	41,599,000	24,811,000	
532-1	Wa Housing Trst Fd-State	8,658,000	3,130,000	3,534,000	1,994,000	
Total		111,789,000	23,407,000	55,861,000	32,521,000	0

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000872

Project Title: 2017-19 Housing Trust Fund Program

Project Class: Grant

Funding

		Future Fiscal Periods			
		2023-25	2025-27	2027-29	2029-31
057-1	State Bldg Constr-State				
355-1	St. Bld Const Acct-State				
532-1	Wa Housing Trst Fd-State				
Total		0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000875

Project Title: 2017-19 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2018

Agency Priority: 0

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

Funding is provided for the Youth Recreational Facilities grant program for 12 non-profit organizations for recreational projects that feature an indoor youth recreational component and a supporting social service or educational component.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 46.63A.135

Application process used

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

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	6,907,000	2,353,000	1,554,000	3,000,000	
	Total	6,907,000	2,353,000	1,554,000	3,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Capital Project Request**

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000043

Project Title: 2019-21 Building Communities Fund Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000043

Project Title: 2019-21 Building Communities Fund Program

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Building Communities Fund Program is a competitive grant program that funds nonprofit organizations with capital grants for social service and multipurpose community centers. RCW 43.63A.125 requires the Department of Commerce (department) to submit a list of competitively selected projects to the governor and the legislature each biennium.

Project Description

The Building Communities Fund is a competitive grant program providing nonprofit organizations with capital funding for social service and multipurpose community centers. Eligible projects must involve the acquisition, construction, or rehabilitation of a 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 biennium and works with a citizen advisory board to review project proposals.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

RCW 43.63A.125 requires the department to submit a project list to the governor and legislature every biennium.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request will produce the projects identified on the FY19-21 Building Communities Fund Project List, which is developed through a competitive process. The list will be available in early September and will include a variety of capital projects for nonprofit organizations to provide social services and multipurpose community centers. Projects may involve the acquisition, construction, or rehabilitation of a nonresidential facility or facilities.

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

This request would fund projects from the list the department is required to provide the governor and the legislature. Not taking action would result in the department not meeting its statutory obligation, but more importantly, would result in low-income and distressed communities not being able to pursue projects that expand and improve social services and promote a strong community.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

There are no alternative available other than funding on portions of the project list. RCW 43.63A.125 requires the department to submit a project list to the governor and legislature every biennium.

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

Low-income and distressed communities will receive expanded and improved social services. Community residents will receive services that expand employment opportunities and enhance educational or recreational opportunities as a result of these projects. Individual projects will serve different clientele with a variety of social services. Please refer to the attached FY19-21

Capital Project Request

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Date Run: 9/14/2020 5:52PM

Project Number: 40000043

Project Title: 2019-21 Building Communities Fund Program

Project Class: Grant

Description

Building Communities Fund Project List for specific project details.

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

Other non-state match is required. The Building Communities Funds will generally pay up to 25 percent of the total project cost. For every one state dollar, the grantee will need to provide three non-state dollars. This amount may be increased under exceptional circumstances.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request aligns with the department's FY19-21 strategic priorities, specifically, addressing communities' most urgent needs by:

- *Increasing living wage jobs –*

This program directly supports living wage jobs by sustaining construction jobs affiliated with the capital projects.

- *Funding reliable infrastructure –*

This program funds the acquisition, construction, or rehabilitation of a nonresidential facility or facilities. These facilities will create additional opportunities for nonprofit organizations to provide social services to clientele.

- *Building a clean energy future –*

These grants will be subject to requirements under RCW 39.35D, which requires all major facility projects of any entity other than a public agency receiving any funding in a state capital budget to be designed, constructed, and certified to at least the LEED silver standard. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money, improve performance, and make workers more productive.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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

Grants

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Version: 01 21-23 Capital Budget Request

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Date Run: 9/14/2020 5:52PM

Project Number: 40000043

Project Title: 2019-21 Building Communities Fund Program

Project Class: Grant

Description

Grant Recipient Organization: Various

RCW that establishes grant: 43.63A.125

Application process used

Competitive grant application process, and projects are reviewed and ranked by a citizen's advisory board.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	36,785,000		16,785,000	20,000,000	
	Total	36,785,000	0	16,785,000	20,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000039

Project Title: 2019-21 Building for the Arts Grant Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000039

Project Title: 2019-21 Building for the Arts Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Building for the Arts Program provides state capital grants to nonprofit 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 (department) to submit a list of competitively selected projects to the governor and legislature each biennium.

Project Description

The Building for the Arts Program is a competitive grant program for non-profit 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. By providing capital for arts-related construction projects, this program enhances the livability of our communities. The department 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? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

RCW 43.63A.750 requires the department to submit a project list to the governor and legislature every biennium.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request will produce the projects identified on the 19-21 biennial Building For The Arts Project List, which is developed through a competitive process. The below list includes a variety of capital projects for nonprofit organizations for performing arts, art museums, and cultural facilities projects. State grants may be used for acquisition, construction, or rehabilitation of facilities.

Rank Organization Name Official Amount

1	Seattle Theatre Group	\$310,000
2	Music Center of the Northwest	\$300,000
3	Seattle Symphony Orchestra	\$912,000
4	Broadway Center for the Performing Arts	\$586,000
5	Bainbridge Artisan Resource Network	\$1,057,000
6	Nordic Heritage Museum Foundation	\$2,000,000
7	Imagine Children's Museum	\$2,000,000
8	Seattle Opera	\$526,000
9	KidsQuest Children's Museum	\$816,000
10	Central Stage Theatre of County Kitsap	\$964,000
11	Roxy Bremerton Foundation	\$51,000
12	Port Angeles Waterfront Center	\$1,112,000
13	Fort Worden Foundation	\$712,000
14	Sea Mar Community Health Centers	\$654,000
Total		\$12,000,000

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

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Project Number: 40000039

Project Title: 2019-21 Building for the Arts Grant Program

Project Class: Grant

Description

This request would fund projects from the list the department is required to provide the governor and the legislature. Not taking action would result in the department not meeting its statutory obligation. Communities will miss an opportunity to increase arts and cultural facilities that enhance the livability of our communities.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

There are no alternative available other than funding a portion of the project list. RCW 43.63A.750 requires the department to submit a project list to the governor and legislature every biennium.

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

Communities will benefit from increased arts and cultural opportunities and revenue generated by these projects.

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

Other non-state match is required. The Building For The Arts program will pay up to 20 percent of the total project cost. For every one state dollar, the grantee will need to provide four non-state dollars.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request is in alignment with the department's 19-21 strategic priorities, specifically, addressing communities' most urgent needs by:

· *Increasing living wage jobs* –

This program directly supports living wage jobs by sustaining construction jobs affiliated with the capital projects.

· *Funding reliable infrastructure* –

This program funds the acquisition, construction, or rehabilitation of performing arts, art museums, and cultural facilities projects. These facilities are a strong indicator of a community's overall health and vitality, and enhance the livability of our communities.

· *Building a clean energy future* –

These grants will be subject to requirements under RCW 39.35D, which requires all major facility projects of any entity other than a public agency receiving any funding in a state capital budget must be designed, constructed, and certified to at least the LEED silver standard. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money, improve performance, and make workers more productive.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

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Project Number: 40000039

Project Title: 2019-21 Building for the Arts Grant Program

Project Class: Grant

Description

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.63A.750

Application process used

The Department of Commerce conducts a statewide competitive grant every two years as directed by the legislation. The Building for the Arts Advisory Board assists the department by helping establish program policy, reviewing submissions and ranking project proposals.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	12,000,000		7,000,000	5,000,000	
	Total	12,000,000	0	7,000,000	5,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000040

Project Title: 2019-21 Community Economic Revitalization Board

Project Class: Grant

Description

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000040

Project Title: 2019-21 Community Economic Revitalization Board

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

CERB request \$22 million in resources to construct public infrastructure to facilitate private business development and expansion in Washington's communities (\$8.6 million from the Public Facility Construction Loan Revolving Account (Fund 887) and \$13.4 million from the State Taxable Building Construction Account (Fund 355)).

Project Description

CERB request \$22 million in resources to construct public infrastructure to facilitate private business development and expansion in Washington's communities (\$8.6 million from the Public Facility Construction Loan Revolving Account (Fund 887) and \$13.4 million from the State Taxable Building Construction Account (Fund 355)). 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 funding recipients repay loan funds to CERB, those funds will return to the Public Facility Construction Loan Revolving Account (Fund 887) and can finance other public infrastructure related to economic development.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

CERB is a vital business recruitment and retention program for the 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, job retention, or significant private investment outcomes.

Areas of high unemployment receive reduced interest rate loans from CERB to incentivize job creation where it is most needed. A continuation of CERB's funding at \$8.6 million for the biennium will provide the critical gap funding to make local economic development projects a reality. CERB primarily provides gap funding that leverages other local, state, and federal 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 for our state are not lost.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

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 percent 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 use CERB for economic development projects.

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000040

Project Title: 2019-21 Community Economic Revitalization Board

Project Class: Grant

Description

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 in loan funds will leverage more than \$484 million in private investment (\$22 private investment per \$1 CERB – 5 year average) and create and retain a minimum of 2,083 permanent jobs (1 job for every \$10,557 CERB – 5 year average).

The \$22 million requested will support the creation of permanent, high-wage jobs in the state, recruit and retain businesses, and support economic vitality statewide. By taking no action, rural communities would have one less prospect for investment that will increase resiliency, and promote collaboration and innovation.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Demand for CERB exceeds resources available. No funding or partial funding would not make an impact in addressing this demand. In the last two years, CERB has funded more planning grants than any other two-year window in program history. This created a pipeline of thoroughly vetted projects ready for the next stage of investment, which supports the economic, environmental, and social needs of local governments, federally recognized Indian tribes, and their residents.

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

Almost 10,000 government organizations are eligible for CERB funding. Federally recognized Indian tribes (29), cities (281), counties (39), public port districts (75), special purpose districts (1670), and 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 and 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 that 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.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. CERB projects are required to have a matching component and will attract additional project investment. Specifics are unknown at this time, as individual projects will have a unique situation regarding other funds.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request supports the Department of Commerce strategic priorities of addressing communities' most urgent needs by funding reliable infrastructure. Investing in the basic infrastructure systems and thereby maintaining the existing systems in satisfactory condition through 2022 ensures that citizens have safe drinking water, appropriate and safe waste water, and safe

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Project Number: 40000040

Project Title: 2019-21 Community Economic Revitalization Board

Project Class: Grant

Description

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.

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, and specifically identifies that between 2010 and 2014, 1,252 permanent private-sector jobs were created. An additional 3,592 construction jobs were 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 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.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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 able to provide strategic traffic linkages for the transport of goods.

A prime example of the positive impacts stemming from replacing an aged sewer system is the use of methane recapture technology that both reduces greenhouse gas emissions and 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 by 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

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Project Number: 40000040

Project Title: 2019-21 Community Economic Revitalization Board

Project Class: Grant

Description

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. CERB is dedicated to the long-term sustainability of Washington's communities. CERB's construction loan program provides a strategic tool that supports these goals.

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 helping local governments take advantage of economic development opportunities as they arise. With \$22 million in requested funding, the job creation/retention investments will create an estimated 2,083 permanent jobs (1 job per \$10,557 CERB investment – 5 year average), and leverage about \$484 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 an economic powerhouse – OFM's prior years' conservative estimate of 9.9 construction related jobs for each \$1 million CERB invested underestimates the job creation from CERB investment. 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 32:1 ratio.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.155

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 available only 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 that 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 assistance in that no other time source of funds at similar rates is available.

Growth Management impacts

None

Funding

Expenditures

2021-23 Fiscal Period

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000040

Project Title: 2019-21 Community Economic Revitalization Board

Project Class: Grant

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>
887-1	Pub Facil Const Ln-State	18,600,000			18,600,000	
	Total	18,600,000	0	0	18,600,000	0

Future Fiscal Periods

	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
887-1 Pub Facil Const Ln-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

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

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000044

Project Title: 2019-21 Early Learning Facilities

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000044

Project Title: 2019-21 Early Learning Facilities

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Early Learning Facilities grant and loan program provides grants and loans to plan, renovate, construct, or purchase high-quality early learning facilities for low-income children. Communities need more facilities to generate the additional slots necessary to meet the legislative mandate for the Early Childhood Education Assistance Program (ECEAP) to become an entitlement program by the 2022 school year.

Project Description

In 2017, the legislature passed HB 1777, which established the Early Learning Facilities grant and loan program (RCW 43.31.565-583). The goal of the program is to increase high-quality early learning opportunities for low-income children and to address a severe shortage of early learning facility slots that are necessary to meet the ECEAP legislative mandate. The program funds early learning facility projects for eligible organizations (as defined in RCW 43.31.575) and school districts. This request is specific to funding for eligible organizations. School districts will be funded through a prioritized list provided to the governor and legislature by September 15, 2018.

In the 2018 Legislative Session, the program received \$15.5 million for its first capital appropriation for eligible organizations. Additional capital funds will be required in the 2019-2021 biennium to support the efforts of the legislature and meet the demand for quality early learning opportunities.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

The legislature's decision to make ECEAP an entitlement program created a new demand for early learning slots. The Department of Children, Youth, and Families (DCYF), formerly the Department of Early Learning, needed to better understand the capacity of the system and its ability to absorb the additional demand. In 2016, a statewide facility needs study was performed. The study projected that approximately 3,600 slots would be needed to meet the necessary capacity. DCYF estimated that approximately 240 projects would be needed over the next three biennia to meet the mandate. At that time, it was also estimated that the following funding would be needed each biennium:

- 2017-2019 biennium: \$26.3 million
- 2019-2021 biennium: \$44.2 million
- 2021-2023 biennium: \$11.6 million

The new FY19-21 biennial request for early learning facilities is \$55 million (17-19 request under funded by \$10.2 million plus the 19-21 biennium amount of \$44.2 million). This amount includes the appropriation for both eligible organizations and school districts. This budget request is only for the eligible organizations' appropriation. (see note after the expenditures).

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request will provide capital funds for eligible organizations. The Department of Commerce (department) will administer a competitive application round in FY20 and provide funding to community development financial institutions (CDFI) to administer a revolving loans fund.

Applicants may apply for the following activities:

- Facility predesign grants or loans of no more than \$10,000 to allow eligible organizations to secure professional services or consult with organizations certified by the community development financial institutions fund to plan for and assess the feasibility of early learning facilities projects or receive other technical assistance to design and develop projects for construction funding.

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000044

Project Title: 2019-21 Early Learning Facilities

Project Class: Grant

Description

- Grants or loans of no more than \$100,000 for minor renovations or repairs of existing early learning facilities; and
- Major construction and renovation grants or loans and grants or loans for facility purchases of no more than \$800,000 to create or expand early learning facilities.

The types of projects funded will be determined through a competitive application process in FY20.

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

Funding this request would provide the additional capital resources needed to produce the required early learning slots and would position the state to meet the legislative mandate for ECEAP entitlement by 2022.

Without additional funding, it will not be possible for the state to meet the ECEAP mandate, and the number of additional early learning opportunities for low-income children will be limited.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

If the legislature intends to increase early learning opportunities for disadvantaged children, there are no other alternatives available. The legislature's ECEAP mandate created a demand that requires additional slots. Early learning facilities are needed to create the required slots. Early learning providers, especially those that serve subsidized slots for programs such as ECEAP and Working Connections Child Care (WCCC), have very limited financial capacity. These organizations will require resources and support from the state and others to make these projects viable and a reality.

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

This request will affect the amount of quality early learning opportunities for low-income children, as well as quality reliable care and education for low-income families so that parents may get and keep their jobs to support their families and promote self-sufficiency.

This request will fund early learning facility projects statewide. Additional consideration will be given to the geographical disbursement of grants and projects that create ECEAP and WCCC slots in areas of highest unmet need.

Will other funding 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 match will be needed for each project funded. The commitment of state funds for the construction, purchase, or renovation of early learning facilities may be given only after private or public match funds are committed. Private or public match funds may consist of cash, equipment, land, buildings, or like-kind.

There are two match requirements associated with this request. For funds provided to a CDFI, the CDFI will have to match funds with a minimum 1:1 non-state match. RCW 43.31.571 directs the department to provide special consideration for the financial need of the applicant. Due to the financial challenges many of the eligible organizations face, especially those that accept subsidized slots such as ECEAP, a reasonable match goal was needed to align with the financial capacity of the industry. In consultation with the Early Learning Facilities Board, the department has established a match goal for eligible organizations of 3:1 non-state match. For every \$1 of non-state match, the applicant may receive \$3 of state funds. Applications that provide a higher level of non-state match will receive additional points in the evaluation process and will have a greater likelihood of receiving funds.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

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Project Number: 40000044

Project Title: 2019-21 Early Learning Facilities

Project Class: Grant

Description

This request aligns with the department's FY19-21 strategic priorities, specifically addressing communities' most urgent needs by:

· *Increasing living wage jobs* –

Childcare is one of the biggest challenges parents face when trying to gain and retain employment. This challenge is compounded further for low-income families with limited available resources. This program creates additional early learning slots for low-income families, which provides not only high-quality care and education, but also creates an opportunity for that family to pursue a living wage job.

· *Funding reliable infrastructure* –

This program funds the renovation, construction, and purchase of early learning facilities. These facilities will create additional capital resources that meet state standards that support reliable infrastructure.

· *Building a clean energy future* –

These grants will be subject to requirements under RCW 39.35D, which requires all major facility projects of any entity other than a public agency receiving any funding in a state capital budget to be designed, constructed, and certified to at least the LEED silver standard. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money, improve performance, and make workers more productive.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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

Grants

Grant Recipient Organization: various

RCW that establishes grant: 43.31.565-583

Application process used

Competitive grant application process.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations

Capital Project Request

2021-23 Biennium

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000044

Project Title: 2019-21 Early Learning Facilities

Project Class: Grant

Funding

057-1	State Bldg Constr-State	9,362,000		1,362,000	8,000,000	
22C-1	Early Lrng Fac Rev-State	22,248,000		248,000	22,000,000	
22D-1	Early Lrng Fac Devel-State	3,410,000		1,610,000	1,800,000	
	Total	35,020,000	0	3,220,000	31,800,000	0

Future Fiscal Periods

	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
057-1 State Bldg Constr-State				
22C-1 Early Lrng Fac Rev-State				
22D-1 Early Lrng Fac Devel-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Energy Efficiency and Solar Grant program provides grants to state agencies, public higher education institutions, and local governments. This \$40 million request will improve the energy efficiency of existing public facilities and street lighting and help install solar systems to reduce energy demand and costs and reduce Washington's carbon footprint. Funding these projects supports construction industry jobs across the state and helps the state lead by example in building a clean energy future.

Project Description

The Department of Commerce (department) requests \$40 million to provide grants to state agencies, public higher education institutions, K-12 school districts, and local governments. These grants seek to improve the energy performance of public buildings, upgrade the energy efficiency of street lights throughout the state, promote using Washington-made solar products, provide subject matter expertise through the Resource Conservation Manager program, and reduce Washington's carbon footprint.

This funding will assist K-12 schools remove 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 allow the department to continue the ongoing Energy Efficiency and Solar grant program.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Many 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 improved and can offer facilities significant efficiency opportunities when replacing outdated or non-serviceable equipment. In addition, all state agencies must meet Governor's Executive Order 18-01.

In addition, Washington has a developing solar industry. The department's program promotes the use of Washington-made solar products.

State agencies, state higher education institutions, K-12 school districts, and local governments can face increasing energy costs at a time when the competition for operating funds grows stronger. Energy efficiency and solar investments in public buildings can help reduce energy costs and help reduce greenhouse gas emissions.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request would allow public agencies to install energy efficiency measures in 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 finish during the biennium in which they received their grant award.

In the 2015-17 capital budget, \$25 million was appropriated for this program. What resulted was 115 total projects/contracts plus one interagency agreement to help implement the following projects:

- 11 minor works – paying the cost difference between “standard” improvements and more energy efficient;
- 73 energy efficiency improvement projects; and
- 31 solar installations.

Capital Project Request

2021-23 Biennium

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Project Class: Grant

Description

Based on our experience in this program, \$40 million in grant funding would result in approximately 180 projects.

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 while reducing greenhouse gas emissions. The savings realized could be used to hire additional teachers, repair other facilities, or help applicants meet the demands of reduced operating budgets.

No action would delay eligible projects, increasing construction and related costs. Similarly, the Energy Efficiency and Solar Program contributes directly to the Governor's Executive Order (EO) 18-01, which entails improving energy efficiency and reducing carbon pollution. Were the project not funded, this would limit some progress toward meeting the goal of EO 18-01.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The following alternatives were explored:

- Not funding the program. By funding these projects during retrofits, the projects are able to improve their energy efficiency and potentially able to take advantage of economies of scale. Not funding this work creates lost opportunities to decrease the operating costs of a facility, which make up a substantial part of an operating budget.

- Funding the program at 50 percent. This alternative would fund approximately 90 projects in the funding window, decreasing from the current biennial contracting amount of 115. This would limit incentivizing state agencies, state higher education institutions, K-12 school districts, and local governments to address the efficiency of state owned buildings.

The program has traditionally funded 87 percent of the projects that apply for funding. It is expected that this trend of having more funds requested than available will continue.

The department seeks to expand the program to \$40 million to ensure that twice the energy efficiency and solar projects could occur when compared to previous biennia. This will help to increase implementation of the Governor's Executive Order 18-01 and assist state agencies, local governments, and schools in implementing the recommendations from the State Energy Efficiency Program.

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

The department's clients include state agencies, higher educational institutions, K-12 public schools, and local governments. This investment will improve facilities, lower operating costs, 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.

An increase in funding from the 2017-19 budget would increase the impact of the program for these partners by allowing an additional 65 projects to be funded per biennium.

Will other funding be used to complete the project? How much, what fund source, and could the request result in

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Project Class: Grant

Description**matching federal, state, local, or private funds?**

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, the department requires at least a 1:1 match except for small cities and towns (populations of 5,000 or less), which are required to have a 0.5:1 match. Matching funds come from public and investor-owned utility rebates/incentives, federal funds, energy performance contracting 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-run local program.

Describe how this project supports the agency's strategic master plan or would improve agency performance. 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 Executive Order 18-01.

The request supports the department's strategic priorities to fund reliable infrastructure and build a clean energy future. Energy efficiency efforts lower consumption of electricity and often install new, more reliable equipment.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The Energy Efficiency and Solar Program contributes directly to the Governor's Executive Order 18-01, which entails improving energy efficiency and reducing carbon pollution. Enabling energy efficiency measures and activities as well as the installation of solar, can make buildings' operational costs more affordable, can improve the health of building occupants, and reduce levels of atmospheric greenhouse gases.

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

Grants

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

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Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Project Class: Grant

Description

Grant Recipient Organization: State agencies, public higher education institutions, 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		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	12,500,000		154,000	12,346,000	
	Total	12,500,000	0	154,000	12,346,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000036

Project Title: 2019-21 Housing Trust Fund Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000036

Project Title: 2019-21 Housing Trust Fund Program

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Department of Commerce (department) requests a new appropriation from the State Taxable Building Construction Fund (Fund 355) of \$200 million to reduce the backlog of affordable housing projects seeking capital funding through the Housing Trust Fund (HTF) Program. The HTF Program investments address the ongoing and critical need to develop and preserve affordable housing for low-income and special needs populations, while creating living wage jobs.

Project Description

The department requests a new appropriation of \$200 million to the HTF Program for four funding priorities:

- Rehabilitation of privately owned housing stock to create new affordable housing units,
- New construction of new affordable housing stock,
- Ultra High Energy Efficiency (\$10 million special set-aside from total above, which would be allocated to approximately 10-15 projects), and
- Affordable Housing Preservation (\$20 million special set-aside from total above, which would be allocated an estimated 10-20 HTF projects).

Funds will be allocated to projects throughout the state 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.

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.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

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 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 vulnerable households and house people affected by homelessness. Housing construction projects are also proven to create jobs, attract new businesses, and generate local revenues.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

HTF Program funds capital projects that construct or rehabilitate existing buildings to create affordable housing units. A typical HTF Program project starts construction within 6 to 12 months of an award.

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

In 2018, the point-in-time count forecasts 28,015 people in Washington will experiencing homelessness. 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

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Date Run: 9/14/2020 5:52PM

Project Number: 40000036

Project Title: 2019-21 Housing Trust Fund Program

Project Class: Grant

Description

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.

This appropriation will also allow the Housing Trust Fund to meet statewide needs for preservation of its existing housing stock. Solicitation for applications for \$10 million in funding resulted in more than \$14 million worth of requests in 39 applications. More than 1,500 units would be impacted were if the program received enough funding to meet demand for this round of applications. However, the program is not able to provide funding to all applicants. It is also important to note that proviso criteria restricted eligibility to only a small share of HTF projects. The department recommends that it be allowed to select its own criteria for funding preservation, while meeting the HTF statute and intent.

This appropriation also requests \$10 million for Ultra High Energy Efficiency. Reducing the carbon footprint is a major priority for the governor and state. Providing affordable housing with low or no energy cost not only meets the governor's goals, but also provides low-income tenants with sustainable and cost-effective housing. HTF received a \$2.5 million appropriation in the 2016 budget, which has been allocated to four projects, creating an estimated 156 units of net-zero affordable housing. A new appropriation will incentivize the affordable housing developers to continue to develop energy efficient housing for low-income Washingtonians.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The Housing Trust Fund is an established mechanism for providing affordable housing for Washingtonians. In its more than 32 years of existence, the HTF has played a role in creation of more than 48,000 units of affordable housing statewide.

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

This appropriation will create approximately 4,000 units of affordable housing statewide for low-income households and people with special needs or experiencing homelessness. Projects will be built to the Evergreen Sustainable Development Standard, which requires resource efficiency be incorporated into design, construction, and operations. Once 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.

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

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

Proposed leverage for preservation activities is estimated to be at nearly a 4.5:1 ratio. Recent applicants proposed \$62 million in leveraged funding (non HTF).

Describe how this project supports the agency's strategic master plan or would improve agency performance. 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 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 approximately 4,000 new units of affordable housing) on Results. It also reflects the department performance measure OM7-2A (Funded Affordable Housing Units Built) of adding an average of more than 500 affordable housing units to current stock each quarter beginning in 2020.

Capital Project Request

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Project Number: 40000036

Project Title: 2019-21 Housing Trust Fund Program

Project Class: Grant

Description

This decision package also directly affects our agency strategic goal of reducing homelessness and increasing self-sufficiency.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The \$10 million Ultra High Energy Efficiency/Net-zero set-aside specifically prioritizes investment in building design and materials targeting reduction in energy consumption.

In addition, all awards for new construction/renovation projects must meet the Evergreen Sustainable Development Standard.

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

Grants

Grant Recipient Organization: Various

RCW that establishes grant: RCW 43.185 and RCW 43.185A

Application process used

These funds are distributed using a competitive funding process based on Housing Trust Fund's legislative priorities (see RCW 43.185, RCW 43.185A, and HTF policies). The governing legislation requires that 30 percent of the resources go to rural community projects unless the Department does not receive enough suitable rural applications. 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 for a long-term commitment. 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 Department of Commerce Director.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	44,084,000		17,052,000	27,032,000	
355-1	St. Bld Const Acct-State	132,666,000		13,105,000	119,561,000	

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000036

Project Title: 2019-21 Housing Trust Fund Program

Project Class: Grant

Funding

Total	176,750,000	0	30,157,000	146,593,000	0
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Future Fiscal Periods

	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
057-1 State Bldg Constr-State				
355-1 St. Bld Const Acct-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

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Capital Project Request**

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000048

Project Title: 2019-21 Weatherization

Project Class: Grant

Description

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*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000048

Project Title: 2019-21 Weatherization

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Department of Commerce (department) is requesting \$28 million to continue the Weatherization Plus Health Matchmaker Program's statewide investment in clean energy, positive health outcomes and preservation of affordable housing. At this time, the department estimates that this investment will leverage approximately \$20 million in utility funding for a total investment of \$48 million. With \$48 million invested, the Matchmaker Program will improve the energy efficiency, health, and safety of approximately 5,700 low income households. These homes include hard-to-reach markets, including rental and multi-family households, and medically vulnerable households.

Project Description

It is estimated that over 300,000 households need weatherization services in the state of Washington. Emerging scientific evidence links residents' health outcomes, such as asthma, lead poisoning, and unintentional injuries to substandard housing. Many of our state's most vulnerable populations, 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 helps create healthy, efficient homes where families can grow and age in place, reducing negative health outcomes and improving living conditions.

The Weatherization Plus Health Matchmaker Program represents a sound, statewide investment in Washington's clean energy future, positive health outcomes and preservation of affordable housing for Washington's low-income community. This program delivers affordable housing preservation and efficiency upgrades by providing minor repairs, health and safety improvements, and installation of energy conservation measures in single and multi-family homes, both renter and owner occupied, in every county in the state.

The Weatherization Plus Health Matchmaker Program matches funds from utilities, property owners, and other sources dollar-for-dollar to provide housing improvements in low-income households around the state of Washington. This program supports living wage construction jobs for our Washington workforce, reduces home utility bills for Washington state low-income residents and improves Washington's energy security. The Weatherization Plus Health Matchmaker Program extends the useful life of affordable housing stock by improving a home's energy efficiency, durability, health, and safety.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Self-sufficiency and health: This investment reduces state health care spending by improving health outcomes for households with respiratory issues and the aging adult population. With a capital budget funding level of \$28 million, the department can expand Plus Health services to all Washington counties by testing new delivery models to provide services to harder-to-reach clients (renters and multi-family). It will also allow development of new partnerships with public health organizations, local Department of Health, and Regional Accountable Communities of Health to test integrated services.

In Washington, more than 800,000 individuals are living below the federal poverty level. They are disproportionately burdened by high housing costs, which includes significant energy cost burden. High energy burden is defined by a household spending more than 6 percent of their monthly expenses on utility costs. Many households spend more than 15 to 20 percent of their monthly income on utility costs. Excessive housing costs can push people into homelessness.

Affordable housing: There is an affordable housing crisis in Washington. This crisis will not be brought to an end as result of new construction as a sole strategy. Existing affordable housing must also be preserved and maintained. The Matchmaker program does just this by repairing and weatherizing homes - making them safer, healthier and more comfortable.

Infrastructure and clean energy: The Weatherization Plus Health Program reduces energy use in low-incomes households. This

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Project Number: 40000048

Project Title: 2019-21 Weatherization

Project Class: Grant

Description

is one component of a multi-faceted conservation approach in our state that has offset the need to create new power generation. Household energy savings are \$270 per home per year, according to the U.S. Department of Energy. The health and societal benefits are far greater, making this program a sound investment for the state of Washington.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

With \$28 million for the FY20-21 biennium, the department estimates 3,325 homes will be weatherized, with at least 30 percent of them also receiving Plus Health services. These homes will include hard-to-reach markets, including rental and multi-family households, and medically vulnerable households.

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

The result of taking no action would be that the affordable housing stock in Washington continues to fall into inhabitable disrepair, low-income families remain unstably housed in homes that could be making them sicker, and Washington would be less energy secure.

The result of not taking action is that 3,325 households per year will go without receiving much-needed help. With an average savings of \$270 per year per household, this equates to \$897,750 in additional energy burden to these households that would otherwise be reduced with access to program funding.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Alternatives explored include various funding levels for the Weatherization Plus Health Program. We believe that \$28 million for the FY20-21 allows the department to continue building the Plus Health portion of the program, which was authorized in 2015 via HB1720. Funding of \$28 million will be sufficient to continue to provide access to these services, while building the Plus Health component into a statewide program.

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

The Weatherization Plus Health Matchmaker Program serves low-income households at or below 200 percent of federal poverty level, with priority given to households with children, disabilities, aging adults, Native Americans, and those with a high-energy use/burden. It is a statewide program with services in every county.

Weatherization Plus Health Matchmaker Program serves single-family, multi-family, and manufactured housing, both rental and owner occupied.

With \$28 million for the FY20-21 biennium, we estimate 3,325 homes will be weatherized with 30 percent of them also receiving Plus Health services. These homes include hard-to-reach markets, including rental and multi-family households, and medically vulnerable households.

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

Weatherization Plus Health Matchmaker Program dollars are, by definition, leveraged dollars. Statutory intent authorizing the program was for the expeditious delivery of federal weatherization fund sources and to ensure low-income household access to utility conservation dollars.

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Project Title: 2019-21 Weatherization

Project Class: Grant

Description

Other sources of funding that support the effort include federal grants from the U.S. Department of Energy, U.S. Health and Human Services (through the Low Income Home Energy Assistance Program), Bonneville Power Administration and both investor-owned and publicly owned utility investment.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The Weatherization Plus Health Matchmaker Program addresses a number of key strategic goals for the department. In particular, this program supports affordable housing, self-sufficiency, living wage jobs and clean energy. The Weatherization Plus Health Matchmaker Program conserves energy, creates stronger communities through safe and secure housing, develops more reliable and sustainable infrastructure by maintaining affordable housing and supports living wage construction jobs in the state.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Energy conservation is a fundamental goal of this program. Weatherization work has a long history rooted in saving energy, reducing waste and making families more solvent as a result. Every home that is worked on contributes to this goal, whether through air sealing, adding insulation, installing more energy-efficient HVAC systems or simply educating homeowners on energy conservation.

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

This proposal requires the authorization and addition of 3.1 FTE.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

Competitive grant process.

Growth Management impacts

N/A

Funding

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Project Number: 40000048

Project Title: 2019-21 Weatherization

Project Class: Grant

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	20,000,000		12,260,000	7,740,000	
	Total	20,000,000	0	12,260,000	7,740,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000041

Project Title: 2019-21 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000041

Project Title: 2019-21 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Youth Recreational Facilities Program is a competitive grant program that funds capital recreational projects for non-profit organizations. Capital projects must feature an indoor youth recreational component and a supporting social service or educational component. RCW 43.63A.135 requires the Department of Commerce (department) to submit a list of competitively selected projects to the governor and legislature each biennium.

Project Description

The Youth Recreational Facilities Program is a competitive grant program for nonprofit organizations that feature a youth recreational component and a social service or educational component. By financing construction and renovation costs, the Youth Recreational Facilities Program frees up funds that otherwise would be spent on facility mortgage or lease payments, thereby increasing funds available for local organizations to commit to direct youth program services. State grants require 25 percent matching funds. The Youth Recreational Facilities Program Advisory Board assists the department by establishing program policy and reviewing and ranking project proposals.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

RCW 43.63A.135 requires the department to submit a project list to the governor and legislature every biennium.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request will produce the projects identified on the 19-21 Youth Recreational Facilities Project List, which is developed through a competitive process (please see the list below). The list includes a variety of capital projects for nonprofit organizations that feature a youth recreational component and a social service or educational component. State grants may be used for acquisition, construction, or rehabilitation of facilities.

Rank Organization Name Amount

1 Boys and Girls Clubs of Benton and Franklin Counties	\$1,088,000
2 Yakima Valley Farm Workers Clinic	\$737,000
3 Tulalip Tribes of Washington	\$425,000
4 YMCA of Pierce and Kitsap Counties	\$1,200,000
5 YMCA of the Inland Northwest	\$10,000
6 Bainbridge Island Child Care Centers	\$90,000
7 YMCA of Greater Seattle	\$250,000
8 Plus Delta After School Studios, dba The Club	\$80,000
9 YMCA of Greater Seattle	\$250,000
10 Boys and Girls Clubs of Snohomish County	\$400,000
11 Camp Korey	\$545,000
12 Woodland Community Swimming Pool Committee	\$805,000
13 Volunteers of America Western Washington	\$1,200,000
14 MLK Fame Arts Mentoring and Enrichment Center	\$11,000
Total	\$7,091,000

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

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Project Title: 2019-21 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

This request would fund projects from the list the department is required to provide the governor and the legislature. Not taking action would result in the department not meeting its statutory obligation, but most importantly, the state would miss an opportunity to support quality youth recreational activities that incorporate social service and educational components.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

There are no alternatives available other than funding portions of the project list. RCW 43.63A.135 requires the department to submit a project list to the governor and legislature every biennium.

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

Youth will receive expanded and improved services. Individual projects will offer a variety of social services and educational components.

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

Other non-state match is required. The Building For The Arts program will pay up to 25 percent of the total project cost. For every one state dollar, the grantee will need to provide four non-state dollars.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request is in alignment with the department's 19-21 strategic priorities, specifically, addressing communities' most urgent needs by:

- *Increasing living wage jobs* –

This program directly supports living wage jobs by sustaining construction jobs affiliated with the capital projects.

- *Funding reliable infrastructure* –

This program funds the acquisition, construction, or rehabilitation of youth recreational facilities projects. These facilities feature a youth recreational component and a social service or educational component.

- *Building a clean energy future* –

These grants will be subject to requirements under RCW 39.35D, which requires all major facility projects of any entity other than a public agency receiving any funding in a state capital budget must be designed, constructed, and certified to at least the LEED silver standard. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money, improve performance, and make workers more productive.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

N/A

Capital Project Request

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Project Number: 40000041

Project Title: 2019-21 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

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

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.63A.135

Application process used

Competitive grant application process.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	5,880,000		1,880,000	4,000,000	
	Total	5,880,000	0	1,880,000	4,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000726

Project Title: Clean Energy and Energy Freedom Program

Project Class: Grant

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

The Department of Commerce's mission is to grow and improve jobs in Washington State by championing thriving communities, a prosperous economy and sustainable infrastructure. The State Energy Office in the Department of Commerce works toward meeting this mission by helping Washington residents and business owners enjoy a reliable energy infrastructure, supporting Washington's clean energy businesses, and assisting Washington residents and business owners in reducing their energy use. The Clean Energy Fund was established in the 2013-15 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.

Project Description

What is the proposed project? Commerce proposes two different types of projects for FY 15-17. One will be a continuation of the revolving loan fund grants. These grants will go to competitively selected nonprofit, or potentially for profit, lenders to make affordable loans to businesses and homeowners for projects including, but not limited to: residential, industrial, and commercial energy retrofits, residential and community scale solar installations, anaerobic digesters to treat dairy and organic waste, and combined heat and power projects using woody biomass as a fuel source. All projects will acquire assets with at least a thirteen year useful life and at least a one-to-one match. The other type of projects will be grants for matching federal or private energy research and demonstration funds and to advance renewable energy. The applicants may be public or private research institutions or utilities. Applicants can use these funds to match federal or other non-state funds with at least a one-to-one match. Commerce will establish an advisory committee to assist with program design and selection of recipients. What opportunity or problem is driving this request? Washington has an opportunity to support Washington's clean energy businesses in growing their market share and moving Washington's clean energy economy forward. How does the project support the agency and statewide results? In the agency strategic plan the Energy Office is tasked with growing and improving jobs in the clean energy sector. This funding will support approximately 600 new and retained jobs. This funding will also support the Governor's Results Washington Priorities Goal 3: Sustainable Energy and Clean Environment. What are the specific benefits of this project? The Governor's top priority is to create and sustain a thriving economic climate that spurs job growth. 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 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 and demonstration funds and to advance renewable energy. With \$60 million in requested funding, the Clean Energy Fund will create an average of 351 jobs per year based on the OFM job impact analysis model in the clean energy industry and leverage more than \$60 million in other public and private investments demonstrating the state's leadership in spurring economic development and job growth. How will clients be affected and services change if this project is funded? Funds will be available for Washington businesses that will grow Washington's clean energy economy. How will other state programs or units of government be affected if this project is funded? They will not be affected. What is the impact on the state operating budget? There is no operating budget impact to Commerce. Why is this the best option or alternative? The Clean Energy Fund is gaining momentum and has interest from businesses that want to expand. If the fund is not continued those businesses will look elsewhere for support. What is the agency's proposed funding strategy for the project? Issue a Request for Proposals for financial institutions to respond and administer these funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000726

Project Title: Clean Energy and Energy Freedom Program

Project Class: Grant

Description

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used
N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	23,400,000	10,111,000	9,318,000	3,971,000	
355-1	St. Bld Const Acct-State	17,000,000	13,468,000	911,000	2,621,000	
	Total	40,400,000	23,579,000	10,229,000	6,592,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
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: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91000582

Project Title: Clean Energy and Energy Freedom Program

Project Class: Grant

Description

Starting Fiscal Year: 2014

Agency Priority: 0

Project Summary

The Department of Commerce's mission is to grow and improve jobs in Washington State by championing thriving communities, a prosperous economy and sustainable infrastructure. The State Energy Office in the Department of Commerce works toward meeting this mission by helping Washington residents and business owners enjoy a reliable energy infrastructure, supporting Washington's clean energy businesses, and assisting Washington residents and business owners in reducing their energy use. The Clean Energy Fund was established in the 2013-15 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.

Project Description

Funding is reappropriated for the Clean Energy Fund which was established in the 2013-15 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.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: TBD

RCW that establishes grant: 43.325

Application process used

Commerce will set up an advisory committee to assist with program design and selection of recipients.

Growth Management impacts

TBD

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	21,000,000	20,137,000	506,000	357,000	
15P-1	Energy Recovery-State	50,000	50,000			
355-1	St. Bld Const Acct-State	14,944,000	14,944,000			
	Total	35,994,000	35,131,000	506,000	357,000	0

Future Fiscal Periods

	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
057-1	State Bldg Constr-State			
15P-1	Energy Recovery-State			
355-1	St. Bld Const Acct-State			

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91000582

Project Title: Clean Energy and Energy Freedom Program

Project Class: Grant

Funding

Total

0

0

0

0

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Project Class: Grant

Description

Starting Fiscal Year: 2018

Agency Priority: 0

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

Funding is provided for the Clean Energy Funds Program (CEF) which provides matching funds to businesses, electric utilities, and research institutions to provide energy efficiency, renewable energy generation, and intermittent energy integration to residences and businesses.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: TBD

RCW that establishes grant: 43.325

Application process used

A competitive process within each fund program area will determine the awardees.

Growth Management impacts

NONE

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	40,474,000	981,000	15,164,000	24,329,000	
22M-1	Energy Efficncy Acct-State	5,500,000	57,000	81,000	5,362,000	
355-1	St. Bld Const Acct-State	127,000	127,000			
	Total	46,101,000	1,165,000	15,245,000	29,691,000	0

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
057-1 State Bldg Constr-State				
22M-1 Energy Efficncy Acct-State				
355-1 St. Bld Const Acct-State				
Total	0	0	0	0

Operating Impacts

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Capital Project Request**

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Project Class: Grant

Operating Impacts

No Operating Impact

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

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000042

Project Title: Clean Energy Transition 4

Project Class: Grant

Description

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000042

Project Title: Clean Energy Transition 4

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

The Clean Energy Fund Program (CEF) in the Department of Commerce (department) stimulates clean energy investment in Washington state by matching funds from businesses, utilities, and research institutions. It focuses on grid modernization, research development and demonstration, electric vehicle infrastructure, and increasing lending opportunities for energy efficiency projects. This proposal requests funding to continue these efforts.

Project Description

The CEF was established in the 13-15 biennium and renewed for the 15-17 and 17-19 biennia. Its intent is to provide a benefit to the public through the 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, state research institutions, homeowners (through the Grants to Non-Profit Lenders Program), and utilities in the state to develop new technologies, electrify the transportation system, make improvements to their buildings and modernize the electric grid.

This request would fund the following programs, push out the edges of technology, and close the divide with low/medium income families to incorporate these technologies into the properties and lifestyles.

Grid Modernization Grants (\$30.0 million)

This set-aside would fund the following:

- Engineering and infrastructure build out;
- Breakthrough/Innovation approaches;
- Electric utility grid improvements to integrate intermittent renewable generation; and
- Grid improvements to integrate vehicle electrification.

Strategic Research, Development & Demonstration (RD&D) (\$24.3 million)

This set aside funds the following:

- University clean energy technology RD&D;
- Private entity clean energy RD&D;
- RD&D Match; and
- Advanced research and materials science match program.

Nonprofit Lenders Grants (\$10.0 million)

This would continue a loan loss reserve for residential and commercial energy efficiency, renewable energy, and transportation electrification.

Transportation Electrification Grants (\$10.0 million)

This would support local government entities (municipalities, schools, ports, etc.) in developing the next generation electric vehicle infrastructure build.

Nutrient Energy Water Technology (\$10.0 million)

This set-aside would help engage water resource recovery facilities to accelerate pathways towards more sustainable infrastructure, including Net Zero Capable facilities. It aims to catalyze the adoption of innovative and best-practice approaches in data management, technology, financing to improve energy efficiency, recovery of nutrients, and the capture of biogas to reduce greenhouse emissions. In the process, efforts could create new markets. Funding would help demonstrate best-practice/cutting-edge approaches and tools toward sustainable wastewater infrastructure and yield road-tested examples for other facilities.

Clean Energy Transition Assistance (\$10.0 million)

This set-aside would help vulnerable communities and households equitably transition to a clean energy economy. This would

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prioritize areas with greater barriers and where pollution is concentrated. This set aside would also lower energy use, increase renewable energy use, and decrease transportation costs in low-income communities through expanded installation of clean energy technologies.

Maritime Blue (\$5.0 million)

This set-aside would build the center to house the Washington Maritime Blue Cluster Alliance. The alliance is the primary force to support and accelerate the clean energy transition in the maritime sector. As an example, The Port of Seattle proposes to renovate the Seattle Ship Supply building—co-locating like-minded businesses or startups with collaboration from academia, industry and policy-makers is critical to help facilitate the needed culture for innovation in maritime. The Center will leverage regional expertise in high-tech software and data companies to introduce disruptive technologies in the maritime field and support early-stage maritime companies and product development with a hub-and-spoke model of collaboration across the entire maritime sector in Washington.

State Energy Efficiency Program (\$700,000)

This set-aside would help support and guide leaders in state government in implementing Executive Order 18-01, as well as to reduce Washington State government's emissions of greenhouse gasses (GHGs) and its purchases of products containing toxic substances. The SEEP Program will convene, oversee and monitor the development of new operational teams, processes, and procedures designed to deliver the greatest possible reductions, in the shortest possible time, at the lowest possible cost.

Washington has an opportunity to support Washington's clean energy businesses in growing their market share and moving Washington's clean energy forward as the next export-rich industry. The state's current \$43 million investment in the CEF 3 is expected to leverage more than \$100 million in matching funds from industry partners. New grid technologies, developed and deployed in Washington, are now positioned to sell into rapidly growing global markets.

The CEF directly supports job growth by making grants to utilities and businesses for projects including, but not limited to: residential, industrial, and commercial energy retrofits, loan loss reserves enabling affordable loans to homeowners, residential and community scale solar installations, electrification of the transportation system, anaerobic digesters to treat dairy and organic waste, and combined heat and power projects using woody biomass as a fuel. Grants are also provided for matching federal or private energy research, development, and demonstration funds and to advance renewable energy.

With \$100 million in requested funding, the CEF will leverage more than \$240 million in other public and private investments demonstrating the state's leadership in spurring economic development, vehicle electrification, and job growth within the clean energy field.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

The way the public currently uses energy, the amount of energy used, and energy generation pollution is unsustainable over the long-term. Strategic investments and innovative approaches are needed to ensure a future where all citizens have equal access to reliable, clean energy for generations to come.

The CEF provides a benefit to the public through the 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 number of applications shows the desirability of the CEF. Each biennium, the CEF program leverages an average of \$2.47 for each grant dollar 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

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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.

As Washington makes the transition to the clean energy economy, the Clean Energy Fund has the opportunity to make equitable investments across the state while ensuring low-income communities share in the benefits of clean energy. Clean energy investments ultimately place Washington at the forefront of the clean energy transition, reduces the true cost of energy, and increases energy self-sufficiency.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

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 currently reporting a 7:1 match ratio with projections of 20:1 match by grant closeout. The current average of match for all Clean Energy Funds awarded is \$2.47 for each dollar invested. All awarded contracts must meet the minimum 1:1 match of state appropriations to non-state funds.

Since the department facilitates a competitive process, outcomes are approximate. Nonetheless, the following projects will push technology boundaries and help low/medium income families incorporate these technologies into the properties and lifestyles.

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

The department will implement the four-fold strategy noted above. The investment provided by non-state match continues to be greater than allocated state funds 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 non-state funds leveraged dollars by the Clean Energy Fund makes the program a sound investment for Washington.

The department also proposes an expansion to the 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.

Underfunding or not continuing the Clean Energy Fund Program may lead to stalled development of the state's clean energy sector. It would also lower employment rates within this sector, encourage 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. 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 alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

While there are different ways to approach the projects proposed, without significant state participation Washington risks being behind the curve in the transition to the clean energy economy, decreasing clean technology business investment in Washington, and does not meet the governor's goal of Washington continuing its role as a leader in energy efficiency and carbon reduction.

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

Washington residents, businesses and research institutions will benefit from the four-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 cutting-edge 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 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 rich industry. It incrementally solves climate change concerns within the current economic constructs of the state's marketplace.

Will other funding 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 \$247 million in private financing, utility funding, federal and local funds that would not be available to clean energy technology businesses without this statewide investment.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This proposal supports the Governor's Results Washington Goal 3 by prioritizing Sustainable and Clean Energy (Goal 3) through energy efficient buildings (Goal 3.1.3), clean energy demonstration investments promoting the improvement of non-electrical energy efficiency of buildings and industrial processes to reduce greenhouse gas emissions (Goal 3.1.3), increasing the number of plug-in electric vehicles registered in Washington (Goals 3.1.1.c), and integrating intermittent renewable generation, which will decrease non-electric fossil fuel consumption associated with residential and commercial end users (Goal 3.1.3a).

It also supports the department's strategic priorities of funding reliable infrastructure, building a clean energy future, and increasing living wage jobs by investing in electrical grid modernization and new clean energy technology development within the state. The Clean Energy Funds Program creates an estimated 1,000 clean technology jobs.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The Clean Energy Fund contributes to the statewide goals of reducing carbon pollution and improving energy efficiency by making direct strategic investments in clean energy technology. The Clean Energy Fund programs outlined in question 2 above cover the spectrum of activities that meet this goal. Those programs are: Grid Modernization, RD&D, Grants to Non-profit lenders, State Energy Efficiency, and Transportation Electrification.

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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.

This proposal requires the authorization and addition of 10.6 FTEs. This is based on using 3 percent of the appropriation for program administration costs.

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 awardees. \$100 million in Clean Energy Funds will generate leveraged funds from other non-state entities and private partners of at least 1:1. CEF 1 and CEF 2 experience has a leverage ratio of nearly 5:1. When CEF 3 funds are placed in contract, they are expected to garner a 5:1 ratio.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	21,300,000		458,000	20,842,000	
355-1	St. Bld Const Acct-State	11,300,000		63,000	11,237,000	
	Total	32,600,000	0	521,000	32,079,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

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Project Title: Clean Energy Transition 4

Project Class: Grant

Operating Impacts

No Operating Impact

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Project Number: 30000097

Project Title: Community Economic Revitalization Board

Project Class: Grant

Description

Starting Fiscal Year: 2012

Agency Priority: 0

Project Summary

Funding is provided for the Community Economic Revitalization Board to assist communities with financing publicly owned economic development infrastructure improvements to encourage new business development and expansion.

Project Description

Funding is increased for the Community Economic Revitalization Board (CERB) for projects to assist communities with financing publicly owned economic development infrastructure improvements to encourage new business development and expansion.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans

Grant Recipient Organization: Various

RCW that establishes grant: 43.160

Application process used

Projects approved by the Board.

Growth Management impacts

none

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
355-1	St. Bld Const Acct-State	5,000,000	1,723,000	3,277,000		
887-1	Pub Facil Const Ln-State	13,020,000	5,000,000		8,020,000	
	Total	18,020,000	6,723,000	3,277,000	8,020,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
355-1	St. Bld Const Acct-State					
887-1	Pub Facil Const Ln-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 40000007

Project Title: Dental Clinic Capacity Grants

Project Class: Grant

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

Funding is provided for Dental Clinic Capacity Grants.

Project Description

Funding is provided for Dental Clinic Capacity Grants.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	15,534,000	11,957,000	1,577,000	2,000,000	
	Total	15,534,000	11,957,000	1,577,000	2,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 30000873

Project Title: Economic Opportunity Grants

Project Class: Grant

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

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

Project Description

Funding is provided for Economic Opportunity Grants to assist low and moderate-income communities in repairing and enhancing infrastructure and community facilities, provide microenterprise revolving loans, and support other eligible Community Development Block Grant activities.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
689-1	Rural WA Loan Acct-State	6,750,000	3,178,000	3,072,000	500,000	
	Total	6,750,000	3,178,000	3,072,000	500,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
689-1	Rural WA Loan Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Project Class: Grant

Description

Starting Fiscal Year: 2018

Agency Priority: 0

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

Funding is provided to the Energy Efficiency and Solar Grant program for the 2017-19 biennium for 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.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: State agencies, public higher education institutions, 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		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	5,500,000	651,000	1,521,000	3,328,000	
22M-1	Energy Efficiency Acct-State	5,500,000	43,000	1,215,000	4,242,000	
	Total	11,000,000	694,000	2,736,000	7,570,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
22M-1	Energy Efficiency Acct-State					
	Total	0	0	0	0	

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Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Project Class: Grant

Operating Impacts

No Operating Impact

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Project Number: 92000939

Project Title: Enhanced Shelter Capacity Grants

Project Class: Grant

Description

Starting Fiscal Year: 2021

Agency Priority: 0

Project Summary

Funding is provided for Enhanced Shelter Capacity Grants.

Project Description

Funding is provided for Enhanced Shelter Capacity Grants.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	7,818,000		700,000	7,118,000	
	Total	7,818,000	0	700,000	7,118,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Project Number: 30000833

Project Title: Housing Trust Fund Appropriation

Project Class: Grant

Description

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Project Number: 30000833

Project Title: Housing Trust Fund Appropriation

Project Class: Grant

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

The Department of Commerce requests \$150 million to reduce the backlog of affordable housing projects seeking capital funding through the Housing Trust Fund (HTF). HTF investments address the ongoing and critical need to develop and preserve affordable housing for low-income and special needs populations, while creating living wage jobs. These investments are highly effective at leveraging other public and private investments and protecting the health and safety of vulnerable individuals. The construction activity and resulting projects also generate substantial social and economic benefits to local communities.

Project Description

Project description: What is the proposed project? A capital budget appropriation of \$150 million to the HTF for the following funding priorities: - Rehabilitation of existing housing stock to preserve affordable units - New construction of additional affordable housing stock Funds will be allocated to projects statewide serving a broad spectrum of low-income households, including homeless families and individuals, seniors, and individuals with special needs. At least 30 percent of funds appropriated will be targeted to rural areas. HTF contracts are executed after all project financing is secured and expenditures usually begin approximately 12 months after HTF awards are made. What opportunity or problem is driving this request? Persistent unemployment, declining rental vacancy rates, and rising utility costs continue to make access to affordable housing extremely difficult for low-income households, putting many at risk of homelessness. While there are signs of economic recovery, the state's economy is still lagging and living wage jobs remain extremely scarce. The construction industry has been among those hardest hit by the economic downturn. Capital investments in affordable housing will help protect vulnerable households, create jobs, attract businesses, and generate local revenues. A significantly smaller appropriation, only \$56 million, was included in the 2013-2015 Capital Budget for the HTF. This represents a 52 percent decrease in available funding from the previous biennium. In addition, the Legislature allocated funds to specific projects serving certain target populations, leaving other vulnerable populations unserved and many locally identified priorities unmet. As a result of constrained funds, 164 applications for low-income housing projects were turned away from the HTF in 2013 as ineligible. Of the 58 projects eligible for 2013-2015 funds, Commerce anticipates being able to fund 33. Based on the existing pipeline identified as remaining in 2014, the estimated unmet need for one year alone will exceed \$130 million. How does the project support the agency and statewide results? 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. What are the specific benefits of this project? The Governor's top priority is to create and sustain a thriving economic climate that spurs job growth. HTF projects directly support job growth by generating construction activity through the development of affordable housing. Since HTF contracts are not executed until all financing is secured, construction activity typically begins 12 months after an HTF award is made and continues for up to a year. With \$150 million in requested funding awarded over two years, the HTF will support an estimated 3,280 construction-related jobs over the period from FY16 through FY18. This estimate is based on data from a 2009 National Association of Home Builders report. The costs of a typical HTF project break down as follows: acquisition (15 percent), project management, which includes architects, engineers, developers, and other consultants (14 percent); costs associated with financing, permitting, impact fees, and reserve requirements (9 percent), and construction (62 percent). These assumptions and calculations used to arrive at the job creation estimate, as well as other economic outcomes, are included in the attached HTF Multi-Family Jobs Calculator. Per OFM's forecasting model, jobs created are estimated to be an average of 875 construction jobs per year. In addition to creating living wage jobs directly through the construction of affordable housing, the availability of affordable housing helps to attract businesses to project areas, resulting in additional job creation. Based on historical data, an investment of \$150 million through the HTF will leverage about \$675 million in other public and private investments, demonstrating the state's leadership in spurring economic development and job growth. Capital investments in affordable housing development reduce the affordable housing gap and generate revenue for local communities. Approximately 100 projects funded will create or preserve 4,100 units of affordable housing for low-income households and people with special needs. Once 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. Projects will be built to the Evergreen Sustainable Development Standard, which incorporates resource efficiency into the design, construction, and operations, reducing energy use and other environmental impacts, and lowering costs to low-income tenants. How will clients be affected and services change if this project is funded? A broad spectrum of low-income households will have

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Project Title: Housing Trust Fund Appropriation

Project Class: Grant

Description

increased access to affordable housing and homelessness will be reduced. The availability of stable housing will improve job stability, increase educational attainment, and reduce health problems. Effective leveraging and coordination with other programs and partners will increase the availability of supportive services to tenants with special needs. Resource efficient development practices will reduce tenant utility costs, enabling low-income households to better afford other essential households needs, such as child care, transportation and medical expenses. How will other state programs or units of government be affected if this project is funded? In the 2012 and 2013-2015 HTF budget provisos, funds were made available only to a specific set of projects serving certain target populations. As a result, some populations and geographic areas, including the cities of Seattle and Spokane, were unable to access HTF resources, leaving local priorities unmet and available resources unleveraged. A larger and more flexible appropriation of HTF capital will allow local jurisdictions to better address identified priorities and achieve a greater return on local investments through the coordinated investment of local, state, and federal funds. Agencies such as the Department of Social and Health Services and the Department of Veterans Affairs will also benefit because their clients will have improved access to housing and services, providing greater stability to those clients and reducing strain on their limited resources. What is the impact on the state operating budget? The HTF appropriation will increase state tax revenues by an estimated \$6.5 million, making more funds available for the state operating budget. In addition, this investment will generate an estimated \$20.6 million in revenues to local governments through construction activities and another \$16 million in taxes and fees annually once housing units are occupied. The assumptions and calculations used to arrive at these estimates are included in the attached HTF Multi-Family Jobs Calculator. There is no operating impact to Commerce. Why is this the best option or alternative? The HTF is an established program with a reputation for making effective investments that prioritize serving the highest needs. The HTF coordinates with other funders to maximize available resources and to address local, state, and federal priorities. There is an identified pipeline of projects ready for development and systems are in place to allocate the funds effectively. Without additional funds, the backlog of unmet need will continue to grow and low-income households will continue to be at risk. What is the agency's proposed funding strategy for the project? The department proposes that funding for this package come from Fund 355, State Taxable Building Construction Account. Although the current request falls far short of existing demand, the agency objective is to sustain funding at \$150 million per biennium until the goal of providing affordable housing for all in Washington State is achieved.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

Grant Recipient Organization: Various

RCW that establishes grant: RCW 43.185 and RCW 43.185A

Application process used

These funds are distributed using a competitive funding process based on Housing Trust Fund's legislative priorities (see RCW 43.185, RCW 43.185A, and HTF policies). The governing legislation requires that 30 percent of the resources go to rural community projects unless the Department does not receive enough suitable rural applications. 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 for a long-term commitment. 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 Department of Commerce Director.

Growth Management impacts

None

Funding

Expenditures

2021-23 Fiscal Period

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000833

Project Title: Housing Trust Fund Appropriation

Project Class: Grant

Funding

Acct Code	Account Title	Estimated Total	Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	78,500,000	71,748,000	5,312,000	1,440,000	
532-1	Wa Housing Trst Fd-State	3,000,000	2,850,000	150,000		
	Total	81,500,000	74,598,000	5,462,000	1,440,000	0

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
355-1 St. Bld Const Acct-State				
532-1 Wa Housing Trst Fd-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91001544

Project Title: Pacific Hospital Preservation and Development Plan

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding is provided for Pacific Hospital Preservation and Development Plan.

Project Description

Funding is provided for Pacific Hospital Preservation and Development Plan.

Location

City: Seattle

County: King

Legislative District: 037

Project Type

Grants

Grant Recipient Organization: N/A

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	50,000			50,000	
	Total	50,000	0	0	50,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000102

Project Title: Port and Export Related Infrastructure

Project Class: Grant

Description

Starting Fiscal Year: 2013

Agency Priority: 0

Project Summary

Funding is provided for grants to 12 specified Port and Export Related Infrastructure projects. If a specified project does not require its full authorized amount, Commerce may allocate up to 25 percent of the amount to other specified projects or to competitively-awarded grant projects. If a specified project has not met contract execution requirements by April 30, 2013, Commerce may allocate the authorized amount to competitively-awarded, ready to proceed projects.

Project Description

What is the proposed project? Funding is provided for grants to 12 specified Port and Export Related Infrastructure projects. If a specified project does not require its full authorized amount, Commerce may allocate up to 25 percent of the amount to other specified projects or to competitively-awarded grant projects. If a specified project has not met contract execution requirements by April 30, 2013, Commerce may allocate the authorized amount to competitively-awarded, ready to proceed projects. What opportunity or problem is driving this request? This project is a direct appropriation of the 2012 Legislature. How does the project support the agency and statewide results? This project provides infrastructure that allows the local community to increase their ability to retain, expand, and recruit businesses. What are the specific benefits of this project? The communities will be able to retain or increase jobs and receive private investments How will clients be affected and services change if this project is funded? Local governments should expect to see an increase in economic activity in the area. How will other state programs or units of government be affected if this project is funded? n/a What is the impact on the state operating budget? No impact Why is this the best option or alternative? n/a What is the agency's proposed funding strategy for the project? Execute contracts for the direct appropriation.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Ports, Cities, Washington State Department of Transportation

RCW that establishes grant: 2012 Capital Supplemental Bud

Application process used

Direct Appropriation

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	33,150,000	32,451,000	699,000		
	Total	33,150,000	32,451,000	699,000	0	0

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
057-1 State Bldg Constr-State				

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000102

Project Title: Port and Export Related Infrastructure

Project Class: Grant

Funding

Total

0

0

0

0

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91001545

Project Title: Port Hadlock Wastewater Facility Project

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding is provided for Port Hadlock Wastewater Facility Project.

Project Description

Funding is provided for Port Hadlock Wastewater Facility Project.

Location

City: Unincorporated

County: Jefferson

Legislative District: 024

Project Type

Infrastructure (Major Projects)

Grant Recipient Organization: N/A

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
058-1	Public Works Assist-State	1,422,000		422,000	1,000,000	
	Total	1,422,000	0	422,000	1,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
058-1	Public Works Assist-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000151

Project Title: Projects for Jobs & Economic Development

Project Class: Grant

Description

Starting Fiscal Year: 2014

Agency Priority: 0

Project Summary

This is a list of projects in the category "Projects for Jobs & Economic Development" in LEAP capital document No. 2013-1A, developed April 10, 2013. The department shall administer projects on the LEAP list.

Project Description

This is a list of projects in the category "Projects for Jobs & Economic Development" in LEAP capital document No. 2013-1A, developed April 10, 2013. The department shall administer projects on the LEAP list.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

Projects were legislative selected.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	30,009,000	29,009,000		1,000,000	
887-1	Pub Facil Const Ln-State	6,610,000	4,347,000	2,166,000	97,000	
	Total	36,619,000	33,356,000	2,166,000	1,097,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
887-1	Pub Facil Const Ln-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 92000230

Project Title: Projects that Strengthen Communities & Quality of Life

Project Class: Grant

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

This is a list of projects in the category "Projects that Strengthen Communities & Quality of Life" in LEAP capital document No.2013-1A, developed April 10, 2013. The department shall administer projects on the LEAP list.

Project Description

This is a list of projects in the category "Projects that Strengthen Communities & Quality of Life" in LEAP capital document No. 2013-1A, developed April 10, 2013. The department shall administer projects on the LEAP list.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

Legislature develops the project list.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	31,634,000	30,234,000	400,000	1,000,000	
19G-1	ELS Account-State	499,000	499,000			
23N-1	MTC Capital Account-State					
	Total	32,133,000	30,733,000	400,000	1,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
19G-1	ELS Account-State					
23N-1	MTC Capital Account-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

Project Class: Grant

Description

Starting Fiscal Year: 2018

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

Funding is provided for 25 projects through Public Works Program construction loan program.

Proviso

Public Works Assistance Account Construction Loans (30000878) The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following list of public works projects: 180th St SE SR 527 Brook Blvd (Everett). \$3,000,000 35th Ave SE Phase II SR 524 to 180th St SE (Everett). \$3,000,000 61st/190th Culvert Replacement & Embankment Repair (Kenmore). \$1,500,000 Automated Meter Reading System (Birch Bay). \$1,500,000 Cedar Hills Regional Landfill North Flare Statn Repair (Seattle). \$1,583,000 Cedar Hills Regional Landfill Pump Station Repairs (Seattle). \$4,816,000 Fairview Ave N Bridge Replacement (Seattle). \$10,000,000 Georgetown Wet Weather Treatment Station (Seattle). \$3,500,000 Isaacs Avenue Improvements - Phase 2 (Walla Walla). \$3,962,000 Kennewick Automated Meter Reading Project (Kennewick). \$6,000,000 Landslide Repairs (Aberdeen). \$373,000 McKinnon Creek Wellfield Infrastructure Improvements (Lake Forest). \$200,000 Miller Street Re-Alignment and Storm Repairs (Wenatchee). \$4,826,000 NE 10th Avenue (Vancouver). \$10,000,000 Ostrich Creek Culvert Improvements (Bremerton). \$4,688,000 Pine Basin Watershed Storm Sewer Improvements (Bremerton). \$3,881,000 Slater Road/Jordan Creek Fish Passage Project (Bellingham). \$5,000,000 South Fork McCorkle Creek Stormwater Detention Facility (Kelso). \$4,700,000 Sudbury Landfill Area 7 Cell 3 Construction (Walla Walla). \$2,978,000 Sunset Reservoir Rehabilitation (Spokane). \$1,412,000 Thurston Co. PUD No. 1 Replacement and Upgrades (Olympia). \$1,028,000 Tipping Floor Restoration & Safety Upgrades (Davenport). \$156,000 US 395/Ridgeline Interchange (Kennewick). \$6,000,000 Wastewater Reuse Project (Quincy). \$10,000,000 Appropriation: State Taxable Building Construction Account—State. \$97,103,000 Future Biennia (Projected Costs). \$0 TOTAL. \$97,103,000

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000878

Project Title: Public Works Assistance Account Construction Loans

Project Class: Grant

Description

Grant Recipient Organization: Various

RCW that establishes grant: 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.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
355-1	St. Bld Const Acct-State	77,220,000	14,413,000	24,807,000	38,000,000	
	Total	77,220,000	14,413,000	24,807,000	38,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
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: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000184

Project Title: Public Works Assistance Account Program 2013 Loan List

Project Class: Grant

Description

Starting Fiscal Year: 2012

Agency Priority: 0

Project Summary

The Public Works Board is directed by RCW 43.155 to administer the Public Works Trust Fund (PWTF) and to provide financial and technical assistance to local governments. The PWTF provides financial assistance in the form of low or no interest loans to local governments to repair, replace, or rehabilitate bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems, and solid waste/recycling systems. Local governments use the PWTF to maximize their own resources by allowing them to address critical infrastructure needs in a timely manner.

Project Description

Funding is reappropriated for the Public Works Assistance Account 2013 Loan list.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

Grant Recipient Organization: Various

RCW that establishes grant: 43.155

Application process used

PWB staff rate and rank applications for PWAA funding before the applications are presented to the Public Works Board (PWB). The PWB meets monthly to review for approval emergency loans, planning loans, and pre-construction loans. The construction loans, which make up 85% of the available financing, are due in May and reviewed by the PWB in August. The PWB then creates a recommended loan list for approval by the Legislature.

Growth Management impacts

Loan jurisdiction must have an approved Growth Management Plan.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
058-1	Public Works Assist-State	36,948,000	25,948,000	5,130,000	5,870,000	
	Total	36,948,000	25,948,000	5,130,000	5,870,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
058-1	Public Works Assist-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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

2021-23 Biennium

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000184

Project Title: Public Works Assistance Account Program 2013 Loan List

Project Class: Grant

Operating Impacts

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

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000038

Project Title: Public Works Board

Project Class: Grant

Description

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000038

Project Title: Public Works Board

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

RCW 43.155 directs The Public Works Board 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 and grants to local governments to upgrade bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems, and solid waste/recycling systems. The Department of Commerce (department) and the Board request funds to launch future public works projects.

Project Description

The Public Works Board and the department requests authority to use \$217 million projected revenues in the Public Works Assistance Account (PWAA) to fund construction, pre-construction, and emergency activities for critical infrastructure projects. The funding window would be between FY20 and FY24. There is \$258 million of resources anticipated in the PWAA for the 2019-2021 biennium. The board will award funds to projects using a competitive process based on the funding considerations and criteria as outlined in RCW 43.155.070.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

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. Rate affordability issues, taxation limitations, and multiple competing demands for funding resources limit local jurisdictions' ability to absorb the cost of addressing these critical needs. Population growth, regulation, and reduced resources have put a burden on local governments to meet the demands of providing and maintaining basic services.

In addition to these basic prioritization challenges, public resources available to fund these projects are declining. Federal grant and loan programs have been reduced. For example, the federal drinking water program will have \$20 million available in the fall 2018, a reduction of 50 percent from previous funding levels. 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 private market is a costly alternative out of reach for smaller communities and will require millions in added interest payments.

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.

The Board's 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 requirements so they are more competitive for limited state and 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., predesign or 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. Be prepared to provide detailed cost backup.

Of the \$217 million available in the Public Works Assistance Account from loan repayments and 2 percent of the Real Estate Excise Tax (REET), 20 percent (\$43 million) can be used for pre-construction and emergency, and the remainder \$173.6 million will be dedicated to construction projects. These funds will plan for and build Washington's future infrastructure and help local

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Project Number: 40000038

Project Title: Public Works Board

Project Class: Grant

Description

governments deliver essential services.

The legislature authorized the Board to fund construction projects throughout the FY17-19 biennium via an appropriation without prior legislative approval. This has enabled the Board and department to set a structure that allows them to partner with other infrastructure funding programs to maximize ever-shrinking federal resources and to make viable projects whole. To achieve this, four funding windows per biennium have been established that align with the Federal State Revolving Funds (both Clean Water and Drinking Water). This subtle change allows projects to be packaged to meet the needs of both the state and the local government securing the loans.

Based on historical average loan requests of \$6 million (maximum amount is \$10 million), \$173 million would fund approximately 29 construction projects throughout the biennium. Construction projects will be complete within five years with loan repayments funding the next generation of local infrastructure projects.

The second component is that pre-construction resources will enable local governments to do the planning, predesign, and design of a project to be "ready to proceed". This will ensure that high-value, fully vetted projects that can be maintained are receiving investment. The new structure would allow for 12 funding windows a biennium to meet local government needs when they are ready, instead of when an annual cycle opens up. This flexibility takes away the pressure to meet a deadline.

Based on the historical average loan requests of \$600,000 (maximum amount is \$1 million), \$38 million would fund approximately 63 pre-construction projects throughout the biennium. Pre-construction projects will be complete in two years.

The third component is emergency resources. These resources are available year round, which enables local governments to apply in the heat of an emergency and to receive expedited resources when they are needed most. Available resources for emergency loans are part of the overall 20 percent maximum from a biennial appropriation for pre-construction and emergency. The maximum amount per project is \$2 million.

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

Funding available for all communities with infrastructure needs is limited, and that is true especially for those with limited capacity to take on large infrastructure projects or private market loans. 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. On average, the demand on the federal resources has been 2:1. That means that half of the projects receive no funding and must wait for the next annual funding cycle. During that time, costs may increase significantly over that year, and funding may be lost due to matching dollars. In the most recent funding cycle, the DWSRF and CWSRF combined only funded 38 percent of project requests.

The Board's open competitive construction loan program conducts a competitive process that ensures all projects are vetted with the financial capability and system management, and will meet public need. The new funding structure authorized by the legislature enabled the Board to meet local governments where they need it, and not be restricted by either annual or biennial funding windows. This appropriation will allow the Board to exercise that authority, and support infrastructure developments statewide.

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. Legislative action has kept the program current with updates to the authorizing statute during each of the last three biennia. Programs administered by the Board are highly regarded by its users, as evidenced by the letters of support and disappointment over the substantial lack of funding received:

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Project Number: 40000038

Project Title: Public Works Board

Project Class: Grant

Description

"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 without the capacity to enter into the commercial bond market." – Jerry Cummins, Walla Walla City Council Member

"PWAA, we're desperate for you to be funded. Debt is piling up with burdensome regulation slowing down projects and creating bigger backlogs. . . ." – City of Long Beach

"The membership also voted unanimously to support restoring the Public Works Trust Fund. Continued diversion of resources from this Fund breaks 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

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Finding resources in the current environment is challenging at best. Over the last two biennia, the resources dedicated to the PWAA have been redirected to other state priorities during the great recession; this includes both loan repayments and tax revenue. For the 2019-21 biennium, there will be approximately \$258 million deposited in the PWAA from loan repayments and the current 2 percent of the REET revenue. These funds would cover multiple activities, such as leveraging federal resources by providing state match for the two SRF programs. The balance of \$217 million is currently not committed to other activities, and the Board is requesting an appropriation from those dedicated resources to fund critical infrastructure.

In 2017, the legislature passed ESHB 1677 and tasked the Public Works Board with creating a system improvement team in collaboration with the departments of Commerce, Ecology, and Health.

This team is known as Sync and coordinates with state and local agencies, clients, stakeholders, legislators, and industry experts to develop a more efficient and effective process of financing infrastructure. As part of that effort, Sync is convening a group of industry experts to explore alternate financing mechanisms for funding infrastructure. Research will support these efforts and identify best practices other states have adopted, as well as how they finance infrastructure at the state level. This research is part of Sync's phase II, and will be presented to the legislature in 2020.

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

More than 2,000 government organizations are eligible for Board funding. Cities (281), counties (39), special purpose districts (approximately 1,300 excluding ports and school districts), and 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.

This appropriation will allow the Board to help local governments that are trying to address critical needs. Each project funded impacts a unique group of citizens.

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

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Project Number: 40000038

Project Title: Public Works Board

Project Class: Grant

Description

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. Specifics are unknown at this time, as individual projects will have a unique situation regarding other funds.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request supports the Department of Commerce's strategic priorities of addressing communities' most urgent needs by funding reliable infrastructure. An investment in basic infrastructure systems maintains the existing systems in satisfactory condition through 2022, and ensures that citizens have safe drinking water, appropriate and safe wastewater, 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.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

For sanitary and storm sewer projects that are within the Puget Sound Action (PSA) area, traditionally projects are submitted to the Puget Sound Partnership (PSP) in advance of the legislature funding those projects. For future projects funded out of the PWAA, Board staff would submit a list of prioritized projects for each funding window (four per biennium) to the PSP for review prior to the funding decisions.

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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 up to current standards to align with the governor's carbon reduction strategy, replaced in order to improve the quality of our seas, and be able to provide strategic traffic linkages for the transport of goods.

A prime example of the positive impacts stemming from replacing an aged sewer system is the use of methane recapture technology that both reduces greenhouse gas emissions and 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 by 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.

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

None Recipients will be determined through a competitive process.

Location

City: Statewide

County: Statewide

Legislative District: 098

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000038

Project Title: Public Works Board

Project Class: Grant

Description

Project Type

Infrastructure (Major Projects)

Grant Recipient Organization: Various

RCW that establishes grant: 43.155

Application process used

A series of actions start the process of developing a project list. • Identification of available resources based on the Public Works Assistance Account predictive model. • The model is based on more than 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 the legislature identifies). • Identification of loan terms for the cycle (interest rates, loan limits, etc.). • Approval by the Board of the above actions. Applicants may apply for funding during four funding windows each biennium. These cycles align with the federal SRF programs to maximize available federal resources. • 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 would be due in the spring and fall of each year. • Team of five (including non-Board staff) rate and rank each project, meeting to arrive at a consensus scoring. • Numerically prioritized list with all information is presented to the Public Works Board for consideration. • Financial underwriting on all applicants and projects is completed. • Upon Board approval of projects, the contracting process can start. • Debrief clients not recommended for funding consideration.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
058-1	Public Works Assist-State	93,578,000		33,578,000	60,000,000	
	Total	93,578,000	0	33,578,000	60,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
058-1	Public Works Assist-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000052

Project Title: Rural Rehabilitation Loan Program

Project Class: Grant

Description

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000052

Project Title: Rural Rehabilitation Loan Program

Project Class: Grant

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Substandard housing in rural areas is one of our most pressing problems. Over 300,000 Washington households are estimated to need weatherization services. Many of these households are in rural communities and unable to receive weatherization services because they need repairs that are outside of the scope of the Weatherization program.

Project Description

This program in the Department of Commerce (department) would provide deferred payment loans to rural property owners to pay for the cost of rehabilitation and repair of their homes. It stabilizes housing for people at risk of losing their homes, or who live in deteriorating, unhealthy homes. It is a cost-effective alternative to building new housing.

A practical and cost-effective solution to retain affordable housing and stabilize rural communities is the continued funding of a statewide Low-Income Home Rehabilitation Revolving Loan Program. This program would fund deferred payment loans to 700 homeowners in the FY 20-21 biennium for major repairs needed for low-income homes to become "weatherization ready".

This program was established by the 2017 legislature in Engrossed Senate Bill 5647 and funding in FY18-19 with \$5 million in seed funding to launch the program.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Substandard housing is having a negative impact on residents of rural communities in Washington. Many people, including seniors and disabled persons living in poverty, have equity in their homes but lack the financial resources to borrow against their homes to keep up with necessary maintenance.

The experience of local agencies delivering low-income weatherization services in rural areas is that 50 percent of eligible households live in homes considered substandard. Substandard housing is not just housing that's unattractive or outdated; it is housing that poses a risk to the health, safety or physical well-being of its occupants, neighbors and visitors. According to a report published by the University of California Berkeley Health Impact Group, substandard housing is associated with increased risk of disease, crime, social isolation and decreased mental health.

Maintaining and improving existing homes in rural areas for low-income people is a critical component in the mix of solutions to address Washington's affordable housing problem. Substandard housing is a serious problem that affects our most vulnerable populations, specifically children, elderly, the disabled and veterans.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

With \$20 million from the capital budget, the program would fund 700 deferred loans for rural low-income homeowners. While these funds will directly benefit clients this biennium, the investment of these dollars will also fund the program in the future when the loans are repaid at time of sale.

In 2017 the legislature passed ESB 5647 creating the Low-Income Rehabilitation Revolving Loan Program. Once capital funds were available in late January 2018, The department immediately started working with stakeholders to develop the administrative rules and guidelines for the new program. By the start of the FY 20-21 biennium, the department expects the network of contractors to be up to speed on the delivery of this critical program.

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

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Project Title: Rural Rehabilitation Loan Program

Project Class: Grant

Description

A major component of the Low-Income Home Rehabilitation Revolving Loan Program is to help rural families get their homes to a condition where low-income weatherization services can be performed so they can live in safe, efficient and healthy homes. Home rehabilitation, combined with energy efficiency upgrades, helps people stay in their homes, helps stabilize neighborhoods, improves local school attendance and improves the health and safety of their living environments. Improving living conditions for residents improves the communities in which they live. The cost of preserving existing homes and keeping people in safe, affordable homes is an effective, cost-saving alternative to building new homes or having people forced to move out of substandard housing.

The cost of developing new affordable homes is on the rise—given the current housing shortage, the state cannot afford to lose any of its existing affordable housing units.

Investing now in a sustainable statewide revolving loan program can be a critical component in the mix of solutions to address the state's affordable housing problem.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

People with low incomes often have little to no access to resources to maintain or upgrade their homes. This is especially so in rural communities, as defined by Housing and Urban Development (HUD) non-entitlement communities. The local governments in the non-entitlement areas have access to few resources to implement a home rehabilitation program for low-income homeowners.

Many people with low income who own their homes or have considerable equity in their homes cannot afford the escalating cost of home maintenance and utility bills. They have an asset in their home but insufficient cash or ability to borrow to make needed repairs. Some households at 200 percent poverty or less will not qualify for a conventional loan from most lenders, so they continue to defer maintenance of their home, which often results in accelerated depreciation and unsafe living conditions.

Local governments in non-entitlement areas can apply for Community Development Block Grants (CDBG) to deliver a home repair program through the department via a competitive process. Only counties and cities designated non-entitlement may apply for these funds and can only make one application per year. However, there is no set-aside for home rehabilitation so local governments often have to choose between submitting an application for an infrastructure upgrade like a storm-water drainage enhancement or supporting construction of a local food bank versus a home rehabilitation loan program. There have been only a handful of CDBG grants to support home rehabilitation, making funding sporadic and only available in communities that are willing to prioritize this work. These grants have enabled communities to test and prove approaches for home rehabilitation in rural areas. Dedicated state funding will enable the department to scale up this approach to meet the needs of Washington's rural communities statewide.

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

This program would help homeowners at or below 200 percent of the federal poverty level living in rural HUD non-entitlement areas. The designation is based on overall population size of the local government's geographical boundaries.

The program will prioritize services to seniors, people with disabilities, families with children five years old and younger, and military veterans. Any household whose income is at or below 200 percent of the federal poverty level would be eligible to participate.

With \$20 million, the department estimates 700 households will be served over the FY19-20 biennium. Loan repayment can be deferred until time of sale of the home, with a modest, simple interest to sustain administration of the program, and will be secured by the homeowner's equity in the home based on its assessed value. The revolving nature of this fund means it's a

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Project Title: Rural Rehabilitation Loan Program

Project Class: Grant

Description

one-time commitment that will evolve into the future, reaching many more homes than the first recipients.

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

The Low-Income Home Rehabilitation Revolving Loan Program has been designed to be a companion program with the Low-Income Weatherization Assistance Program funded by state Weatherization Plus Health Matchmaker Program dollars. It would also be a companion to the Department of Energy Weatherization Assistance Program (\$5 million/yr), Health and Human Services Low-Income Home Energy Assistance Program (\$11 million/yr) and Bonneville Power Administration Low-Income Energy Efficiency Program (\$2.3 million/yr). The Low-Income Rehabilitation Revolving Loan Program will help decrease the deferral rate of eligible weatherization clients in Washington, enabling these households to participate in the weatherization program in addition to preserving existing affordable housing stock that would otherwise continue to fall in to a state of disrepair.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The Low-Income Home Rehabilitation Revolving Loan Program addresses a number of key strategic goals for the department. In particular, this program supports affordable housing, self-sufficiency, living wage jobs and clean energy. The Low-Income Home Rehabilitation Revolving Loan Program preserves affordable housing and makes them weatherization ready in order to conserve energy and reduce operating costs. It creates stronger communities through investing in safe and secure housing, develops more reliable and sustainable infrastructure by maintaining affordable housing and supports living wage construction jobs in the state.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

In addition to preserving affordable housing in rural communities, a primary goal of the program is to make homes weatherization ready. Energy conservation is a fundamental component of weatherization. Weatherization work has a long history rooted in saving energy, reducing waste and making families more solvent as a result. Every home that is worked on contributes to this goal, whether it is through air sealing, adding insulation, installing more energy-efficient HVAC systems or simply educating homeowners on energy conservation.

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

As Washington takes on the challenge of providing affordable housing for all, it is important to recognize that the retention of our existing housing stock is critical to achieving this objective. Developing home rehabilitation and affordable housing retention programs are among the most cost-effective and fiscally reasonable actions state and local government can take to address the needs of low-income homeowners. Investing in this reasonable and cost-effective approach makes the most sense for people with low income, and for strengthening our communities.

Location

City: Statewide

County: Statewide

Legislative District: 098

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Date Run: 9/14/2020 5:52PM

Project Number: 40000052

Project Title: Rural Rehabilitation Loan Program

Project Class: Grant

Description**Project Type**

Loans

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

TBD

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
355-1	St. Bld Const Acct-State	5,000,000		1,920,000	3,080,000	
	Total	5,000,000	0	1,920,000	3,080,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000836

Project Title: Ultra-Efficient Affordable Housing Demonstration

Project Class: Grant

Description

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000836

Project Title: Ultra-Efficient Affordable Housing Demonstration

Project Class: Grant

Description

Starting Fiscal Year: 2016

Agency Priority: 0

Project Summary

The Department of Commerce requests \$10 million for the development of ultra efficient affordable housing projects. Funds will be awarded to an estimated 8 to 15 projects applying to the Housing Trust Fund (HTF) and will serve to model different construction methods that achieve rigorous energy and water efficiency standards.

Project Description

Project description What is the proposed project? This request is for \$10 million and will be awarded by the HTF to develop ultra-efficient, affordable single and multi-family housing projects. The resulting savings in utility costs will increase the long-term affordability of units to low-income households and enhance the long-term viability of projects. Funds will be awarded on a competitive basis as part of the annual HTF application rounds with a goal of demonstrating multiple approaches to ultra-efficient residential construction, including both single- and multi-family housing. Projects will be evaluated so that best practices can be identified and models developed to promote increased resource efficiency in future affordable housing developments. All projects applying to the HTF for funding in calendar years 2015 and 2016 funding would be eligible to apply for additional reimbursement for actual costs incurred in achieving rigorous energy and water savings targets. Funds will be awarded to approximately 8 to 15 projects. What opportunity or problem is driving this request? Demand for funding for new units of affordable housing continues to exceed available resources. With limited resources, HTF funding is prioritized for projects serving extremely low-income and special needs households. Rising utility costs add to the cost burden for these households, as well as increasing costs for nonprofit housing providers. Due to the extremely low incomes of tenants, projects cannot generate enough cash flow to cover their ongoing operating and maintenance costs. Rent and operating subsidies are declining and utility costs are climbing, creating increasing challenges for nonprofits to develop and sustain affordable housing. Capital investments in ultra-efficient, affordable housing will provide housing that is more affordable and viable over the long-term, while conserving energy, water, and other natural resources. How does the project support the agency and statewide results? This funding supports the Governor's Results Washington Goal 4: Healthy and Safe Communities by helping the most vulnerable people become independent and self-sufficient through access to affordable housing. In addition, these projects will further Goal 3: Sustainable Energy and A Clean Environment by encouraging Efficient Buildings (Indicator 1.3.a). Capital investments in affordable housing development reduce the affordable housing gap, create living wage jobs, primarily in the construction industry, and generate revenues to local communities. By developing ultra-efficient housing, additional benefits will be gained through increased affordability and reduced consumption of limited natural resources. Use of renewable energy and new technology will support additional job creation. Results will be evaluated for best practices, with the goal of promoting effective models, which could result in broader acceptance and implementation of ultra-efficient residential construction practices. What are the specific benefits of this project? The Governor's top priority is to create and sustain a thriving economic climate that spurs job growth. The Ultra-Efficient Affordable Housing Incentive directly supports job growth by generating additional construction activity through the development of more efficient affordable housing. With \$10 million in requested funding, the Ultra-Efficient Affordable Housing Incentive will create an estimated 160 construction-related jobs. This estimate is based on data from a 2009 National Association of Home Builders report. The costs of a typical HTF project break down as follows: acquisition (15 percent); project management, which includes architects, engineers, developers, and other consultants (14 percent); costs associated with financing, permitting, impact fees, and reserve requirements (9 percent); and construction (62 percent). These assumptions and calculations used to arrive at the jobs estimate, as well as other economic outcomes, are included in the attached HTF Multi-Family Jobs Calculator. Per OFM's forecasting model, jobs created are estimated to be an average of 49 construction jobs per year. How will clients be affected and services change if this project is funded? Low-income households will have access to affordable housing that costs less to live in. Substantially reduced utility costs will provide additional disposable income for other basic necessities such as food, child care, transportation, and medical expenses. Nonprofit housing owners will also realize cost savings, which will enable them to invest more in ongoing operations and maintenance, as well as provide more services to clients with special needs. How will other state programs or units of government be affected if this project is funded? Applicants will be expected to demonstrate partnerships and leverage resources from other local, state, and federal programs, as well as local utilities. The development and promotion of effective models for ultra-efficient housing will benefit all public funders involved in affordable housing development. Reduced energy and water use will benefit utilities, local communities, and the state as a whole. Substantially lower utility costs for low-income households will reduce demand on other programs, such as energy assistance and the Supplemental Nutrition Assistance Program. What is the impact on the state operating budget? The Ultra-Efficient Affordable Housing Incentive will increase state

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Project Title: Ultra-Efficient Affordable Housing Demonstration

Project Class: Grant

Description

tax revenue by an estimated \$432,000, making more funds available for the state operating budget. In addition, this investment will generate an estimated \$1 million in revenues to local governments through construction activities, and another \$790,000 in local taxes and fees annually once housing units are occupied. The assumptions and calculations used to arrive at this estimate, as well as other economic outcomes, are included in the attached HTF Multi-Family Jobs Calculator. There is no operating impact to Commerce. Why is this the best option or alternative? Lack of access to affordable housing and rising utility costs are continuing challenges statewide. The HTF is an established program with a reputation for making effective investments in affordable housing. Through the successful development and implementation of the Evergreen Sustainable Development Standard, the HTF has already taken steps to increase the efficiency and sustainability of affordable housing projects. It provides an ideal vehicle for testing the effectiveness of new and innovative models that will take these efforts to a higher level and promoting the adoption of effective practices more broadly. What is the agency's proposed funding strategy for the project? The department proposes funding for this package come from Fund 355, State Taxable Building Construction Account.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.185 and 43.185A

Application process used

These funds are distributed using a competitive funding process based on Housing Trust Fund's legislative priorities (see RCW 43.185, RCW 43.185A, and HTF policies). The governing legislation requires that 30 percent of the resources go to rural community projects unless the Department does not receive enough suitable rural applications. 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 for a long-term commitment. 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 Department of Commerce Director.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
532-1	Wa Housing Trst Fd-State	2,500,000	1,655,000	245,000	600,000	
	Total	2,500,000	1,655,000	245,000	600,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
532-1	Wa Housing Trst Fd-State					
	Total	0	0	0	0	

Operating Impacts

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Project Number: 30000836

Project Title: Ultra-Efficient Affordable Housing Demonstration

Project Class: Grant

Operating Impacts

No Operating Impact

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000879

Project Title: Weatherization Plus Health Matchmaker Program

Project Class: Grant

Description

Starting Fiscal Year: 2018

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

Additional funding is provided for financial assistance grants to low-income households to improve home energy efficiency and healthy homes measures.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 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		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	18,500,000	13,922,000	4,430,000	148,000	
355-1	St. Bld Const Acct-State	5,000,000	120,000	3,663,000	1,217,000	
	Total	23,500,000	14,042,000	8,093,000	1,365,000	0

Future Fiscal Periods

		2023-25	2025-27	2027-29	2029-31
057-1	State Bldg Constr-State				
355-1	St. Bld Const Acct-State				
	Total	0	0	0	0

Operating Impacts

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 30000879

Project Title: Weatherization Plus Health Matchmaker Program

Project Class: Grant

Operating Impacts

No Operating Impact

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Capital Project Request**

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000153

Project Title: 2021-23 Housing Trust Fund Investment in Affordable Housing

Project Class: Grant

Description

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000153

Project Title: 2021-23 Housing Trust Fund Investment in Affordable Housing

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 1

Project Summary

The Department of Commerce requests a new appropriation from the State Taxable Building Construction (Fund 355) of \$250 million to reduce the backlog of affordable housing projects seeking capital funding through the Housing Trust Fund (HTF) Program. This request is aligned with the current biennial total appropriation of \$242 million. The HTF Program investments address the ongoing and critical need to develop and preserve affordable housing for low-income and special needs populations, while creating living wage jobs.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The Department requests a new appropriation of \$250 million to the HTF Program for investment in the keystone elements in Washington's fight against housing insecurity and homelessness:

- Creation of new multi-family rental and shelter housing,
- Creation of new homeownership opportunities for first-time homebuyers,
- Preservation of non-state owned affordable housing that is "at-risk" of privatization,
- Preservation of the state's \$1.2 billion existing HTF investment in affordable housing, and
- Creation of innovative, non-traditional construction methods, as well as energy efficient housing models inclusive of multiple construction methods, site layouts, and energy modeling resulting in net-zero energy usage.

To maximize our ability to respond flexibly to emerging needs of communities and to provide funding when and where it is most needed, the Department requests that the capital appropriation NOT include set-aside targets or "buckets." Instead, for each annual funding cycle, the Department will collaborate with advocacy organizations, stakeholder groups, the Affordable Housing Advisory Board, the Policy Advisory Team, and the Washington Low Income Housing Alliance to establish investment targets in the above funding categories. Funds will be allocated to projects statewide on a competitive basis (per RCW 43.185 RCW 43.185A, and established HTF policies), serving a broad spectrum of low-income to extremely low-income households, including homeless families and individuals, seniors, and individuals with special needs, behavioral illnesses, disabilities, veterans, etc. A minimum of 30 percent of the funds appropriated for competitive allocation will be targeted for investment in projects located in rural areas, unless the Department does not receive enough suitable rural applications.

Equity is a primary program goal, with a focus on groups of people who historically have not been provided equitable access to stable, affordable housing by the private market and those who have been disproportionately impacted by the COVID-19 outbreak.

The HTF 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 \$1 state dollar invested. Construction activity and resulting projects also generate substantial social and economic benefits for local communities. Upon financial close, new construction of large scale affordable housing takes approximately 12-14 months, on average, from beginning construction to individuals taking up residence. This puts millions of dollars into local economy, providing exponential impacts to local businesses.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Washington State is experiencing an affordable housing crisis, exacerbated by the negative economic impacts of the global

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000153

Project Title: 2021-23 Housing Trust Fund Investment in Affordable Housing

Project Class: Grant

Description

response to COVID-19. Changing business models due to virus impacts, reduced or eliminated work, housing needs changing due to work from home orders, stagnant wages, 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 are proven to help protect vulnerable households and house people affected by homelessness and provide much needed stability to them, so that they can become productive members in their communities. Housing construction projects are also proven to support local businesses, create jobs, and generate state and local revenues.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

HTF Program invests in capital projects that construct or rehabilitate existing buildings to create affordable housing units. A typical HTF Program project starts construction within 6 to 12 months from an award.

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

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 and thriving communities. The state investment helps leverage and encourage private investment in affordable housing that otherwise would not be sufficiently profitable to attract private equity. Access to stable, affordable housing has been shown to improve overall job stability, increase educational attainment, and reduce health problems in communities that have been historically disadvantaged.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

N/A

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

This appropriation will result in projects creating an estimated 4,000 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 long-term operations. Once 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.

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

Historically, the HTF Program has funded approximately 20-25% of the project costs on average. The rest of the funding comes from local (city/county), federal, and private investments. Due to the extreme pressure on local economies resulting from COVID-19, particularly in rural and small communities, HTF staff anticipate many local traditional funding sources may not be readily available and may require the state to make up a larger percentage of the project's total development cost during the next budget cycle.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000153

Project Title: 2021-23 Housing Trust Fund Investment in Affordable Housing

Project Class: Grant

Description

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes in the following ways in Commerce's plan:

- Prioritizing investment in underserved and vulnerable communities helping them access needed resources.
- Increase affordable and available housing.
- Reduce homelessness

These projects also 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 adding an average of more than 500 affordable housing units to current stock each quarter beginning in 2020 (4,000 units).

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The current HTF building standards exceed current building code energy efficiency standards. The projects invested with these funds will create, in part, net zero housing. The depth and breadth of this investment will be determined in consultation with affordable housing advocacy organizations and sustainable design industry experts. Also, all HTF projects are built to the Evergreen Sustainable Development Standard, which requires resource efficiency be incorporated into design, construction, and long-term operations.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

All awards for new construction/renovation projects must meet the Evergreen Sustainable Development Standard, which exceeds current building code energy efficiency standards.

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

Based on a Boston Consulting Group analysis on infrastructure investments (March 2017), for every \$1 billion investment in affordable housing 2,900 jobs would be impacted (created or saved).

This request will also provide the necessary funding to maintain the department's Housing Development administrative activities associated with the allocation and implementation of the Capital Appropriations. With the decline in revenue and the deferral of loan payments in Fund 532-Housing Trust Fund, the department utilize the three percent allowable administrative and staffing costs for Capital projects. For detailed information regarding Housing Development activities and cost, please see Attachment A.

Capital Project Request

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000153

Project Title: 2021-23 Housing Trust Fund Investment in Affordable Housing

Project Class: Grant

Description

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

Grant Recipient Organization: Various

RCW that establishes grant: 43.185 and 43.185A

Application process used

These funds are distributed using a competitive funding process based on Housing Trust Fund's legislative priorities (see RCW 43.185, RCW 43.185A, and HTF policies). The governing legislation requires that 30 percent of the resources go to rural community projects unless the Department does not receive enough suitable rural applications. 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 for a long-term commitment. 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 Department of Commerce Director.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	1,250,000,000				250,000,000
	Total	1,250,000,000	0	0	0	250,000,000

Future Fiscal Periods

		2023-25	2025-27	2027-29	2029-31
355-1	St. Bld Const Acct-State	250,000,000	250,000,000	250,000,000	250,000,000
	Total	250,000,000	250,000,000	250,000,000	250,000,000

Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FTE	Full Time Employee	16.5	16.0	16.0	16.0	16.0
355-1	St. Bld Const Acct-State	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
	Total	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000

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Report Number: CBS002

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Project Number: 40000153

Project Title: 2021-23 Housing Trust Fund Investment in Affordable Housing

Project Class: Grant

Operating Impacts

Narrative

Please see Attachment for detailed FTE information.

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Capital Project Request**

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000148

Project Title: 2021-23 Clean Energy V-Investing in Washington's Clean Energy

Project Class: Grant

Description

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000148

Project Title: 2021-23 Clean Energy V-Investing in Washington's Clean Energy

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 3

Project Summary

Since 2013, the Clean Energy Fund (CEF) has successfully catalyzed statewide investments in clean energy technology and infrastructure development. Continued funding for CEF is critical to effectively and equitably meet Washington's aggressive climate goals. CEF is a proven pathway that strengthens Washington leadership on clean energy innovation and deployment. These highly leveraged investments strengthen Washington's communities through living wage jobs, workforce skill development, and local economic activity.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

Washington's Clean Energy Fund (CEF) achieves the strategic goal articulated in 2013 of "developing, demonstrating and deploying clean energy technology that saves energy and reduces energy costs, reduces harmful air emissions, or otherwise increases energy independence for the state." Strongly supported by stakeholders and advocates in the business, academic, and energy sectors, the CEF has been instrumental in facilitating a diverse portfolio of public-private partnerships ranging from backup power systems supporting emergency operations to bio-digesters that convert agricultural waste to renewable energy fuel.

Washington's energy landscape has shifted with the adoption of aggressive climate goals in 2019. In the coming years, our state's 100% clean electricity goal combined with aggressive greenhouse gas reduction targets will necessitate further changes in Washington's energy landscape and transformation of an essential service: electricity. Further, COVID-19 has dramatically affected our economy. In the short term, CEF investments offer a proven opportunity to put skilled workers and businesses to work and position Washington to leverage private and federal clean energy funds. In the long term, the CEF has a structure that can help support the innovation and infrastructure adaption that will be necessary for a successful and equitable transition to clean energy.

The CEF has received appropriations through a series of biennial budgets up to and including appropriations in the 2019 capital budget. Washington's CEF investments have successfully leveraged over \$400 million to support innovative projects including grid modernization and storage; energy efficiency and renewable energy projects (wind, solar, bioenergy) on farms, commercial buildings, and homes; and electrification charging infrastructure. CEF is designed to ensure funds are distributed both east and west of the Cascades and has resulted in projects that demonstrate energy savings, emission reductions, clean tech development, and job creation throughout the energy supply chain.

The CEF programs are growing in demand and are consistently oversubscribed. In the most recently completed CEF grant round, the program was oversubscribed by \$65M, resulting in 50 deferred projects.

With \$100 million in requested funding, CEF will leverage more than \$200 million in other public and private investments and allow the state to demonstrate its leadership in spurring economic development, transportation electrification, and job growth within the clean energy field. The Clean Energy Fund will direct investments in these key areas:

Grid Modernization Grants (\$25 million): Grants will be distributed to support emerging grid-scale energy storage technologies, distributed generation, and advanced microgrid controls. Cutting edge investments can go hand in hand with addressing inequities. Grid modernization funds will be targeted towards supporting clean energy resiliency hubs: well-trusted, community-centered facilities (e.g., food banks, community centers) sited in vulnerable communities and retrofitted with on-site clean energy systems to maintain power and services during outages. The opportunities to provide continuous power service for essential community services are vast and the benefits are great. Resiliency hubs could include elements such as Wi-Fi hot spots, charging stations, electrical outlets, medical equipment, and refrigeration for temperature sensitive medicines and breast milk.

Grants to Nonprofit Lenders (\$25 million): This program will offer grants to lenders who provide revolving loans to address

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Project Class: Grant

Description

multiple market sectors, as well as to clean energy technologies helping small businesses, nonprofit organizations, multifamily building owners, and homeowners reduce operating costs and achieve sustainability goals. The revolving nature of the fund allows it to be utilized many times over. By connecting clean energy projects with innovative financing, Washington can accelerate market expansion and unlock opportunities for underserved markets to participate in the green economy while avoiding unmanageable debt. Historically, every \$1 invested in this program is leveraged by \$6 or more while supporting over 5,000 energy projects across the state. With current economic conditions further inhibiting access to capital, lending will play an increased role in recovery efforts. Grants will continue to focus on reducing the risk and capital requirements for underserved markets, such as low-income and tribal communities.

Electrification Transportation Grants (\$20 million): According to the Department of Ecology, the transportation sector accounts for about 45% of Washington's greenhouse gas emissions. Reaching our state's climate goals requires steep reductions in those emissions. Insufficient charging infrastructure is a significant barrier to accelerated electric vehicle (EV) adoption in the state. Adequate and equitable charging infrastructure cannot be achieved by the private sector alone. CEF funding will continue to support deployment to cover charging "gaps," enabling more Washingtonians to access this technology. Based on known barriers, identified market needs, and historical results, future CEF investments will prioritize both urban and small-town charging solutions, rural electrification, and infrastructure to support tribal communities. The Office of Clean Transportation Infrastructure (OCTI) Agency Request Legislation establishes a new executive office within the Department of Commerce to plan for and invest in affordable statewide transportation electrification charging and refueling infrastructure. The CEF ETS program and the OCTI grant and loan program will not overlap due to the time required for OCTI office establishment and subsequent rulemaking. In future iterations of CEF, ETS may serve as the sole transportation electrification grant program or the grant programs may exist in parallel to accomplish different transportation electrification policy goals.

Strategic Research, Development & Demonstration (RD&D) (\$15 million): The CEF RD&D grant program initially started as a federal match program targeted to a narrow set of research organizations to research, develop, and demonstrate new and emerging technologies. The program later expanded to support wider categories of private and public organizations involved in pre-commercialization technology development. Grants will focus on encouraging collaboration across sectors and projects that play to Washington's strengths in aerospace, maritime, information and communications technology, grid modernization, and the built environment. Focusing on these areas will help develop technologies to meet the state's climate goals, offer opportunities for economic and job growth, and strengthen technology supply chains. These efforts can help ensure our existing and future industries have access to the tools needed to reduce the carbon intensity of their operations.

Bio-digester program grants (\$10 million): The biodigester program provides competitive grants to help on-farm digester operators become more economically viable while substantially reducing methane emissions from dairy and food processing waste. Specifically, this program helps digester projects access new markets for bioenergy and recovered nutrient products, increase energy efficiency, and improve soil health and air and water quality. The program targets digesters in rural communities across Washington.

Maritime Electrification Grants (\$5 million): Washington's Maritime sector comprises a robust and growing set of industries that contribute to our economy. There is significant opportunity for partnerships to decarbonize the maritime sector through the electrification of ferries, vessels, ports, and on-land cargo movement. Grants will support pilot demonstrations of various maritime electrification projects and will encourage partnership efforts from applicants.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Washington's clean energy future includes achieving the 100% clean electricity goal of the 2019 Clean Energy Transformation Act and meeting the state's greenhouse gas reduction targets with policies designed through the forthcoming State Energy Strategy. This future creates fundamental changes to Washington's energy landscape and transforms an essential service: electricity. Washington is poised to design, build, and export the innovation necessary to meet this challenge.

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Project Title: 2021-23 Clean Energy V-Investing in Washington's Clean Energy

Project Class: Grant

Description

Electric utilities will need to transition their portfolios and their infrastructure to cleaner sources. Industries will have to adopt new technologies to reduce their carbon intensity while remaining competitive. Consumers and businesses will be required to adopt and adapt to new efficiencies in buildings and transportation. To reach our ambitious decarbonization goals, the state will need to embrace nature-based and other agriculture and forestry solutions to reduce emissions and sequester carbon. At the same time, communities are asserting their desire to shape their own energy future and ensure an equitable distribution of the costs and benefits of the clean energy economy. Successfully implementing this clean energy transformation over the upcoming years presents our state with significant challenges, but also economic opportunity. In the long term, the CEF has a structure that can help support the innovation and infrastructure adaption that will be necessary to this transition. In the short term, CEF investments can provide a proven opportunity to accelerate the transition and put skilled workers and businesses to work.

With its strategic goal of “developing, demonstrating and deploying clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state,” the CEF can continue to be a tool to build on Washington’s clean energy policies and sectoral strengths, help ensure costs and benefits are equitably distributed, and help the state rebuild our economy.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Among other things, the CEF will be used to facilitate the construction of clean energy infrastructure in electricity distribution, production and consumption, thereby facilitating tangible change on the ground in industrial, commercial, and residential settings across our state. CEF grants and loans will accelerate a reduction in consumption of fossil fuels and result in the production of more clean energy. These efforts can be phased depending on the availability of funds, but they are critical to meeting our climate goals effectively and equitably. CEF investments will result in a wide range of tangible, clean energy benefits including thousands of clean energy projects serving energy consumers across the state. A \$100 million CEF fund, matched at least 1 to 1 by non-state funds, effectively doubles the state’s investment in clean energy with thousands of jobs created.

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

The CEF plays a unique role in incentivizing projects that wouldn’t have otherwise been completed due to inadequate regulatory or market conditions. CEF investments will strategically advance the transition to clean electricity and reduced greenhouse gas emissions consistent with the implementation of the Clean Energy Transformation Act and the 2021 State Energy Strategy. These investments will be additive, not directed towards actions that are already required by existing law. CEF programs reduce greenhouse gas emissions through the adoption of clean technologies and diffusion of best practices on how to optimize these technologies on Washington’s grid. CEF programs have the opportunity to support Washington’s clean energy businesses in growing their market share and moving Washington’s clean energy forward as the next export-rich industry. Finally yet importantly, CEF encourages an equitable transition to Washington’s clean energy future by channeling investments into underserved communities.

CEF funds are consistently in high demand. Every grant cycle, there are many more applications than can be funded. Underfunding or not funding the Clean Energy Fund may stall development of the state’s clean energy sector and forgo not only job growth, but also reductions in greenhouse gas emissions and the equity benefits of the Fund’s programs. Forgoing funding would decrease employment in a sector devastated by COVID-19 pandemic and make our key research institutions and entrepreneurs in nascent clean technology sector less competitive, thereby encouraging employer flight. This would likely reduce the number of clean technology patents and clean energy solutions developed in state by reducing private, research and utility investments in clean energy technologies and the state’s broader clean energy economy.

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Project Title: 2021-23 Clean Energy V-Investing in Washington's Clean Energy

Project Class: Grant

Description

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

While there are different ways to approach the projects proposed, without significant state participation Washington risks being behind the curve in the transition to the clean energy economy, decreasing clean technology business investment in Washington, and jeopardizing the state's goal of positioning Washington as a leader in decarbonization. If left to the private sector to fill investment gaps, we risk leaving vulnerable populations behind and forgoing an important opportunity to advance our statewide emission reduction goals in a coordinated, equitable, and enduring way.

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

Through a broad portfolio of investments, the Clean Energy Fund (CEF) invests in communities across the state to accelerate the transition to clean energy. The program has historically benefitted local government, research institutions, large and small businesses, and workers in the clean energy economy.

Beginning with the third iteration of CEF, the program has incorporated appropriations, programs, and scoring preferences to encourage project teams with diverse membership across these groups. For example, the Electrification of Transportation program pioneered the use of the Department of Health's Environmental Health Disparities map and energy burden data to inform decisions and target investments in disparately impacted communities. Continuing this work, the 2020 round of CEF solar grants will be aimed exclusively at reducing the energy burden for low income housing providers and tenants. CEF is well positioned to build on this framework and create new opportunities for frontline communities to play an active role in creating a resilient, clean and equitable energy future.

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

In most cases, the CEF requires a match of at least 1:1, and in many cases the match is closer to 1:3 (for every \$1 invested, \$3 is leveraged). To date, Washington's CEF investments have unlocked millions of dollars to support innovative projects in: grid modernization and storage; financing energy efficiency and renewable energy in low-income communities; wind, solar and other renewable energy projects; and the electrification of transportation. The funding has resulted in energy savings, prevented \ greenhouse gas emissions, allowed the state to be a leader in clean technology development, and supported jobs in the energy sector. This proposal would attract over \$200 million in private financing and utility funding, as well as federal and local funds that would not be available to clean energy technology research institutions, businesses, and entrepreneurs without this investment. State investment in CEF also positions Washington to be more competitive for federal funds, through stimulus or other federal grant opportunities.

Describe how this project supports the agency's strategic master plan or would improve agency performance.

Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes to all three focus areas in the following ways:

- Prioritizing investment in underserved and vulnerable communities helping them access needed resources.
- Provide economic stimulus through reliable infrastructure and clean energy investments.

This request furthers the agency's priorities of equity and economic recovery by providing economic stimulus through reliable infrastructure and clean energy investments reliable infrastructure, building a clean, just clean energy economy, and increasing living wage jobs. It is crucial to our economic recovery strategy and aligns with state and agency strategies.

Alignment with the Governor's *Results Washington* goals:

- Goal 2: *A prosperous economy*, by creating living wage jobs and economic activity
- Goal 3: *Sustainable Energy and a Clean Environment*, by reducing energy consumption and accelerating clean energy production.

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Project Title: 2021-23 Clean Energy V-Investing in Washington's Clean Energy

Project Class: Grant

Description

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Yes, the CEF is entirely focused on reducing carbon pollution and improving energy efficiency. Since 2013, Washington's CEF investments have leveraged millions of dollars to support innovative projects in grid modernization and storage; financing energy efficiency and renewable energy in low-income communities; wind, solar and other renewable energy projects; and the electrification of transportation. The funding has resulted in energy savings, prevented emissions of greenhouse gases, allowed the state to be a leader in clean technology development, and supported jobs in the energy sector.

In the coming years, the 100% clean electricity goal of the 2019 Clean Energy Transformation Act combined with the state's greenhouse gas reduction targets will cause fundamental changes to Washington's energy landscape and transformation of an essential service: electricity. The projects that are facilitated by the CEF will be used to help ensure that the state is successful in meeting those goals equitably and effectively.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, with its strategic goal of "developing, demonstrating and deploying clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state," the CEF is an important tool that has and can continue to be used to mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment.

Through a broad portfolio of investments, the Clean Energy Fund (CEF) invests in communities across the state to accelerate the transition to clean energy. Moving forward, the program will incorporate designs and preferences to encourage project teams with diverse membership, and when appropriate link energy policy outcomes to intersectional non-energy programs and policy goals (e.g., low-income housing, health, broadband access, business development). Recently, the Electrification of Transportation program pioneered the use of the Department of Health's Environmental Health Disparities map and energy burden data to inform decisions and target investments in disparately impacted communities. The CEF program structure will continue to build on this framework and provide greater inclusion of rural communities and tribes. Steps will continue to be taken to ensure CEF benefits are distributed equitably across urban and rural settings, and in a way that empowers communities.

Among other things, grid modernization funds will be targeted towards supporting community resiliency hubs: well-trusted, community-centered facilities (e.g., food banks, community centers) sited in vulnerable communities and retrofitted with on-site

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Project Number: 40000148

Project Title: 2021-23 Clean Energy V-Investing in Washington's Clean Energy

Project Class: Grant

Description

clean energy systems to maintain power and services during outages. The opportunities to provide continuous power service for essential community services are vast and the benefits are great. Resiliency hubs could include elements such as Wi-Fi hot spots, charging stations, electrical outlets, medical equipment, and refrigeration for temperature sensitive medicines and breast milk.

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

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.325

Application process used

Grants are awarded through a competitive process within each fund program area. In the latest appropriation of CEF funding, priority must be given to projects that benefit vulnerable populations, including tribes and communities with high environmental or energy burden.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	200,000,000				100,000,000
	Total	200,000,000	0	0	0	100,000,000
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State	100,000,000				
	Total	100,000,000	0	0	0	

Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025
FTE	Full Time Employee	10.8	10.8	10.8	10.8

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Project Class: Grant

Operating Impacts

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025
057-1	State Bldg Constr-State	1,500,000	1,500,000	1,500,000	1,500,000
	Total	1,500,000	1,500,000	1,500,000	1,500,000

Narrative

FTE's to administer the program.

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Capital Project Request**

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000149

Project Title: 2021-23 Energy Retrofits for Public Buildings Grant Program

Project Class: Grant

Description

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000149

Project Title: 2021-23 Energy Retrofits for Public Buildings Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 4

Project Summary

The Energy Retrofits for Public Buildings program provides a pathway for public agencies to substantially improve building performance, reduce operating costs, and GHG emissions. Many public facilities were constructed prior to the adoption of new energy codes and do not include best practices for energy conservation. This program helps ensure public agencies build sustainable facilities, reduce deferred maintenance backlogs, create living wage jobs, and contribute to our state's climate goals.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

Created in 2010, the Energy Retrofits for Public Buildings Grants (renamed from the Energy Efficiency and Solar program) program has a proven track record of helping public agencies reduce their operational costs and achieve climate and sustainability goals through energy efficiency and renewable energy upgrades. These projects stimulate local economic activity and create jobs throughout the trade and construction sectors. With a \$50 million request, the department proposes to scale up the Energy Retrofits for Public Buildings program to aid in economic recovery efforts at the local level. The demand for this program continues to grow: in the last grant cycle, \$33 million was requested with only \$11 million available for awards. This equates to an oversubscription of approximately \$22 million, representing 90 projects that were left unfunded and/or deferred.

Grants and resources will be offered to state agencies, public higher education institutions, K-12 school districts, tribal governments, and local governments. These projects will significantly improve the energy performance of public buildings, promote Washington-made clean energy products, and reduce Washington's carbon footprint. This funding will also assist K-12 schools in the removal of lighting fixtures containing toxic polychlorinated biphenyls (PCBs).

To increase the equitable distribution of resources and funding, the program sets aside 20% of the funding for projects located in small towns and cities (populations of 5,000 or less). In addition, set aside projects require a lower match requirement, ensuring that rural communities with fewer resources also benefit from these projects. In 2019, new proviso language was adopted to allow the inclusion of federally recognized tribal governments as eligible applicants. With this expansion, we expect the demand for the program to further increase, as the opportunities for tribal communities to save money through lower energy costs are vast.

This request also supports the Resource Conservation Management (RCM) program at the Department of Enterprise Services (DES). Funding will allow the RCM program to continue to provide critical assistance to public agencies, resulting in operational efficiencies, safety improvements, and increased preservation of state assets.

The \$50 million grants will be distributed as follows:

Energy Efficiency Grants (\$23 million): Grants support energy efficiency retrofits at public buildings, including lighting projects that eliminate harmful PCBs at public K-12 schools, reduction of water consumption, and fuel switching from fossil fuel to electricity. Twenty percent of awardable funds will be made available for projects in small towns and cities with populations of 5,000 or less.

Solar Grants (\$13 million): Grants support solar photovoltaic arrays to be installed on existing public buildings. Twenty percent of awardable funds will be made available for projects in small towns and cities with populations of 5,000 or less.

State Project Improvements (\$13.2 million): Grants support energy efficiency upgrades of existing capital projects at state facilities.

Resource Conservation Management Program (\$800,000): Funding will support the RCM program within DES. The RCM program focuses entirely on assisting public agencies with the identification and implementation of actionable energy efficiency and renewable energy projects.

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Project Class: Grant

Description

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Wasting energy wastes money. We built many public facilities prior to the adoption of new state energy codes and most do not include best practices for energy conservation. These buildings operate inefficiently, have aging or non-serviceable equipment, do not meet statutory requirements, and do not advance carbon reduction goals. Over the last two decades, energy efficiency technologies have improved significantly, presenting opportunities for public facilities to substantially improve building performance and reduce operating costs. Energy Retrofits for Public Buildings provides a pathway for public agencies to access these opportunities. In addition to improved building performance, this program helps public agencies reduce deferred maintenance backlogs, increases the capital asset life, and creates jobs in the construction and trade industries.

In light of economic conditions and budget cuts brought on by the COVID-19 pandemic, this program puts people to work and saves money on energy bills. This request will support public agencies as they navigate the challenges presented by the COVID-19 pandemic, including reduced funding and access to capital and the changing needs and conditions at public workplaces. For example, facility managers may need to make improvements to heating and ventilation systems that would provide a healthier indoor air environment.

Energy Retrofits for Public Buildings program helps public agencies meet the following requirements:

- Clean Buildings (RCW 19.27.A.200)—requires facilities over 50,000 SF to meet energy performance targets
- Greenhouse Gas Emissions (RCW 70.235.050)—requires state agencies to report greenhouse gas emissions and develop strategies for emissions reductions
- Facility Benchmarking (RCW 19.27.A.190)—requires state and higher education agencies to disclose energy performance at facilities over 10,000 SF
- Executive Order 20-01 (State Efficiency and Environmental Performance)—requires state agencies to invest in projects that reduce energy consumption and greenhouse gas emissions

The cost-effective Resource Conservation Management (RCM) program provides a comprehensive and continuous effort to manage the energy, water, and solid waste costs associated with public facilities operations. Facility managers will gain better control over utility and operating costs and improve the building occupants' experience by adopting health and safety measures.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

A \$50 million investment in the Energy Retrofits for Public Buildings program will create an estimated 200 energy efficiency and solar energy projects that will annually save \$5,700,000 and 20,000 metric tons of carbon dioxide (CO₂). In addition, approximately 656 jobs will be created, contributing to the growing green economy and economic recovery efforts. The grant program will begin in FY22 and grant cycles will be offered throughout the biennium through each specific grant program (energy efficiency, solar, SPI).

The Resource Conservation Management program leverages utility incentives and achieves a return on investment within the first few years. By controlling utility consumption through energy and water equipment upgrades, public agencies will realize up to 15 percent avoided costs annually, improve the working and learning environment, reduce GHG emissions and environmental impacts, meet carbon reduction targets, and increase the preservation of state-owned assets.

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

This request enables agencies to take actionable steps towards reducing energy and water consumption in public facilities

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improving the operational bottom line. In addition to realizing cost savings, this program provides opportunities to improve the health and safety for building occupants such as students, teachers, and other public employees, while reducing greenhouse gas emissions. The cost savings could be directed towards filling critical needs, such as hiring additional teachers, addressing deferred maintenance backlogs, or meeting the demands of reduced operating budgets and the health pandemic. These projects also create and support construction jobs in the green economy throughout the state, especially in small towns and cities.

This program has been consistently oversubscribed resulting in unmet needs and deferred projects. If no action is taken, the deferred project list would substantially grow, increasing construction and related costs and leaving agencies to struggle to meet statutory requirements and emissions reduction targets. Further, the opportunities to receive the benefits of reduced operating costs will be lost. Without funding, communities throughout Washington will not benefit from the associated job creation, potentially delaying local economic recovery especially in small towns and cities that have limited economic recovery opportunities.

If the RCM program is not funded, it is at risk of shutting down after June 2021. The pipeline of projects will be deferred resulting in lost opportunities to lower the cost of government operations and greenhouse gas emissions.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Other alternatives that were explored include scaling the program back or not funding the program at all. Both of these alternatives create lost opportunities to decrease the operating costs of public facilities. Not funding this proposal may leave eligible applicants without a way to fund these important projects or meet statutory requirements during a time of severely limited public resources. This program leverages a pipeline of planned retrofits and upgrades; not funding would lock some of these projects in to less efficient design, equipment, and materials for an indefinite period. Further, no federal program exists that fills these needs and it is unlikely a new federal program will be created anytime soon.

Not funding the RCM program takes away a valuable resource for public agencies to identify operational savings and comprehensive capital projects that align policy objectives with operational realities.

Beyond the alternatives described above, providing comprehensive funding directly to public agencies and institutions through state capital and operating budgets for this work would realize some of the same benefits provided by this grant program.

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

Energy Retrofits for Public Buildings serves state agencies, higher educational institutions, K-12 public schools, tribal governments and local governments. To date, the program has consistently awarded funds across the state, with broad geographic distribution. In 2018, 50% of awards were to local governments, 42% were to public schools, 5% to State Agencies and 3% to higher education. In turn, occupants and users of those facilities benefit from the increased safety and comfort of the buildings. These projects also contribute to the economy through job creation, supply chain purchases, and local economic activity.

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

Grant funds will be leveraged at a minimum of 1:1, with a lower match requirement for projects located in small towns and cities (populations of 5,000 or less). For example, in the last grant cycle, more than \$22 million was leveraged in non-state funds. Matching funds come from a variety of sources including energy performance contracting funds, private donations, student

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fees, private grants and lenders, local funds, and local funds by way of the state treasurer.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes to all three focus areas in the following ways:

- Prioritizing investment in underserved and vulnerable communities helping them access needed resources.
- Provide economic stimulus through reliable infrastructure and clean energy investments.

This request supports and is consistent with the Governor's *Results Washington* as follows:

- Goal 1: World-Class Education, by improving our schools' environments.
- Goal 2: A prosperous economy, by creating jobs to support these projects.
- Goal 3: Sustainable Energy and a Clean Environment, by reducing energy consumption and carbon emissions.
- Goal 5: Efficient, Effective, and Accountable Government, by reducing operational costs at publicly owned facilities.

It also allows state agencies to meet Executive Order 20-01, the Clean Buildings package, the Clean Energy Transformation Act, The State Toxics reduction plan.

Additionally, this program supports agency wide collaboration. Eligible facilities include those that connect with other important services our agency offers. For example, Public Housing Authorities that provide services through the Housing Finance Unit and the Housing Assistance Unit qualify for this grant, thereby reducing their operational costs and maintaining the infrastructure needed to support vital programs. These retrofits can take place on many of the facilities that the local government division has invested in, helping to maintain these facilities and increasing the lifespan of the facility. This program also supports relationships with eligible applicants (Tribal Governments, local government, schools, other state agencies, etc.).

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The State of Washington has set aggressive goals and targets for decarbonization, including the following statutes. Energy Retrofits for Public Buildings contributes directly to the following RCW's and executive orders:

- Building Benchmarking RCW 19.27A.190
- Building Efficiency RCW 19.27A.200
- Carbon reduction RCW 70.235.50
- Climate Change adaptation RCW 43.21M.040

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- Clean Energy Transformation Act
- E.O. 20-01

These funds also help move public buildings towards compliance with the Clean Buildings objectives. Enabling energy efficiency measures and activities as well as the installation of solar can make buildings' operational costs more affordable, can improve the health of building occupants, and reduce levels of atmospheric greenhouse gases.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes; by saving energy and installing solar, the eligible applicants will be reducing their impacts on climate change. Many past projects have used this as an opportunity to fuel switch – moving from fossil fuel based system to electricity based systems. For the solar projects, producing clean renewable energy on site also reduces carbon emissions.

These projects contribute to community resiliency by improving the operations of critical infrastructure such as water and wastewater systems, fire stations, hospitals, etc. By reducing energy consumption at these sites, the organizations save operating dollars that can be directed to other critical needs. Also, in the event of a disaster, these projects reduce the need for backup power by reducing the overall energy consumption at the facility, allowing them to operate longer in the event of a power interruption.

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

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: *

Application process used

Grants are awarded through a competitive process.

Growth Management impacts

M/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	100,000,000				50,000,000
	Total	100,000,000	0	0	0	50,000,000

Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
057-1 State Bldg Constr-State	50,000,000			

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Funding

Total	50,000,000	0	0	0
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Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025
FTE	Full Time Employee	4.6	4.6	4.6	4.6
057-1	State Bldg Constr-State	750,000	750,000	750,000	750,000
	Total	750,000	750,000	750,000	750,000

Narrative

FTE's to administer the program.

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Project Class: Grant

Description

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Project Title: 2021-23 Weatherization Plus Health

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 5

Project Summary

Nearly 800,000 households in Washington live in poverty. Over half of these households are in need of weatherization services. The Weatherization Plus Health program delivers home repairs, health and safety improvements, and the installation of energy efficiency measures. A \$50 million investment combined with leveraged funds will result in reduced energy burden, improved financial stability, better health conditions, and improved safety for over 15,000 of the state's most vulnerable residents.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The Weatherization Plus Health program is a sound, statewide investment in Washington's clean energy future, and creates positive health outcomes and preservation of affordable housing for Washington's low-income communities. This program delivers affordable housing preservation and efficiency upgrades by providing repairs, health and safety improvements, and installation of energy efficiency measures in single and multi-family homes in every county in the state as well as for seven Native American tribes.

The Weatherization Plus Health program makes targeted investments in energy efficiency, clean energy, and preservation of affordable housing for the state's most vulnerable and underserved households. This investment will directly leverage at least \$30 million in utility energy efficiency funding, and will indirectly leverage more than \$40 million in federal and local funding. The Weatherization Plus Health Program will significantly improve the energy efficiency, health, and safety of more than 3,156 low-income housing units and leverage services for an additional 4,011 units, for an overall impact on a total 7,167 households in hard-to-reach markets, including rental and multi-family households.

In addition to completing comprehensive weatherization services, Weatherization Plus Health funding will support the delivery of enhanced healthy home measures for high need households, plus rehabilitation and repair investments for more than 50% of income eligible households that are currently deferred because of repair needs, or are heated with fossil fuels such as with oil, propane or wood.

Weatherization Plus Health's weatherization services are administered through a network of 27 community action agencies and city, county, and tribal housing authorities. Measures are installed by a combination of agency based crews and more than 140 weatherization, HVAC, plumbing and electrical contractors across the state. It is estimated that \$50 million in funding will create 575 jobs according to the National Association of Home Builders (2015).

Weatherization Plus Health leverages utility and federal funding and provides targeted local investments into households, neighborhoods and communities with the greatest health, economic, and social disparities. Weatherization Plus Health's funding flexibility allows the department to serve unserved and underserved low-income households with existing federal or utility funds, including households with non-utility fuels, high repair costs, or where a health conditions could be improved with additional repair work.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Low income weatherization is a targeted investment that helps address the underlying disparities and systemic inequalities that prevent low income residents from accessing and benefiting from healthy, affordable, efficient homes. Further, preservation of energy efficient housing improves community resiliency while advancing Washington's clean energy goals.

Addressing inequities in energy: Washington's 800,000 households that are below 200% of the federal poverty level have an average energy burden (utility costs as shared monthly expenses) of 6%. This is classified as high energy burden and is more

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than three times the energy burden of the typical Washington household. Many households spend more than 15 to 20 percent of their monthly income on utility costs. In Fiscal Year 2019, weatherization services reduced energy costs by up to 22% -- \$350 per year for site built homes and \$206 per year across all building types. Weatherization Plus Health investments are exclusively aimed at serving communities and neighbors in need. Two-thirds of households receiving weatherization services are located in census tracts classified by the Department of Health as having greater social and economic need. The improved health conditions and reduced energy and health costs that result from the Weatherization Plus Health program has a positive ripple effect on the state by reducing energy assistance needs, Medicaid costs, carbon emissions, and energy arrearages. These effects are conservatively estimated at three times the direct energy benefits. Moreover, the program provides consistent energy savings to markets and clients that utilities cannot cost effectively or efficiently serve.

Addressing affordable housing crisis: Preserving existing affordable housing must be prioritized as an anti-displacement measure and to protect the health and safety of vulnerable populations. The Weatherization Plus Health program does just this by repairing and weatherizing homes: making them safer, healthier and more comfortable. Furthermore, by reducing energy costs and addressing other health or safety concerns, the investment ensures that excessive housing and utility costs do not push people into homelessness and that elderly clients are better able to age in place.

Stimulating economic recovery: The low-income weatherization program and related training supports statewide workforce development. Weatherization Plus Health funding is distributed through local community action agencies and an established contractor network that supports living wage jobs. It is estimated that \$50 million in funding will create 575 jobs according to the National Association of Home Builders (2015).

Improving self-sufficiency and health: Many low income household members have underlying health conditions such as limited mobility, asthma, COPD, hypertension, or compromised immune systems which are made worse by substandard housing conditions. There is strong evidence linking residents' health outcomes to substandard housing, and further evidence to suggest that targeted healthy home investments can improve health outcomes and lower health cost. Over the last five years, the department has demonstrated the potential of integrating weatherization and healthy homes measures through the Weatherization Plus Health initiative. For example, households that received services benefited from improved asthma control and a savings of more than \$400 per year in medical costs. Without Weatherization Plus Health funding, community action agencies are not able to deliver enhanced healthy homes services or develop partnerships and referral arrangements with public health organizations such as local Department of Health and Regional Accountable Communities of Health for integrated services. This funding will allow agencies to deliver enhanced services statewide.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

The request will support the continuation of the Weatherization Plus Health program and weatherization services for the 2022-2023 Biennium. With a \$50 million investment, an estimated 3,156 homes will be weatherized, of which at least 30 percent will receive enhanced Weatherization services. State funds will be highly leveraged by utility and federal investments that will expand services to benefit 4,011 additional homes. Given the significant investment that has already been made to establish procedures, contracting capacity, and local partnerships, a minimum of \$25 million in base funding is needed to maintain current program service levels and to continue growing the three pilot programs: 1) deferral repairs, 2) enhanced services to non-utility fueled homes, and 3) expanding services to tribal communities and homes. Moreover, due to COVID-19 the costs of performing in-home services has increased with added safety and health protection measures required for contractors and homeowners. If the request is not fully funded, the Weatherization Plus Health program would scale back, pause, or discontinue our three pilot programs.

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

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The result of inaction would be a continued decline in Washington's affordable housing, which would continue to fall into uninhabitable disrepair causing unsafe, unhealthy living conditions for low-income families. This could further push households living on the edge into homelessness or displacement. Specifically, a minimum of 3,156 households per year will go without receiving much-needed help. Without complimentary state funding, it will be more difficult to expend federal grants, which could result in Washington returning funds. Washington would then be less competitive should federal recovery funding become available in the next biennium.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

Current funding levels are insufficient to address the demand and need for Weatherization Plus Health services. Additional funding would enable the Department of Commerce to:

- Continue the statewide expansion of Weatherization Plus Health services as authorized in 2015 via HB1720
- Address repair issues so fewer low-income families are deferred from weatherization services
- Increase capacity to serve households with non-utility fuels including oil, propane and wood heat
- Increase capacity to partner with Native American Tribes to increase services to households on tribal land.

Alternative funding sources were explored, however federal fund sources come with restrictions and extensive requirements that limit measures and services. Further relying on utility funding alone would create service gaps and inequities as not all utilities provide funding for deferrals and integrated health initiatives. Utility funding also needs to be directed to customers within their service territory, leaving non-utility customers with fewer options. The flexibility of Weatherization Plus Health funding makes it an invaluable funding source to complement the federal low income weatherization grants from the U.S. Department of Energy, U.S. Health and Human Services (through the Low Income Home Energy Assistance Program), Bonneville Power Administration, and utility funding.

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

The Weatherization Plus Health program serves households at or below 200% of the Federal Poverty Level, 60% State Median Income, or 80% Area Median Income, with priority given to households with children, disabilities, aging adults, Native Americans, and those with a high-energy use/burden. It is a statewide program with services in every county and seven Native American reservations. The program serves rental and owner occupied single-family, multi-family, and manufactured housing.

With \$50 million requested, we estimate 3,156 homes will be weatherized with a minimum of 30 percent receiving enhanced Weatherization services. Program funds will be targeted to serving previously deferred homes, households with non-utility fuels (oil, propane, or wood), expanding services to tribal households, and expanding Weatherization Plus Health services to medically vulnerable households statewide.

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

Weatherization Plus Health Program dollars are, by definition, leveraged dollars. Statutory intent in authorizing the program was for the expeditious delivery of federal weatherization fund sources and to ensure low-income households access to utility conservation dollars. Since 2017, utility investment in low-income weatherization has exceeded \$1.50 for every \$1.00 of Weatherization Plus Health state investment.

The additional flexibility of Weatherization Plus Health funding makes it an invaluable funding source to complement federal low income weatherization grants from the U.S. Department of Energy, U.S. Health and Human Services (through the Low Income

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Home Energy Assistance Program), and Bonneville Power Administration. All of these federal fund sources have restrictions and extensive requirements which limit measures and services and affect how many homes are deferred from weatherization. Federal funding for FY 2019 – 2020 was \$20 million.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes to these with a focus areas in the following ways:

- Prioritizing investment in underserved and vulnerable communities, helping them access needed resources.
- Providing economic stimulus through reliable infrastructure and clean energy investments.
- Stimulating the economy by creating additional living wage construction jobs.

This request supports and is consistent with the Governor's Results Washington through:

- **Goal 2: A Prosperous Economy** by creating living wage jobs that help low-income families reduce their energy bills and stay in their homes;
- **Goal 3: Sustainable Energy and a Clean Environment** by reducing energy consumption and emissions;
- **Goal 4: Healthy and Safe Communities** by providing health services to medically vulnerable households.

This request also supports the Energy Division's strategic goal of:

- **Creating a Clean Energy Future** by reducing energy consumption and helping households move their heating systems from fossil fuels to electricity.

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Energy efficiency is a fundamental goal and direct outcome of the Weatherization Plus Health program. Every home that is serviced contributes to this goal through air sealing, adding insulation, installing more energy-efficient HVAC systems and the education of homeowners. For example, in FY19, 2,527 units were served and realized annual energy savings of 24,214 Million BTU. Average cost savings per unit ranged from 9% for multi-family units to 22% for single family site built homes. These savings are estimated to reduce carbon emission by over 4,000 metric ton per year over the 20 to 30 year life of the projects. Additional Weatherization Plus Health funding will support increasing and targeting services to "high carbon" clients including those with oil, propane and wood heat.

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Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

The Weatherization Plus Health program mitigates the effects of climate change by improving the energy efficiency of homes and reducing associated carbon emissions from fossil-fuel based energy providers. The program also strengthens the resiliency of communities through direct benefits of weatherization measures, such as ductless heat pumps that provide critical cooling benefits and allow households to better withstand increasing temperatures spikes. In addition, the integration of healthy home services with Weatherization adds health resiliency and housing stability for communities that suffer from the greatest economic and social disparities.

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

This funding level would allow the Weatherization Plus Health Program to build on program successes and scale up the amount of homes served through the low-income weatherization programs, as well as expand our capacity to create meaningful partnerships with other state agencies and tribes. One example of this would be to increase services through lead remediation via our Weatherization Plus Health program for households with children who have tested positive for elevated lead in their blood. While Commerce has a working relationship with the Childhood Lead Poisoning Prevention Program at the Department of Health, this work could be expanded and leveraged to make more Washington homes healthy, energy efficient, and safe for children.

Over this past year, the Weatherization program has been implementing a pilot program with tribal communities to identify eligible households that would benefit from weatherization services, but need home repairs in order to qualify. Five tribes were identified and are leading the work to get these homes into sufficient shape for the local weatherization agencies to provide services to these households. Our intention is to help build the relationships between tribes and their local Community Action Agencies so that more homes on tribal lands can be weatherized. If additional funds are provided, Commerce would prioritize this work to ensure eligible households anywhere in Washington can access services.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 70.164

Application process used

The Weatherization program uses an allocation formula for all funds sources based on county level poverty data and heating and cooling degree days.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	100,000,000				50,000,000

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000150

Project Title: 2021-23 Weatherization Plus Health

Project Class: Grant

Funding

Total	100,000,000	0	0	0	50,000,000
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Future Fiscal Periods

	2023-25	2025-27	2027-29	2029-31
057-1 State Bldg Constr-State	50,000,000			
Total	50,000,000	0	0	0

Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025
FTE	Full Time Employee	4.6	4.6	4.6	4.6
057-1	State Bldg Constr-State	750,000	750,000	750,000	750,000
	Total	750,000	750,000	750,000	750,000

Narrative

FTE's to administer the program.

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

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000142

Project Title: 2021-23 Building Communities Fund Grant Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000142

Project Title: 2021-23 Building Communities Fund Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 6

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

The department requests \$50 million for the Building Communities Fund, a competitive grant program providing nonprofit organizations with capital funding for social service and multipurpose community centers. Eligible projects must be nonresidential 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? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Providing capital funding 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 or recreational opportunities as a result of these projects.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Grants may be used for acquisition, construction, or rehabilitation of social service and multipurpose community center. Projects must result in a discrete, usable phase. Historically, projects in this program is span over a four year period, based in part on construction schedules.

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

If no action was taken, it would delay eligible projects, increasing construction and other related costs. Additionally, the opportunity to create economic activity and stimulus through construction projects in communities would be missed.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The Department of Commerce is required by [RCW 43.63A.125](#) to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist nonprofit organizations in acquiring, constructing, or rehabilitating facilities used for social service and multipurpose community centers. The department must submit a list of recommended projects to the Governor and the Legislature in its biennial capital budget request.

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

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

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Project Number: 40000142

Project Title: 2021-23 Building Communities Fund Grant Program

Project Class: Grant

Description

the state with these projects.

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

By statute, RCW 43.63A.12- Building Community Fund Program, requires a 75% non-state match from all eligible projects and grant assistance may not exceed twenty-five percent of the total cost of the project, except under exceptional circumstances.

Describe how this project supports the agency's strategic master plan or would improve agency performance.

Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

For IT-related costs:

Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?

No.

Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)

No.

Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

No.

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

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

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, according to the USGBC, buildings represent 41 percent of total U.S. energy output. USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000142

Project Title: 2021-23 Building Communities Fund Grant Program

Project Class: Grant

Description

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Nonprofit organizations.

RCW that establishes grant: RCW 43.63A.750

Application process used

Applicants submit applications electronically through the ZoomGrants online system, then they are ranked and scored by a citizen's advisory board.

Growth Management impacts

N/A.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	250,000,000				50,000,000
	Total	250,000,000	0	0	0	50,000,000

Future Fiscal Periods

	Account Title	2023-25	2025-27	2027-29	2029-31
057-1	State Bldg Constr-State	50,000,000	50,000,000	50,000,000	50,000,000
	Total	50,000,000	50,000,000	50,000,000	50,000,000

Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
057-1	State Bldg Constr-State	750,000	750,000	750,000	750,000	750,000
	Total	750,000	750,000	750,000	750,000	750,000

Narrative

The formula for this is 3 percent of the total appropriation.

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

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000143

Project Title: 2021-23 Building for the Arts Grant Program

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000143

Project Title: 2021-23 Building for the Arts Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

The Building for the Arts Program provides state capital grants to nonprofit 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 33 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

The department requests \$16 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? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

This program assists with financing construction and renovation costs, thereby increasing funds available for local organizations to commit to programming and other expenses. The Building for the Arts Program not only encourages and improves cultural and recreational opportunities in our state, it frees up funds that would otherwise be spent on facility mortgage or lease payments.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Grants may be used for acquisition, construction, or rehabilitation of arts-related facilities. Projects must result in a discrete, usable phase. Historically, projects in this program is span over a four year period, based in part on construction schedules.

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

If no action was taken, it would delay eligible projects, increasing construction and other related costs. Additionally, the opportunity to create economic activity and stimulus through construction projects in communities would be missed.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The Department of Commerce is required by RCW 43.63A.750 to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist nonprofit arts organizations in acquiring, constructing, or rehabilitating facilities used for performing arts, art museums, and cultural facilities. The department must submit a list of recommended projects to the Governor and the Legislature in its biennial capital budget request.

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

Arts-related nonprofits will be impacted by this request and the arts and cultural activities throughout the state with these projects.

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

By statute, RCW 43.63A.750-Building For the Arts requires a 75% non-state match from all eligible projects. However, in Section 7008 of E.S.S.B 6248, the legislature decreased that contribution to 66% for the 19-21 biennium.

Describe how this project supports the agency's strategic master plan or would improve agency performance.

Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable

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2021-23 Biennium

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Report Number: CBS002

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Project Title: 2021-23 Building for the Arts Grant Program

Project Class: Grant

Description

Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

For IT-related costs:

Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?

No.

Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)

No.

Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

No.

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.

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

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Yes. All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, according to the USGBC, buildings represent 41 percent of total U.S. energy output. USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000143

Project Title: 2021-23 Building for the Arts Grant Program

Project Class: Grant

Description

Grant Recipient Organization: Nonprofit organizations.

RCW that establishes grant: RCW 43.63A.750

Application process used

Applicants submit applications electronically through the ZoomGrants online system, then they are ranked and scored by a citizen's advisory board.

Growth Management impacts

N/A.

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	64,000,000				16,000,000
	Total	64,000,000	0	0	0	16,000,000

Future Fiscal Periods

	Account Title	2023-25	2025-27	2027-29	2029-31
057-1	State Bldg Constr-State	12,000,000	12,000,000	12,000,000	12,000,000
	Total	12,000,000	12,000,000	12,000,000	12,000,000

Operating Impacts

Total one time start up and ongoing operating costs

Acct Code	Account Title	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
057-1	State Bldg Constr-State	240,000	240,000	180,000	180,000	180,000
	Total	240,000	240,000	180,000	180,000	180,000

Narrative

The formula for this is 3 percent of the total appropriation.

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000140

Project Title: 2021-23 Early Learning Facilities-School Districts Grant

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000140

Project Title: 2021-23 Early Learning Facilities-School Districts Grant

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

The Early Learning Facilities grant and loan program provides grants and loans to plan, renovate, construct, or purchase high-quality early learning facilities for low-income children. Communities need more facilities to generate the additional capacity necessary to meet the legislative mandate for the Early Childhood Education Assistance Program (ECEAP) to become an entitlement program by the 2023 school year.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

In 2017, the legislature passed House Bill (HB) 1777, which established the Early Learning Facilities grant and loan program (RCW 43.31.565-.583). The goal of the program is to increase high-quality early learning opportunities for low-income children and to address a severe shortage of early learning facility capacity that is necessary to meet the Early Childhood Education and Assistance Program (ECEAP) legislative mandate.

The program funds early learning facility projects for eligible organizations (as defined in RCW 43.31.575) and school districts. This request is specific to funding for school districts. RCW 43.31.579 (3) requires the department to develop a ranked and prioritized list of early learning projects to provide to the governor and legislature by September 15, 2020.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

RCW 43.31.579(3) requires the Department of Commerce (department) to submit a ranked and prioritized list of school district early learning facility projects to OFM and relevant Legislative committees. Increasing early learning facility capacity is necessary to meet the Early Childhood Education and Assistance Program (ECEAP) legislative mandate.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request will produce the projects identified on the 21-23 Early Learning Facilities School District Project List, which is developed through a competitive process, the list will be available in early September. This request will provide capital funds for school districts. Allowable activities include major construction and renovation grants and grants for facility purchases.

1. Selah School District - \$855,823
2. Pasco School District - \$199,999
3. Bethel School District - \$855,823
4. Walla Walla Public Schools - \$55,334
5. Bellingham School District - \$456,026
6. Evergreen Public Schools - \$667,112
7. Mount Baker School District - \$433,750
8. Soap Lake School District - \$855,823
9. Ridgefield School District - \$339,165

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

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000140

Project Title: 2021-23 Early Learning Facilities-School Districts Grant

Project Class: Grant

Description

Funding this request would provide the additional capital resources needed to produce the required early learning capacity and would better position the state to meet the legislative mandate for ECEAP entitlement by 2023.

Without additional funding, it will not be possible for the state to meet the ECEAP mandate, and the number of additional early learning opportunities for low-income children will be limited.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

There are no alternatives available. RCW 43.31.579(3) requires the department to submit a ranked and prioritized list of school district early learning facility projects to OFM and relevant Legislative committees.

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

This request will affect the amount of quality early learning opportunities for low-income children, as well as quality reliable care and education for low-income families so that parents may get and keep their jobs to support their families and promote self-sufficiency.

Will other funding 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 match will be needed for each project that is funded. The commitment of state funds for the construction, purchase, or renovation of early learning facilities may be given only after private or public match funds are committed. Private or public match funds may consist of cash, equipment, land, buildings, or like-kind.

The department has established a match goal for school districts of 1:3 non-state match. For every 1 dollar of state funds, 3 dollars of non-state funds are needed. Applications that provide a higher level of non-state match will receive additional points in the evaluation process and will have a greater likelihood of being ranked higher.

Describe how this project supports the agency's strategic master plan or would improve agency performance.

Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? N/A
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000140

Project Title: 2021-23 Early Learning Facilities-School Districts Grant

Project Class: Grant

Description

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

According to the USGBC, buildings represent 41 percent of total U.S. energy output, USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: 43.31.565-583

Application process used

Competitive grant application process.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
22D-1	Early Lrng Fac Devel-State	12,360,000				2,360,000
	Total	12,360,000	0	0	0	2,360,000
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
22D-1	Early Lrng Fac Devel-State	2,500,000	2,500,000	2,500,000	2,500,000	
	Total	2,500,000	2,500,000	2,500,000	2,500,000	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000147

Project Title: 2021-23 Library Capital Improvement Program (LCIP) Grants

Project Class: Grant

Description

Capital Project Request

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000147

Project Title: 2021-23 Library Capital Improvement Program (LCIP) Grants

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

The Library Capital Improvement Program provides state capital grants to local governments for acquisition, construction, or rehabilitation of their public library facilities, with priority to those listed on registers of historic places and/or located in distressed or rural counties. Investing in public libraries is essential. They often provide the only accessible and free community support and services otherwise unavailable to the public, such as internet and computer access.

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

In Section 1053, Chapter 413, Laws of 2019, the Library Capital Improvement Program (project #91001239) received \$12.8 million for its first capital appropriation for eleven (11) local public library capital improvement projects and established the program with an appropriation of \$40 million for future biennia. The Department of Commerce (department) is also required to submit a prioritized list of recommended projects not to exceed \$10 million to the Governor and Legislature by October 1, 2020, for inclusion in the department's 2021-2023 biennial capital budget request.

The Library Capital Improvement Program establishes a competitive grant program providing libraries operated by governmental units as defined in RCW 27.12.010 with capital funding for acquisition, construction, or rehabilitation of their public library facilities. Grant assistance may not exceed 50 percent of the total project costs and no more than \$2 million per project. The Department established a Library Capital Improvement Program Advisory Committee to assist the department by establishing program criteria and reviewing and ranking project proposals. Projects listed on a local, state, or federal register of historic places and those located in distressed or rural counties received priority in the rating and ranking process.

Capital funds will be required in the 2021-2023 biennium to support the efforts of the legislature and meet the need to invest in public libraries ensuring all Washingtonians have access to a wide range of free community support and services. Public libraries often provide the only accessible and free community support and services that are otherwise unavailable to the public, such as internet and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

A total of 33 applications totaling over \$24 million in funding requests were received through the solicitation process. Of the requests, 18 projects are located in distressed or rural areas and five are on historic properties. Investing in public libraries assists communities in reducing barriers and providing equitable access to much needed community support and services for everyone, especially in public libraries located in distressed or rural areas where libraries often provide the only accessible and free community support and services otherwise unavailable to the public.

Low-income and distressed communities will receive expanded and improved access to community support and services such as internet and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes. Community residents will receive support and services which expand employment opportunities and enhance educational or recreational opportunities as a result of these projects.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000147

Project Title: 2021-23 Library Capital Improvement Program (LCIP) Grants

Project Class: Grant

Description

State grants may be used for acquisition, construction, or rehabilitation of public library facilities. Projects must result in a distinct, usable phase.

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

Not taking action would delay projects and result in the department not meeting its statutory obligation, but most importantly, the state would miss an opportunity to support public libraries and their central role they play in communities, especially in distressed and rural areas.

The public library is the primary, and in some cases the only, public space that is accessible and free, providing a wide range of community support and services that would otherwise be unavailable to the public. Lack of adequate funding for libraries will impede efforts to reducing barriers and providing equitable access to much needed support, services, and opportunities that a public library is able to offer to its community resulting in fewer employment, educational, or recreational opportunities.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The Department of Commerce is required by Section 1053, Chapter 413, Laws of 2019 to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist libraries operated by governmental units as defined in RCW 27.12.010 with capital funding for acquisition, construction, or rehabilitation of their public library facilities. The department must submit a list of recommended projects up to \$10 million to the governor and legislature by October 1, 2020, for inclusion in the department's 2021-2023 biennial capital budget request.

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

As a result of these projects, community residents, especially those in rural or distressed areas, will receive new or expanded access to improved facilities and a wide range of community support and services only public libraries offer and would otherwise be unavailable to the public such as internet service and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes.

This request will fund library facility projects statewide. Priority will be given to projects in rural or distressed areas. Additional consideration given to projects in areas of highest unmet need.

Of the 33 applications received, totaling over \$24 million in funding requests, 18 projects are located in distressed or rural areas. Of the top 15 ranked projects, totaling up to \$10 million, all but one, the City of Seattle, Green Lake Library for \$1.9 million, are located in a rural or distressed area.

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

By proviso, grant assistance may not exceed 50 percent of the total eligible project costs. The Library Capital Improvement Program Advisory Committee with the department established a match goal for eligible projects of 1:1 match. For every 1 dollar of state funds, 1 dollar of other funding is needed for each project funded. Other matching funds may consist of federal, state, local, private, cash, the value of real property when acquired for the purpose of the project, and in-kind contributions.

Additionally, the execution of a grant of state funds for the construction, acquisition, or rehabilitation of public library facilities may be given only after matching funds are committed. Applications that provide a higher level of project readiness by

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Project Number: 40000147

Project Title: 2021-23 Library Capital Improvement Program (LCIP) Grants

Project Class: Grant

Description

identifying committed match at application will receive additional points in the evaluation process and will have a greater likelihood of being awarded funds. Projects that had secured match at application were given a higher score in the readiness category.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

These grants will be subject to requirements under [RCW 39.35D](#), which requires all major facility projects of public agencies receiving any funding in a state capital budget to be designed, constructed, and certified to at least the Leadership in Energy and Environment Design (LEED) silver standard or receive an exemption from Commerce. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money and improve energy efficiency performance.

LEED is a [green building certification](#) program developed by the nonprofit [U.S. Green Building Council](#) (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of [green buildings](#), which aims to help building owners and operators be [environmentally responsible](#) and use resources efficiently.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

These grants will be subject to requirements under [RCW 39.35D](#), which requires all major facility projects of public agencies receiving any funding in a state capital budget to be designed, constructed, and certified to at least the LEED silver standard. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money and improve energy efficiency performance, furthering to mitigate the effects of climate change, strengthen the resiliency of communities and the natural environment.

According to the USGBC, [buildings represent 41 percent of total U.S. energy output](#). USGBC's [LEED](#) rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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Project Class: Grant

Description

Additionally a variety of the grants will strengthen community resiliency through the restoration of historic buildings that will preserve the aesthetic and cultural history of the area, maintain a sense of heritage, and offer opportunities for a community's future.

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

Local governments are taking extraordinary measures to protect their residents during the COVID-19 pandemic while continuing to provide the basic services communities rely on. This program provides the state an opportunity to support public libraries and their central role they play in communities, especially in distressed and rural areas. These projects will assist communities with their economic recovery efforts, in ensuring their residents have reduced barriers and equitable access to, in some cases the only, public space that is accessible and free, providing a wide range of community support and services that would otherwise be unavailable to the public, including: internet service and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes. Lack of adequate funding for reliable infrastructure, such as libraries, is a detriment to the services and opportunities a public library offers. Libraries play a vital role in communities:

- Enhancing educational and recreational opportunities,
- Expanding employment opportunities,
- Accommodating growth and promotion of economic development and business opportunities, and
- Improving the overall quality of life of its residents.

It is especially critical now to fund libraries due to increased demand for their community support and services from those suffering unemployment, lack of child-care, and/or access to internet or computer services in response to the COVID-19 emergency.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: Section 1053, Chapter 413

Application process used

Competitive grant application process. Applicants must submit applications electronically through the ZOOMGrants online system. Then projects are reviewed and ranked by the Library Capital Improvement Program Advisory Committee.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	40,000,000				10,000,000
	Total	40,000,000	0	0	0	10,000,000

Future Fiscal Periods

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Project Class: Grant

Funding

		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
057-1	State Bldg Constr-State	10,000,000	10,000,000	10,000,000	
	Total	10,000,000	10,000,000	10,000,000	0

Operating Impacts

Total one time start up and ongoing operating costs

<u>Acct Code</u>	<u>Account Title</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
FTE	Full Time Employee	1.0	1.0	1.0	1.0	1.0
057-1	State Bldg Constr-State	150,000	150,000	150,000	150,000	150,000
	Total	150,000	150,000	150,000	150,000	150,000

Narrative

FTE to administer and monitor contracts.

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Capital Project Request**

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000145

Project Title: 2021-23 Pacific Tower Capital Improvements

Project Class: Grant

Description

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Version: 01 21-23 Capital Budget Request

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Date Run: 9/14/2020 5:52PM

Project Number: 40000145

Project Title: 2021-23 Pacific Tower Capital Improvements

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

The State of Washington, through the Department of Commerce (department), is legally obligated to pay for capital improvement costs associated with the proportional use of the Pacific Tower campus, as specified in the lease agreement with the Pacific Hospital Preservation and Development Authority (PHPDA).

Project Description

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

In 2018, the PHPDA hired consultants to develop a 20-year capital improvements plan based on the current condition of the facility and the life expectancy of equipment. The plan outlines the estimated capital costs for each calendar year and is updated annually. The plan includes costs for capital improvements such as HVAC, elevators, electrical equipment, exterior brick, exterior windows, exterior hardscapes, and roofs. The department is obligated to pay for its proportional share of these capital improvements, as agreed upon in the lease between Commerce and the PHPDA.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

In the lease agreement with the PHPDA, the department is legally obligated to pay for its proportional share of all capital improvement costs (see attachment: Pacific Tower Capital Maintenance Plan). Section 9.2.9 of the lease states: "Notwithstanding anything to the contrary in this Lease, costs for Capital Improvements incurred by Landlord for the exclusive benefit of the Tenant with respect to the maintenance, operation, repair and replacement of the Premises or the Property (excluding the interior of the Reserved Space) shall be paid one hundred percent (100%) by Tenant. Any costs for Capital Improvements incurred by Landlord with respect to the maintenance, operation, repair and replacement of the Premises or the Property (excluding the interior of the Reserved Space) that are not for the exclusive benefit of the Tenant will be billed pro rata to Tenant consistent with section 9.2.7."

If funding is not secured, it would prevent the department from meeting its legal obligations to the PHPDA, which would create additional risk to the state and possible litigation.

What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request covers estimated costs of needed Pacific Tower capital improvements for calendar years 2021 through 2022. Each year's costs are for the following purposes (see attachment: Pacific Tower Capital Maintenance Plan.xls):

2021:

- Elevator Modernization – Tower
- Exterior Brick – East Elevation
- Exterior Windows - 9S13, 11S13 & 10W05, 11W05 & 10W11, 11W11 & 13W10, 13W11
- Wood Windows Re-condition & Repaint – Drop 3
- Roofs - Canopy B1NW, 7SE, 7SW

2022

- Exterior Brick – North Elevation
- Exterior Windows - 1S04, 7S04
- Wood Windows Re-condition & Repaint – Drop 4

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Project Title: 2021-23 Pacific Tower Capital Improvements

Project Class: Grant

Description

Roofs – 8SE, 8SW

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

This budget request will provide the full funding necessary to meet the state's legal commitment as agreed upon in the lease between the PHPDA and the State of Washington, through the Department of Commerce.

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

There were no alternatives explored. The department is legally obligated to cover the cost of capital improvements associated with the department's use of the Pacific Tower campus. The PHPDA's capital maintenance plan identified the estimated cost and timing of various capital maintenance needs beginning in calendar year 2018 and updated annually.

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

The PHPDA and the department's current sub-leased tenants of the Pacific Tower.

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

The funding identified in this budget request is specific to the amount owed by the State of Washington, through the Department of Commerce, for the proportional use of the Pacific Tower campus as identified in the lease agreement between the PHPDA and Commerce. The Pacific Hospital will be responsible for the costs of the maintenance associated to their proportional use of the campus.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

For IT-related costs: N/A

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

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 13 (Puget Sound Recovery) in the 2019-21 Operating Budget Instructions.
N/A

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Project Title: 2021-23 Pacific Tower Capital Improvements

Project Class: Grant

Description

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

N/A

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

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

Grants

Grant Recipient Organization: N/A

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	8,980,000				1,165,000
	Total	8,980,000	0	0	0	1,165,000
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State	3,500,000	1,273,000	1,412,000	1,630,000	
	Total	3,500,000	1,273,000	1,412,000	1,630,000	

Operating Impacts

No Operating Impact

Narrative

N/A

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Project Number: 40000145

Project Title: 2021-23 Pacific Tower Capital Improvements

Project Class: Grant

Operating Impacts

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

2021-23 Biennium

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000139

Project Title: 2021-23 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000139

Project Title: 2021-23 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

Starting Fiscal Year: 2022

Agency Priority: 6

Project Summary

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

Project Description

The department requests \$8 million for the Youth Recreational Facilities 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 reviewing and ranking project proposals.

Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

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., predesign or 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. Be prepared to provide detailed cost backup.

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

What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.

The department is required by RCW 43.63A.135 to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist nonprofit youth organizations in acquiring, constructing, or rehabilitating facilities used for the delivery of nonresidential services, excluding outdoor athletic fields, and must submit a list of recommended projects to the governor and the legislature in the department's biennial capital budget request.

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

Youth-focused nonprofit organizations such as state Boys & Girls Clubs would be impacted. They would offer improved facilities and improved educational and social service activities to youth.

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

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Project Title: 2021-23 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

By statute, RCW 43.63A.135, Youth Recreational Facilities projects requires a 75% non-state match from all eligible projects.

Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also 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.

Does this project include IT-related costs, including hardware, software, cloud-based services, contracts or IT staff?

N/A

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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

According to the USGBC, buildings represent 41 percent of total U.S. energy output, USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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

Grants

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Project Number: 40000139

Project Title: 2021-23 Youth Recreational Facilities Grant Program

Project Class: Grant

Description

Grant Recipient Organization: Various

RCW that establishes grant: 43.63A.135

Application process used

Applicants submit applications electronically through the ZoomGrants online system, then they are ranked and scored by a citizen's advisory board.

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	40,000,000				8,000,000
	Total	40,000,000	0	0	0	8,000,000

Future Fiscal Periods

		2023-25	2025-27	2027-29	2029-31
057-1	State Bldg Constr-State	8,000,000	8,000,000	8,000,000	8,000,000
	Total	8,000,000	8,000,000	8,000,000	8,000,000

Operating Impacts

No Operating Impact

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Version: 01 21-23 Capital Budget Request

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Date Run: 9/14/2020 5:52PM

Project Number: 40000005

Project Title: 2018 Local and Community Projects

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2018

Agency Priority: 0

Project Summary

The department request \$130,661,000 in funding for the 2018 Local and Community Projects list. This list includes construction, renovation, and land acquisition projects requested by Legislature throughout the state. Prior to receiving funds, recipients must demonstrate that a project site is under control for a minimum of ten years either through ownership or long-term lease. Funds would only be available on a reimbursement basis.

Project Description

Funding is adjusted for five projects from the 2018 list of grants to local governments and organizations for community-based projects statewide.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
057-1	State Bldg Constr-State	130,941,000	41,753,000	49,188,000	40,000,000	
	Total	130,941,000	41,753,000	49,188,000	40,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Date Run: 9/14/2020 5:52PM

Project Number: 40000114

Project Title: 2019-21 Behavioral Health Capacity Grants

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding is provided for Behavioral Health Capacity Grants.

Project Description

Funding is provided for Behavioral Health Capacity Grants.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	125,151,000		25,151,000	100,000,000	
355-1	St. Bld Const Acct-State	1,000,000		1,000,000		
	Total	126,151,000	0	26,151,000	100,000,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

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Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000116

Project Title: 2020 Local and Community Projects

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Funding is provided for Local and Community Projects.

Project Description

Funding is provided for Local and Community Projects.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	163,011,000		63,011,000	100,000,000	
	Total	163,011,000	0	63,011,000	100,000,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

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Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000006

Project Title: Early Learning Facility Grants

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2018

Agency Priority: 0

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

Funding is provided for the Refugee Women's Alliance for an early learning facility. Funding is reduced for the Department of Commerce for grants for the construction, renovation, purchase, and improvement of classrooms for early learning facilities.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
22C-1	Early Lrng Fac Rev-State	10,996,000	5,361,000	2,635,000	3,000,000	
22D-1	Early Lrng Fac Devel-State	4,504,000	2,733,000	772,000	999,000	
	Total	15,500,000	8,094,000	3,407,000	3,999,000	0

Future Fiscal Periods

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000006

Project Title: Early Learning Facility Grants

Project Class: Grant - Pass Through

Funding

	<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>
22C-1 Early Lrng Fac Rev-State				
22D-1 Early Lrng Fac Devel-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91000457

Project Title: Housing for Farmworkers

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2014

Agency Priority: 0

Project Summary

Will provide grants and loans to eligible entities to create or preserve affordable housing for farmworkers.

Project Description

Will provide grants and loans to eligible entities to create or preserve affordable housing for farmworkers.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Loans

Grant Recipient Organization: Various

RCW that establishes grant: 43.185

Application process used

These funds are distributed using a competitive funding process. The governing legislation requires that 30% of the resources go to rural communities and that priority is given to preserve existing privately owned housing stock. It also requires that preference is given to projects that leverage other funds that demonstrated ability by the applying organization to remain stable, and that serve the greatest need and lowest incomes. Funding decisions are carefully coordinated with other funding sources such as the Washington Housing Finance Commission (HFC) and local and federal government agencies. Award recommendations are made by Commerce staff and are reviewed by representative from other funding agencies and local governments. Final award decisions are reviewed and approved by the Commerce Director.

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
355-1	St. Bld Const Acct-State	27,050,000	25,306,000	1,642,000	102,000	
	Total	27,050,000	25,306,000	1,642,000	102,000	0
Future Fiscal Periods						
		<u>2023-25</u>	<u>2025-27</u>	<u>2027-29</u>	<u>2029-31</u>	
355-1	St. Bld Const Acct-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 91000457

Project Title: Housing for Farmworkers

Project Class: Grant - Pass Through

Operating Impacts

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000136

Project Title: Seattle Vocational Institute

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2021

Agency Priority: 0

Project Summary

Funding is provided for the Seattle Vocational Institute.

Project Description

Funding is provided for the Seattle Vocational Institute.

Location

City: Seattle

County: King

Legislative District: 037

Project Type

Grants

Grant Recipient Organization: Seattle Vocational Institute

RCW that establishes grant: N/A

Application process used

N/A

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	1,300,000			1,300,000	
	Total	1,300,000	0	0	1,300,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
057-1	State Bldg Constr-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000117

Project Title: Washington Broadband Program

Project Class: Grant - Pass Through

Description

Starting Fiscal Year: 2020

Agency Priority: 0

Project Summary

Access to broadband is increasingly critical to full participation in society and the modern economy. Washingtonians rely on internet service to access health care and essential services, obtain education and build careers. Broadband access helps first responders provide services to residents in the event of an emergency, and helps to ensure public safety. Funding is provided to acquire, install and construct open-access middle-mile and last-mile infrastructure that support broadband services, and for strategic planning for deploying broadband service in unserved and underserved areas.

Project Description

Access to broadband is increasingly critical to full participation in society and the modern economy. Washingtonians rely on internet service to access health care and essential services, obtain education and build careers. Broadband access helps first responders provide services to residents in the event of an emergency, and helps to ensure public safety. Funding is provided to acquire, install and construct open-access middle-mile and last-mile infrastructure that support broadband services, and for strategic planning for deploying broadband service in unserved and underserved areas.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Infrastructure (Major Projects)

Grant Recipient Organization: Various

RCW that establishes grant: N/A

Application process used

TBD

Growth Management impacts

None

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2021-23 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
23J-1	SW Broadband Account-State	21,550,000		1,050,000	20,500,000	
	Total	21,550,000	0	1,050,000	20,500,000	0
Future Fiscal Periods						
		2023-25	2025-27	2027-29	2029-31	
23J-1	SW Broadband Account-State					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

Capital Project Request

2021-23 Biennium

*

Version: 01 21-23 Capital Budget Request

Report Number: CBS002

Date Run: 9/14/2020 5:52PM

Project Number: 40000117

Project Title: Washington Broadband Program

Project Class: Grant - Pass Through

Operating Impacts

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Housing Trust Fund Investment in Affordable Housing
Project Class/Type	Grants/Loans
Agency Activity:	A159 Affordable Housing Development

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The Department of Commerce requests a new appropriation from the State Taxable Building Construction (Fund 355) of \$250 million to reduce the backlog of affordable housing projects seeking capital funding through the Housing Trust Fund (HTF) Program. This request is aligned with the current biennial total appropriation of \$242 million. The HTF Program investments address the ongoing and critical need to develop and preserve affordable housing for low-income and special needs populations, while creating living wage jobs.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The Department requests a new appropriation of \$250 million to the HTF Program for investment in the keystone elements in Washington's fight against housing insecurity and homelessness:

- Creation of new multi-family rental and shelter housing,
- Creation of new homeownership opportunities for first-time homebuyers,
- Preservation of non-state owned affordable housing that is "at-risk" of privatization,
- Preservation of the state's \$1.2 billion existing HTF investment in affordable housing, and
- Creation of innovative, non-traditional construction methods, as well as energy efficient housing models inclusive of multiple construction methods, site layouts, and energy modeling resulting in net-zero energy usage.

To maximize our ability to respond flexibly to emerging needs of communities and to provide funding when and where it is most needed, the Department requests that the capital appropriation NOT include set-aside targets or "buckets." Instead, for each annual funding cycle, the Department will collaborate with advocacy organizations, stakeholder groups, the Affordable Housing Advisory Board, the Policy Advisory Team, and the Washington Low Income Housing Alliance to establish investment targets in the above funding categories. Funds will be allocated to projects statewide on a competitive basis (per RCW 43.185 RCW 43.185A, and established HTF policies), serving a broad spectrum of low-income to extremely low-income households, including homeless families and individuals, seniors, and individuals with special needs, behavioral illnesses, disabilities, veterans, etc. A minimum of 30 percent of the funds appropriated for competitive allocation will be targeted for investment in projects located in rural areas, unless the Department does not receive enough suitable rural applications.

Equity is a primary program goal, with a focus on groups of people who historically have not been provided equitable access to stable, affordable housing by the private market and those who have been disproportionately impacted by the COVID-19 outbreak.

The HTF 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 \$1 state dollar invested. Construction activity and resulting projects also generate substantial social and economic benefits for local communities. Upon financial close, new construction of large scale affordable housing takes approximately 12-14 months, on average, from beginning construction to individuals taking up residence. This puts millions of dollars into local economy, providing exponential impacts to local businesses.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Washington State is experiencing an affordable housing crisis, exacerbated by the negative economic impacts of the global response to COVID-19. Changing business models due to virus impacts, reduced or eliminated work, housing needs changing due to work from home orders, stagnant wages, 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 are proven to help protect vulnerable households and house people affected by homelessness and provide much needed stability to them, so that they can become productive members in their communities. Housing construction projects are also proven to support local businesses, create jobs, and generate state and local revenues.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

The HTF Program invests in capital projects that construct or rehabilitate existing buildings to create affordable housing units. A typical HTF Program project starts construction within 6 to 12 months from an award.

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

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 and thriving communities. The state investment helps leverage and encourage private investment in affordable housing that otherwise would not be sufficiently profitable to attract private equity. Access to stable, affordable housing has been shown to improve overall job stability, increase educational attainment, and reduce health problems in communities that have been historically disadvantaged.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

N/A

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

This appropriation will result in projects creating an estimated 4,000 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 long-term operations. Once 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.

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

Historically, the HTF Program has funded approximately 20-25% of the project costs on average. The rest of the funding comes from local (city/county), federal, and private investments. Due to the extreme pressure on local economies resulting from COVID-19, particularly in rural and small communities, HTF staff anticipate many local traditional funding sources may not be readily available and may require the state to make up a larger percentage of the project's total development cost during the next budget cycle.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes in the following ways in Commerce's plan:

- Prioritizing investment in underserved and vulnerable communities helping them access needed resources.
- Increase affordable and available housing.
- Reduce homelessness

These projects also 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 adding an average of more than 500 affordable housing units to current stock each quarter beginning in 2020 (4,000 units).

8. For IT-related costs:
- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?

- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The current HTF building standards exceed current building code energy efficiency standards. The projects invested with these funds will create, in part, net zero housing. The depth and breadth of this investment will be determined in consultation with affordable housing advocacy organizations and sustainable design industry experts. Also, all HTF projects are built to the Evergreen Sustainable Development Standard, which requires resource efficiency be incorporated into design, construction, and long-term operations.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

All awards for new construction/renovation projects must meet the Evergreen Sustainable Development Standard, which exceeds current building code energy efficiency standards.

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

Based on a Boston Consulting Group analysis on infrastructure investments (March 2017), for every \$1 billion investment in affordable housing 2,900 jobs would be impacted (created or saved).

This request will also provide the necessary funding to maintain the department's Housing Development administrative activities associated with the allocation and implementation of the Capital Appropriations. With the decline in revenue and the deferral of loan payments in Fund 532-Housing Trust Fund, the department utilize the three percent allowable administrative and staffing costs for Capital projects. For detailed information regarding Housing Development activities and cost, please see Attachment A.

RCW that establishes grant (if applicable): RCW 43.185 and 43.185A

Application process used (grants; if applicable): These funds are distributed using a competitive funding process based on Housing Trust Fund's legislative priorities (see RCW 43.185, RCW 43.185A, and HTF policies). The governing legislation requires that 30 percent of the resources go to rural community projects unless the Department does not receive enough suitable rural applications. 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 for a long-term commitment. 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 Department of Commerce Director.

Is a project list available? If so, please attach and/or include this information. N/A

Expenditure calculations and assumptions – Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

\$250,000 (total cost per unit) X 20% = \$50,000 HTF's portion of the project costs
\$50,000 X 5,000 (approx. number of units) = \$250,000,000 appropriation

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 355	\$250,000,000	\$250,000,000	\$250,000,000	\$250,000,000	\$250,000,000
Total	\$250,000,000	\$250,000,000	\$250,000,000	\$250,000,000	\$250,000,000

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 355	16.5	16.0	16.0	16.0	16.0
Total	16.5	16.0	16.0	16.0	16.0

Contact	
Preparer Name:	Corina Grigoras
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360.725.4134
Date:	8/4/2020

Investing in Affordable Housing – Attachment A

This capital budget request will provide the necessary funding to maintain the operations required by the Housing Trust Fund program and its enabling legislation, the implementation of the capital budget provisos, as well as pass-through assistance to the affordable housing community. With the decline in revenue and the deferral of loan repayments, there will not be sufficient funding for the department to operate this program. The program staff consists of two main critical functions, as well as a discretionary technical assistance function. These functions are Housing Development, Asset Management, and Community Assistance (non-admin),

With the decline in revenue and the deferral of loan payments, the department will utilize the 3 percent Administration cost allowable for Capital projects. This will consist of the following activities and functions and the associated cost:

HOUSING DEVELOPMENT. The Housing Development activities consist of implementation and allocation of new capital appropriations received in the biennial and supplemental budgets. This includes but is not limited to: solicitation and underwriting of new project applications, technical assistance and workshops provided to interested applicants and funding recipients, project and new housing units development, contracts negotiation and administration, and Project Management and Contractor Assistance during the construction phase until the units are occupied by the intended population. To illustrate, the program has received a record-high appropriation in the 2019-21 biennium of \$242 Million, via several sections and special provisos in the capital and operating budgets. This is more than twice the amount allocated in the prior biennium, and three times the amount allocated in 2015-17. The current biennial appropriations require the implementation of at least seven (7) separate competitive funding tracks. In addition to these, the program also received 25 direct appropriations: 13 housing projects, 11 enhanced shelters, and 1 mobile home communities' preservation pilot. All of these involve providing intense technical assistance, negotiating contracts and securitization documents, and monitoring these special projects through construction until they are placed in service (i.e., housing people). Unlike operating or service programs, capital programs like the Housing Trust Fund stretch over a long timeline. Projects can take years from the time they receive funding until the housing units are completed and ready for occupation, during which time, the Project Development/Project Management team is responsible for managing these projects and providing technical assistance to the recipients. This team also administers and manages projects awarded funds in prior biennia, and which are still in contract negotiation and construction, as projects funded in a prior biennium may not be ready to start construction until a subsequent biennium.

Housing Development Activities

Project Development - FY22-FY25

2.25 FTE: 0.25 FTE Commerce Specialist 5, 1.50 FTE Commerce Specialist 3, 0.25 FTE Commerce Specialist 2, and 0.25 FTE Commerce Specialist 1

Salary: \$162,612

Benefits: \$60,850

Goods and Services: \$28,131

Travel: \$4,625

Inter-agency Reimbursement: \$75,977

Project Development Cost: \$332,195

Contracts Administration - FY22-FY25

3.00 FTE: 0.50 FTE Commerce Specialist 5, 1.00 FTE Commerce Specialist 3, 1.00 FTE Commerce Specialist 2, and 0.50 FTE Commerce Specialist 1

Salary: \$208,836

Benefits: \$79,483

Goods and Services: \$37,489

Travel: \$5,034

Inter-agency Reimbursement: \$98,028

Contracts Administration Cost: \$428,870 per fiscal year

Project Management - FY22

8.25 FTE: .75 FTE Commerce Specialist 5, 4.50 FTE Commerce Specialist 3, 0.75 FTE Commerce Specialist 2, 0.75 FTE Commerce Specialist 1, 0.50 FTE Management Analyst 5, .50 FTE Management Analyst 4, and 0.50 FTE Management Analyst 3

Salary: \$608,820

Benefits: \$225,715

Goods and Services: \$103,179

Equipment: \$3,492

Travel: \$18,909

Inter-agency Reimbursement: \$283,742

Project Management Cost: \$1,243,857

Project Management - FY23-FY25

7.75 FTE: .75 FTE Commerce Specialist 5, 4.50 FTE Commerce Specialist 3, .75 FTE Commerce Specialist 2, 0.75 FTE Commerce Specialist 1, 0.50 FTE Management Analyst 5, and 0.50 FTE Management Analyst 3

Salary: \$569,844

Benefits: \$211,606

Goods and Services: \$96,920

Travel: \$18,909

Inter-agency Reimbursement: \$265,693

Project Management Cost: \$1,162,972

Administration Cost for Housing Development - FY22-FY25

3.0 FTE: 0.50 FTE Managing Director (WMS Band 2), 1.0 FTE: Housing Development Manager (WMS Band 2), 0.50 FTE Administrative Assistance 3, 0.50 FTE Budget Analyst 4, and .50 FTE Office Assistant 3

Salary: \$233,394

Benefits: \$84,559

Goods and Services: \$37,549

Travel: \$ 3,000

Inter-agency Reimbursement: \$108,104

Administration Cost for Housing Development: \$466,606

Total Housing Development Cost - FY22

FTE: 16.5

Salary: \$1,213,662

Benefits: \$450,607
Goods and Services: \$206,347
Equipment: \$3,492
Travel: \$31,568
Inter-agency Reimbursement: \$565,851
Total Housing Development Cost: \$2,471,528

Total Housing Development Cost - FY23-FY25

FTE: 16.0
Salary: \$1,174,686
Benefits: \$436,498
Goods and Services: \$200,088
Travel: \$31,568
Inter-agency Reimbursement: \$547,802
Total Housing Development Cost: \$2,390,643

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Public Works Assistance Account (PWAA)
Project Class/Type	Grants/Loans
Agency Activity:	A113 Public Works Board Infrastructure Grants and Loans

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

Infrastructure is the backbone of sustained economic recovery, growth, and job creation. It is critical to environmental protection, public health, and safety. The Public Works Board (PWB) requests \$130 million from the Public Works Assistance Account (PWAA) to address the statewide need for financing infrastructure, as demonstrated by a known project pipeline of eligible, shovel ready projects totaling more than \$673 million.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The PWB utilizes an infrastructure revolving fund to administer three loan programs for traditional infrastructure systems (roads, bridges, sanitary sewer, domestic water, stormwater and solid waste/recycling). These programs are: a) construction, b) pre-construction, and c) emergency. The competitive construction and pre-construction programs award funds through annual funding cycles. The emergency loan program is open as long as funds are available. The PWB sets the amount of funds available under each category.

This request will use approximately \$130 million from the PWAA to fund projects in the aforementioned funding programs. Application rating and ranking follows the funding considerations and criteria outlined in RCW 43.155.070. After loans are awarded, loan repayments and interest earnings return to the revolving account. These resources can finance future public infrastructure. Since new legislation enacted in 2018 moved the funding process from a list to a competitive process, projects seeking PWB support are at a high degree of readiness. Under this new framework, the projected average time from application to project completion is 2.1 years, rather than 5.4 years or longer, with the previous process. Thus, investments in public works board projects can ensure an immediate infusion of funds that will help revive local economies.

Funding in this request will be directed toward local priority infrastructure projects that are ready-to-go, meaning they can be completed within one-to-four years of award dates.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Infrastructure systems are the backbone of economic recovery and growth, the cornerstone of public health and safety, and a first line of defense against environmental damage. PWB funding awards allow local jurisdictions to address their specific public and environmental health and safety concerns, such as raw sewage discharge, flooding, contamination, and fire flow. Project awards also enable community economic growth and development. In rural communities, access to low cost financing is the key to development and a requirement for maintaining service affordability for customers. These benefits are not limited to new construction. System rehabilitation and upgrades not only ensure the proper functioning of infrastructure systems, they also reduce operating expenses and increase local efficiency.

The 2019-21 capital appropriation for the PWB traditional infrastructure program was \$95 million. The PWB closed a competitive construction and pre-construction funding cycle on July 12, 2019 that resulted in 75 applications with more than \$246 million in resource requests. There was such a large need for construction funds that the PWB, after funding all qualified pre-construction applications, utilized all remaining funds to award additional construction projects. The PWB awarded the full \$95 million capital appropriation in that single application cycle, and still had to deny 35 qualified applicants due to lack of funds. The PWB also had to cancel subsequent application cycles scheduled for the biennium.

This funding cycle demonstrates that the demand for infrastructure funding far surpasses recent appropriations. 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. This style of system management drives up operations costs, negatively impacts customer budgets and service availability, and greatly increases the likelihood of catastrophic failure resulting in harm to the public and environment. Half of the construction awards in the PWB's recent funding cycle were to replace infrastructure at or well past end of life. Rate affordability issues, revenue limitations, and the competing demands for funding resources limit local jurisdictions' ability to absorb the cost of addressing these critical infrastructure needs. Population growth, regulation, and reduced resources have put a burden on local governments to meet the demands of providing and maintaining basic services.

Statutory flexibility allows the PWB to address multiple needs through one funding award. This means that while fixing a road, PWB also supports culvert replacement, stormwater upgrades, even access to schools, parks and improved economic development opportunities. By utilizing this multi-system approach, jurisdictions realize cost savings in labor and materials and reduce the impact on area residents. During Fiscal Year 2020, the PWB supported 15 multi-system benefit projects across construction, pre-construction, and emergency.

In June 2020, staff revisited this pipeline of projects, and when engaging with these applicants, learned of an additional \$169 million in funding needs. These are ready-to-go projects, meaning completion within one to four years of funding award. These potential applicants told staff 69 shovel-ready projects that address systems that are beyond useful life and that pose public health and safety concerns. The funding needed for these projects totals \$504 million and, due to the limited scope of contacts made, only scratches the surface of the state's true funding need.

Public resources available to fund these projects are declining. According to a May 2019 report by Brookings Institute, federal spending on infrastructure from 2007-2017 \$9.9 billion in real terms while operations and maintenance costs rose 9.5% over the same time frame and capital investments in infrastructure declined by 16 percent.¹

Resources are needed to bridge the gap between alternative state and federal infrastructure programs and a communities' need for repair or replacement, but for which there is no other funding than the private market. The private market is a costly alternative that is out of reach for smaller communities, and requires millions in added interest payments for those who do qualify. Analysis of the costs for local

¹ <https://www.brookings.edu/research/shifting-into-an-era-of-repair-us-infrastructure-spending-trends/>

governments to borrow indicates nearly a two percent difference between the PWB interest rate and the private market.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

The request of \$130 million in resources from the PWAA will fund projects that meet current infrastructure demands across the state. The projects used to justify this request are ready to go, meaning they can be completed in 2-4 years. One example of a Fiscal Year 2020 project that passed scoring threshold, but did not receive an award due to lack of funds, is the city of Quincy's Phase 2 Wastewater and Recycled Water project. The two primary economic activities for the city are food processing and data storage, both water intensive activities. In order to continue economic growth in the region and maintain regulatory compliance, water reuse is the only affordable solution. This project is still seeking funding and is part of the PWB pipeline of projects. If the city is unable to secure other financing to complete this project, the city may have to shut down one of its food processing locations and halt expansion of data center operations. Investing \$130 million in local priority infrastructure projects achieves a job multiplier of 10.89, for a total 1,416 jobs. The economic output generated with this investment is \$256 million, based on a total output modifier of 1.97

This represents a much-needed economic boost during this pandemic-induced recession. These funds will plan and build Washington's next legacy infrastructure systems and support communities to deliver essential public services.

Infrastructure not only provides essential services, it is the backbone of economic recovery, and is a vital component of community development. For instance, in Fiscal Year 2020 the city of Camas received PWB financing for their [State Route 500 and Lake Road](#) interchange project. This project resolves traffic issues that are preventing the development of 235 acres of commercial/industrial land, 225 acres of residential land. This roadway solution also provides for safe parking and pedestrian access to recreational areas on Lake Lacamas. Stormwater management and treatment is also being addressed during this project, which results in decreased contaminant introduction into the lake.

Kitsap County's Fiscal Year 2020 application to finance improvements along Bay Shore and Washington Avenues in Silverdale passed threshold, but did not receive award due to lack of funding. This project addresses traffic flow, ADA compliance issues, wastewater and stormwater management, aging domestic water services, parking, and pedestrian access concerns that have hampered the continued development of the Old Town neighborhood. Visitors come to this waterfront area year-round for community events, recreational activities, and access to commercial and service industries. Public involvement in the design of this project is high, with over 500 inquiry respondents at multiple public meetings. This project is still seeking funding and is part of the PWB pipeline of projects.

Beginning in the 2017-2019 biennium, the Legislature authorized the PWB to fund construction projects with an appropriation. Prior to this, funding for PWB projects was done through a loan list that required prior legislative approval. Changing from a list to an appropriation not only makes the funding cycle faster, it allows for PWB to serve as leverage for other infrastructure funding programs, thus extending the "reach" of limited federal and state resources, and facilitates packaging of funding sources to benefit local projects; making viable projects whole.

To achieve this, four funding windows per biennium have been established that align with the federally capitalized State Revolving Funds (both Clean Water and Drinking Water). This subtle change allows greater coordination with other funders and for projects to be packaged, which brings substantially greater value to communities. In Fiscal Year 2020, 17 PWB financed projects were co-funded efforts with state

and/or federal partners. The emergency award to the [city of Moxee](#) is an example of a co-funded project between the PWB and the Drinking Water State Revolving Fund (DWSRF). This project was in response to the failure of one of the city's wells and was funded with \$282,000 in local funds, \$500,000 from DWSRF, and \$1,000,000 from PWB. Completion of this project will ensure access to domestic water for city residents and local agricultural industry. By financing this project rather than using local funds exclusively, the city is able to continue their system maintenance program without interruption or curtailment.

The PWB anticipates \$130 million going towards construction. Based on the average award of the PWB's last two construction loan cycles (\$3.5 million), \$130 million would fund approximately 37 construction projects throughout the biennium. Construction projects are complete within five years, with loan repayments funding the next generation of local infrastructure projects.

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

The proposal would reduce the backlog of critical infrastructure projects that exists in most communities due to aging infrastructure and limited fiscal capacity.

Funding for communities with infrastructure needs is limited, especially for those with limited capacity to take on large infrastructure projects or private market loans. The PWB's open competitive construction loan program conducts a competitive process that ensures all projects are vetted, including the financial capability to assume a loan, effective local systems management, and that projects will meet a critical public need. The new funding structure authorized by the legislature enabled the PWB to meet local governments where and when they need it, and not be restricted by either annual or biennial funding windows. This appropriation will allow the PWB to continue exercising that authority, and effectively support infrastructure development statewide.

The PWB is a self-sustaining program that can augment other state and federal financing programs. The process is highly competitive and allows the PWB 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.

PWB funding also assists the state in addressing Diversity, Equity, and Inclusion (DEI) goals. National studies indicate that communities of color are less likely to have access to clean, affordable drinking water and wastewater services. These communities are also at a higher likelihood to have services turned off as rates increase (emergency repairs are the leading cause of dramatic increases in ratepayer costs). Similarly, implementation of stormwater management and maintenance of roads lags behind in these communities. Such investments move the state towards a sustainable infrastructure system that accounts for environmental, social, and economic realities while increasing resilience, functionality, and access.

It is important to note that two primary funding programs for water infrastructure, the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), using an accelerated funding cycle have been unable to fund all of the projects seeking financing. On average, the demand on these resources has been 2:1. That means that half of the projects receive no funding and must wait for the next annual funding cycle. During that time, funding may shrink or disappear altogether. That is, costs may increase significantly, funding may be lost due to match requirements, and communities may experience emerging demands or new regulation. Additionally, delaying the replacement of aging system components increases the chance for catastrophic failure and emergency repair, which dramatically increases the cost to the community. In the most recent funding cycle, the DWSRF and CWSRF only funded 38 percent of project requests. In the PWB's most recent funding cycle, the ratio of request to award was 3:1 and only 40 percent of projects were funded.

If no action is taken, the PWB will not be able to address critical and failing infrastructure systems, resulting in negative impacts on public health and safety, reduced environmental protection, and stalled economic recovery and development. Every year there is a deficit of infrastructure financing, communities must absorb the environmental, social, and economic costs associated. Infrastructure connects the daily lives of people and businesses. Without it, communities are less capable of growing in a sustainable way. For communities that must access the private credit market and guarantee future revenues to large principal and interest payments, the future growth capability of the community is restrained and other priorities must be sacrificed.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

Knowing the demand for infrastructure financing, the PWB explored two options for increasing the requested appropriation. Through the agency request legislation process, the PWB is pursuing reinstatement of PWAA revenue streams that have been redirected to other state priorities over the last two biennia. This would increase the amount of funds available in the account, and enable the PWB to provide a greater level of financial assistance to Washington communities. Until these statutory changes are made, this is not a legal option.

The PWB also considered an appropriation request more consistent with known local financing demand by requesting an additional \$120 million in taxable bonds, which would bring the appropriation request up to \$250 million. The PWB rejected this option due to the increased costs to the state and because a revolving loan fund like the PWB's, when left to operate as designed, should be self-sustaining.

A final alternative to funding the \$130 million requested by the PWB is to not provide an appropriation. However, with the state facing critical revenue challenges at all levels due to the COVID-19 pandemic, local resources to fund priority areas such as infrastructure in support of economic recovery and growth, culvert replacement to restore salmon habitat, and updating legacy infrastructure systems that are moving beyond useful life into failure are even more constrained. The PWB is an affordable resource for local governments that moves the state towards an effective infrastructure solution that ensures public health and safety, protects the environment, and drives economic recovery and growth.

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

Nearly 2,000 government organizations are eligible for PWB Traditional Programs funding: Cities (281), counties (39), special purpose districts (approximately 1,300 excluding ports and school districts), and municipal and quasi-municipal corporations (1,580 estimated). The infrastructure systems they manage touch the lives of every resident in the state and provide the backbone for economic recovery and growth. 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 and environmental health and safety are jeopardized.

This request will allow the PWB to help local governments to address critical needs. For the Fiscal Year 2020 funding cycle, every applicant who had a permit violations passed scoring threshold and were eligible for award; however, five of them did not score high enough to be awarded before the PWB ran out of funds. Looking to the future, the PWB project pipeline is a limited snapshot in time and represents the current needs of only 48 cities, 18 counties, and 35 special purpose districts. The \$673 million in funding sought benefits 46 domestic water, 34 wastewater, and 9 stormwater systems; 9 roadways; and 3 solid

waste/recycling facilities. Each project funded impacts a unique group of citizens; however, affordability and access are negatively impacted when systems are managed by crisis rather than proactive maintenance, expansion, and upgrade.

Additionally, infrastructure is a prime determining factor when deciding to locate, maintain, and expand business. A prime example is the city of Pasco's Process Water Reuse Facility (PWRF) improvements project, which is part of the PWB pipeline of projects that applied for financing in Fiscal Year 2020, passed scoring threshold, did not receive an award because of lack of funds, and is still looking for funding. By Department of Ecology order, the city must transition wastewater service for a food processing plant from the city's wastewater treatment plant to the PWRF. The PWRF is already at capacity with the five current food processing plants it services and cannot service additional connections without upgrades and expansion. By completing this project, the city will be able to retain at least 1,200 jobs and create an additional 250 jobs, not counting the jobs retained within the agricultural jobs associated with growing and harvesting. The upgraded wastewater management system will allow for the expanded operations at existing food processing plants, the locating of new processing plants, and expanded residential and commercial capacity. This is a necessary step for the city as its anticipated population growth is 68% over the next 20 years.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. In Fiscal Year 2020, the \$93 million in PWB loan awards leveraged more than \$289 million in state, federal, and local infrastructure investment.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This request would support the Department of Commerce and the PWB's strategic priorities for reliable infrastructure and building outreach to communities.

Authorizing funding for the construction and pre-construction loan programs will directly:

- Reduce the emissions of greenhouse gases by local governments. The [Horn Rapids Landfill](#) construction project in the city of Richland, awarded by PWB in Fiscal Year 2020, will collect landfill gas emissions for re-use as biogas.
- Reduce the amount of potable water used for non-potable purposes. The King County Pre-construction Brightwater Reclaimed Storage project, awarded PWB funding in Fiscal Year 2020, reduces the area's draw on potable water sources for irrigation purposes and allows for aquifer recharge. The construction phase of this project is part of the PWB pipeline of known projects.
- Improve the quality of water discharged into Washington waterways. The Fiscal Year 2020 awarded King County [Georgetown Wet Weather Treatment Station](#) construction project manages stormwater flows in the Georgetown area of Seattle. Completion of this project will keep hundreds of thousands of gallons of partially treated effluent from discharging into the Duwamish River every year.
- Increase transportation mobility. The Fiscal Year 2020 construction award to the city of Long Beach for its [Washington Avenue South](#) project will not only allow the City to place a new water main to ensure clean domestic water and fire flow to the southern half of their distribution system, it will also allow the City to widen and resurface Washington Avenue South to create an alternate route through town. This alternate route will increase pedestrian safety, facilitate the efficient movement of goods and services, and relieve congestion.

- Create jobs. The PWB does not collect job data directly from its applicants. However, 25% of the applicants for funding in Fiscal Year 2020 indicated economic development as a driver for their infrastructure project. Additionally, 87% of the Fiscal Year 2020 applicants were addressing failing or failed systems. The failure of infrastructure results in economic decline, the loss of commercial and industrial employers, and the inability to provide affordable housing. One such construction project awarded in Fiscal Year 2020 by the PWB is the city of Connell's [Country Estates Sewer Improvements](#). The current sewer system is failing, costing the City in staff time and reserve funding to deal with backups and blockages. Additionally, due to these system issues, the City is unable to develop several parcels of land that would be connected for sewer service.

Infrastructure is the backbone of economic recovery, and is a vital component of community development. Investing \$130 million in local priority infrastructure projects achieves a job multiplier of 10.89, for a total 1,416 jobs. The economic output generated with this investment is \$256 million, based on a total output modifier of 1.97.

- The Fiscal Year 2020 awarded Seattle Public Utilities [Pearl Street Drainage and Wastewater Improvements](#) construction project deals with both economic vitality and community development. This Beacon Hill area in Seattle has a combined sewer system that experiences repeated backups into the public right-of-way across from Maple Elementary School and neighborhood homes and businesses. Additionally, stormwater flooding has been significant in the elementary school and the public Maplewood Playfield. Resolution of these issues will enable businesses to thrive, ensure that school is uninterrupted, allow public access to recreational facilities, and mitigate adverse impacts on utility human and financial resources.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

PWB staff submits a list of prioritized projects to the Puget Sound Partnership (Partnership) as a part of threshold review. This process also includes consideration and feedback from Partnership staff on whether projects are consistent with the Puget Sound Action Agenda. The Partnership includes information on relevant PWB funded projects annually in its required reporting to the National Estuary Program.

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

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 aging systems need to be brought up to current standards to align with the governor's carbon reduction strategy. Replacing outdated infrastructure will improve environmental quality and be able to provide strategic traffic linkages for more efficient transport of goods. Infrastructure can contribute to reducing carbon pollution and energy efficiency, but consistent investment is necessary to realize this potential.

A prime example of the positive impacts stemming from replacing an aged sewer system is the use of methane recapture technology that both reduces greenhouse gas emissions and 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 by 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 sustainable communities. The clean water created by modern sewer technology can be used as the water necessary to provide sufficient fire flow, irrigation, and other nonpotable uses. The use of methane to power sewer plants makes them self-sustaining and keeps costs within reach of the ratepayers, 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 PWB and the department are dedicated to the long-term sustainability of Washington's communities. The construction loan program provides a strategic tool that supports these goals.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

PWB financing enable communities to design, construct, rehabilitate, and upgrade the infrastructure systems that mitigate the impact of human activities on the environment. Replacement of outdated systems allows for the recovery of fish habitat, local ecology, and water quality.

The modernization of infrastructure is a clear and necessary step in moving towards resilient communities. It allows legacy systems to utilize the most current technologies to move towards carbon neutral solutions and increased energy efficiency.

PWB funding also assists the state in addressing Diversity, Equity, and Inclusion (DEI) goals. National studies indicate that communities of color are less likely to have access to clean, affordable drinking water and wastewater services. These communities are also at a higher likelihood to have services turned off as rates increase (emergency repairs are the leading cause of dramatic increases in ratepayer costs). Similarly, implementation of stormwater management and maintenance of roads lags behind in these communities.

Such investments move the state towards sustainable infrastructure that accounts for environmental, social, and economic realities while increasing resilience, functionality, and access.

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

Presently, the PWB has \$554,243 dollars available for emergency and preconstruction projects. There is no available funding to hold a construction cycle. Without an infusion of dollars as proposed in this request, the PWB will not have a construction cycle for the foreseeable future.

Emergency Construction - 12-month period to complete the projects and 20 years to pay back principle and interest.

Pre-Construction - 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.

RCW that establishes grant (if applicable): 43.155

Application process used (grants; if applicable):

For this request, we would have a funding cycle in July 2021, if funds are remaining a cycle will be schedule later such as January 2022. These cycles align with the federal State Revolving Fund (SRF) programs to maximize available federal resources.

- Application is designed based on the criteria outline in RCW 43.155.070, eligibility, priority, limitations and exemptions. The application is approved by the Board.
- Significant outreach to inform applicants on the availability of resources.
- Webinars and workshops are conducted to educate clients on the requirements and limitations, depending on the timing of appropriation and steady funding.
- On-going technical assistance is provided to the clients responding to the application question from the PWB project managers.
- A team is created includes Board and other state agency staff. Each team member reviewed and scored all applications in accordance with the criteria and policies set forth by the Board. The final score is an average between the reviewing team members. The team discussed each element, and have notes for debriefing applicants as needed.
- Numerically prioritized list with all information is presented to the Public Works Board for consideration. A minimum score of 65 out of 100 points in our scoring matrix as the funding threshold.
- Financial underwriting on all applicants and projects is completed.
- Loan forgiveness (grant):
 - Construction Loan: Clients meeting the severe hardship criteria may receive 5% loan forgiveness, when they have completed the scope of work in the Construction loan
 - Emergency and Pre-Construction Loans: Clients meeting the severe hardship criteria may receive 20% loan forgiveness, when they have completed the scope of work in the Construction loan
- Upon Board approval of projects, the contracting process can start.
- Debrief clients not recommended for funding consideration.

Is a project list available? If so, please attach and/or include this information.

Expenditure calculations and assumptions – Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 058-1	\$130,000,000			\$	\$
Total	\$130,000,000			\$	\$

FTE's: (Fund)

Operating costs for Capital investments are covered in a separate operating appropriation. That operating appropriation covers 9 FTEs, and all costs associated with administering the Board. The cost of administering the \$130 M capital request is less than 2.3%.

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund					
Total					

Contact	
Preparer Name:	Karin Berkholtz, Executive Director Connie Rivera, PWB Program Director
Assistant Director Approval?	<input type="checkbox"/> Mark Barkley
Preparer phone number:	360.688.0313 (Karin) and 360.725.3088 (Connie)
Date:	August 26, 2020

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Clean Energy Fund V – Investing in Washington’s Clean Energy Future
Project Class/Type	Grants
Agency Activity:	A049 State Energy Policy

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

Since 2013, the Clean Energy Fund (CEF) has successfully catalyzed statewide investments in clean energy technology and infrastructure development. Continued funding for CEF is critical to effectively and equitably meet Washington’s aggressive climate goals. CEF is a proven pathway that strengthens Washington leadership on clean energy innovation and deployment. These highly leveraged investments strengthen Washington’s communities through living wage jobs, workforce skill development, and local economic activity.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

Washington’s Clean Energy Fund (CEF) achieves the strategic goal articulated in 2013 of “developing, demonstrating and deploying clean energy technology that saves energy and reduces energy costs, reduces harmful air emissions, or otherwise increases energy independence for the state.” Strongly supported by stakeholders and advocates in the business, academic, and energy sectors, the CEF has been instrumental in facilitating a diverse portfolio of public-private partnerships ranging from backup power systems supporting emergency operations to bio-digesters that convert agricultural waste to renewable energy fuel.

Washington’s energy landscape has shifted with the adoption of aggressive climate goals in 2019. In the coming years, our state’s 100% clean electricity goal combined with aggressive greenhouse gas reduction targets will necessitate further changes in Washington’s energy landscape and transformation of an essential service: electricity. Further, COVID-19 has dramatically affected our economy. In the short term, CEF investments offer a proven opportunity to put skilled workers and businesses to work and position Washington to leverage private and federal clean energy funds. In the long term, the CEF has a structure that can help support the innovation and infrastructure adaption that will be necessary for a successful and equitable transition to clean energy.

The CEF has received appropriations through a series of biennial budgets up to and including appropriations in the 2019 capital budget. Washington’s CEF investments have successfully leveraged over \$400 million to support innovative projects including grid modernization and storage; energy efficiency and renewable energy projects (wind, solar, bioenergy) on farms, commercial buildings, and homes; and electrification charging infrastructure. CEF is designed to ensure funds are distributed both east and west of the Cascades and has resulted in projects that demonstrate energy savings, emission reductions, clean tech development, and job creation throughout the energy supply chain.

The CEF programs are growing in demand and are consistently oversubscribed. In the most recently completed CEF grant round, the program was oversubscribed by \$65M, resulting in 50 deferred projects. With \$100 million in requested funding, CEF will leverage more than \$200 million in other public and private investments and allow the state to demonstrate its leadership in spurring economic development, transportation electrification, and job growth within the clean energy field. The Clean Energy Fund will direct investments in these key areas:

Grid Modernization Grants (\$25 million): Grants will be distributed to support emerging grid-scale energy storage technologies, distributed generation, and advanced microgrid controls. Cutting edge investments can go hand in hand with addressing inequities. Grid modernization funds will be targeted towards supporting clean energy resiliency hubs: well-trusted, community-centered facilities (e.g., food banks, community centers) sited in vulnerable communities and retrofitted with on-site clean energy systems to maintain power and services during outages. The opportunities to provide continuous power service for essential community services are vast and the benefits are great. Resiliency hubs could include elements such as Wi-Fi hot spots, charging stations, electrical outlets, medical equipment, and refrigeration for temperature sensitive medicines and breast milk.

Grants to Nonprofit Lenders (\$25 million): This program will offer grants to lenders who provide revolving loans to address multiple market sectors, as well as to clean energy technologies helping small businesses, nonprofit organizations, multifamily building owners, and homeowners reduce operating costs and achieve sustainability goals. The revolving nature of the fund allows it to be utilized many times over. By connecting clean energy projects with innovative financing, Washington can accelerate market expansion and unlock opportunities for underserved markets to participate in the green economy while avoiding unmanageable debt. Historically, every \$1 invested in this program is leveraged by \$6 or more while supporting over 5,000 energy projects across the state. With current economic conditions further inhibiting access to capital, lending will play an increased role in recovery efforts. Grants will continue to focus on reducing the risk and capital requirements for underserved markets, such as low-income and tribal communities.

Electrification Transportation Grants (\$20 million): According to the Department of Ecology, the transportation sector accounts for about 45% of Washington's greenhouse gas emissions. Reaching our state's climate goals requires steep reductions in those emissions. Insufficient charging infrastructure is a significant barrier to accelerated electric vehicle (EV) adoption in the state. Adequate and equitable charging infrastructure cannot be achieved by the private sector alone. CEF funding will continue to support deployment to cover charging "gaps," enabling more Washingtonians to access this technology. Based on known barriers, identified market needs, and historical results, future CEF investments will prioritize both urban and small-town charging solutions, rural electrification, and infrastructure to support tribal communities. The Office of Clean Transportation Infrastructure (OCTI) Agency Request Legislation establishes a new executive office within the Department of Commerce to plan for and invest in affordable statewide transportation electrification charging and refueling infrastructure. The CEF ETS program and the OCTI grant and loan program will not overlap due to the time required for OCTI office establishment and subsequent rulemaking. In future iterations of CEF, ETS may serve as the sole transportation electrification grant program or the grant programs may exist in parallel to accomplish different transportation electrification policy goals.

Strategic Research, Development & Demonstration (RD&D) (\$15 million): The CEF RD&D grant program initially started as a federal match program targeted to a narrow set of research organizations to research, develop, and demonstrate new and emerging technologies. The program later expanded to support wider categories of private and public organizations involved in pre-commercialization technology development. Grants will focus on encouraging collaboration across sectors and projects that play to Washington's strengths in aerospace, maritime, information and communications technology, grid modernization, and the built environment. Focusing on these areas will help develop technologies to meet the state's climate goals, offer opportunities for economic and job growth, and strengthen technology supply chains. These efforts can help ensure our existing and future industries have access to the tools needed to reduce the carbon intensity of their operations.

Bio-digester program grants (\$10 million): The biodigester program provides competitive grants to help on-farm digester operators become more economically viable while substantially reducing methane emissions from dairy and food processing waste. Specifically, this program helps digester projects access new markets for bioenergy and recovered nutrient products, increase energy efficiency, and improve soil health and air and water quality. The program targets digesters in rural communities across Washington.

Maritime Electrification Grants (\$5 million): Washington's Maritime sector comprises a robust and growing set of industries that contribute to our economy. There is significant opportunity for partnerships to decarbonize the maritime sector through the electrification of ferries, vessels, ports, and on-land cargo movement. Grants will support pilot demonstrations of various maritime electrification projects and will encourage partnership efforts from applicants.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Washington's clean energy future includes achieving the 100% clean electricity goal of the 2019 Clean Energy Transformation Act and meeting the state's greenhouse gas reduction targets with policies designed through the forthcoming State Energy Strategy. This future creates fundamental changes to Washington's energy landscape and transforms an essential service: electricity. Washington is poised to design, build, and export the innovation necessary to meet this challenge.

Electric utilities will need to transition their portfolios and their infrastructure to cleaner sources. Industries will have to adopt new technologies to reduce their carbon intensity while remaining competitive. Consumers and businesses will be required to adopt and adapt to new efficiencies in buildings and transportation. To reach our ambitious decarbonization goals, the state will need to embrace nature-based and other agriculture and forestry solutions to reduce emissions and sequester carbon. At the same time, communities are asserting their desire to shape their own energy future and ensure an equitable distribution of the costs and benefits of the clean energy economy. Successfully implementing this clean energy transformation over the upcoming years presents our state with significant challenges, but also economic opportunity. In the long term, the CEF has a structure that can help support the innovation and infrastructure adaption that will be necessary to this transition. In the short term, CEF investments can provide a proven opportunity to accelerate the transition and put skilled workers and businesses to work.

With its strategic goal of "developing, demonstrating and deploying clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state," the CEF can continue to be a tool to build on Washington's clean energy policies and sectoral strengths, help ensure costs and benefits are equitably distributed, and help the state rebuild our economy.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Among other things, the CEF will be used to facilitate the construction of clean energy infrastructure in electricity distribution, production and consumption, thereby facilitating tangible change on the ground in industrial, commercial, and residential settings across our state. CEF grants and loans will accelerate a reduction in consumption of fossil fuels and result in the production of more clean energy. These efforts can be phased depending on the availability of funds, but they are critical to meeting our climate goals

effectively and equitably. CEF investments will result in a wide range of tangible, clean energy benefits including thousands of clean energy projects serving energy consumers across the state. A \$100 million CEF fund, matched at least 1 to 1 by non-state funds, effectively doubles the state's investment in clean energy with thousands of jobs created.

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

The CEF plays a unique role in incentivizing projects that wouldn't have otherwise been completed due to inadequate regulatory or market conditions. CEF investments will strategically advance the transition to clean electricity and reduced greenhouse gas emissions consistent with the implementation of the Clean Energy Transformation Act and the 2021 State Energy Strategy. These investments will be additive, not directed towards actions that are already required by existing law. CEF programs reduce greenhouse gas emissions through the adoption of clean technologies and diffusion of best practices on how to optimize these technologies on Washington's grid. CEF programs have the opportunity to support Washington's clean energy businesses in growing their market share and moving Washington's clean energy forward as the next export-rich industry. Finally yet importantly, CEF encourages an equitable transition to Washington's clean energy future by channeling investments into underserved communities.

CEF funds are consistently in high demand. Every grant cycle, there are many more applications than can be funded. Underfunding or not funding the Clean Energy Fund may stall development of the state's clean energy sector and forgo not only job growth, but also reductions in greenhouse gas emissions and the equity benefits of the Fund's programs. Forgoing funding would decrease employment in a sector devastated by COVID-19 pandemic and make our key research institutions and entrepreneurs in nascent clean technology sector less competitive, thereby encouraging employer flight. This would likely reduce the number of clean technology patents and clean energy solutions developed in state by reducing private, research and utility investments in clean energy technologies and the state's broader clean energy economy.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

While there are different ways to approach the projects proposed, without significant state participation Washington risks being behind the curve in the transition to the clean energy economy, decreasing clean technology business investment in Washington, and jeopardizing the state's goal of positioning Washington as a leader in decarbonization. If left to the private sector to fill investment gaps, we risk leaving vulnerable populations behind and forgoing an important opportunity to advance our statewide emission reduction goals in a coordinated, equitable, and enduring way.

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

Through a broad portfolio of investments, the Clean Energy Fund (CEF) invests in communities across the state to accelerate the transition to clean energy. The program has historically benefitted local government, research institutions, large and small businesses, and workers in the clean energy economy. Beginning with the third iteration of CEF, the program has incorporated appropriations, programs, and scoring preferences to encourage project teams with diverse membership across these groups. For example, the Electrification of Transportation program pioneered the use of the Department of Health's Environmental Health Disparities map and energy burden data to inform decisions and target investments

in disparately impacted communities. Continuing this work, the 2020 round of CEF solar grants will be aimed exclusively at reducing the energy burden for low income housing providers and tenants. CEF is well positioned to build on this framework and create new opportunities for frontline communities to play an active role in creating a resilient, clean and equitable energy future.

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

In most cases, the CEF requires a match of at least 1:1, and in many cases the match is closer to 1:3 (for every \$1 invested, \$3 is leveraged). To date, Washington's CEF investments have unlocked millions of dollars to support innovative projects in: grid modernization and storage; financing energy efficiency and renewable energy in low-income communities; wind, solar and other renewable energy projects; and the electrification of transportation. The funding has resulted in energy savings, prevented \ greenhouse gas emissions, allowed the state to be a leader in clean technology development, and supported jobs in the energy sector. This proposal would attract over \$200 million in private financing and utility funding, as well as federal and local funds that would not be available to clean energy technology research institutions, businesses, and entrepreneurs without this investment. State investment in CEF also positions Washington to be more competitive for federal funds, through stimulus or other federal grant opportunities.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes to all three focus areas in the following ways:

- Prioritizing investment in underserved and vulnerable communities helping them access needed resources.
- Provide economic stimulus through reliable infrastructure and clean energy investments.

This request furthers the agency's priorities of equity and economic recovery by providing economic stimulus through reliable infrastructure and clean energy investments reliable infrastructure, building a clean, just clean energy economy, and increasing living wage jobs. It is crucial to our economic recovery strategy and aligns with state and agency strategies:

Alignment with the Governor's *Results Washington* goals:

- Goal 2: *A prosperous economy*, by creating living wage jobs and economic activity
- Goal 3: *Sustainable Energy and a Clean Environment*, by reducing energy consumption and accelerating clean energy production.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)

- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? ([See OCIO Policy 121.](#))

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Yes, the CEF is entirely focused on reducing carbon pollution and improving energy efficiency. Since 2013, Washington's CEF investments have leveraged millions of dollars to support innovative projects in grid modernization and storage; financing energy efficiency and renewable energy in low-income communities; wind, solar and other renewable energy projects; and the electrification of transportation. The funding has resulted in energy savings, prevented emissions of greenhouse gases, allowed the state to be a leader in clean technology development, and supported jobs in the energy sector.

In the coming years, the 100% clean electricity goal of the 2019 Clean Energy Transformation Act combined with the state's greenhouse gas reduction targets will cause fundamental changes to Washington's energy landscape and transformation of an essential service: electricity. The projects that are facilitated by the CEF will be used to help ensure that the state is successful in meeting those goals equitably and effectively.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, with its strategic goal of "developing, demonstrating and deploying clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state," the CEF is an important tool that has and can continue to be used to mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment.

Through a broad portfolio of investments, the Clean Energy Fund (CEF) invests in communities across the state to accelerate the transition to clean energy. Moving forward, the program will incorporate designs and preferences to encourage project teams with diverse membership, and when appropriate link energy policy outcomes to intersectional non-energy programs and policy goals (e.g., low-income housing, health, broadband access, business development). Recently, the Electrification of Transportation program pioneered the use of the Department of Health's Environmental Health Disparities map and energy burden data to inform decisions and target investments in disparately impacted communities. The CEF program structure will continue to build on this framework and provide greater inclusion of rural

communities and tribes. Steps will continue to be taken to ensure CEF benefits are distributed equitably across urban and rural settings, and in a way that empowers communities.

Among other things, grid modernization funds will be targeted towards supporting community resiliency hubs: well-trusted, community-centered facilities (e.g., food banks, community centers) sited in vulnerable communities and retrofitted with on-site clean energy systems to maintain power and services during outages. The opportunities to provide continuous power service for essential community services are vast and the benefits are great. Resiliency hubs could include elements such as Wi-Fi hot spots, charging stations, electrical outlets, medical equipment, and refrigeration for temperature sensitive medicines and breast milk.

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

RCW that establishes grant (if applicable): 43.325

Application process used (grants; if applicable): Grants are awarded through a competitive process within each fund program area. In the latest appropriation of CEF funding, priority must be given to projects that benefit vulnerable populations, including tribes and communities with high environmental or energy burden.

Is a project list available? If so, please attach and/or include this information.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	\$100,000,000	\$100,000,000			
Total	\$100,000,000	\$100,000,000			

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	10.8	10.8			
Total	10.8	10.8			

Contact	
Preparer Name:	Jennifer Grove
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-763-2213
Date:	

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Energy Retrofits for Public Buildings Grant Program
Project Class/Type	Grants
Agency Activity:	A049 State Energy Policy

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it: 70 words max.

The Energy Retrofits for Public Buildings program provides a pathway for public agencies to substantially improve building performance, reduce operating costs, and GHG emissions. Many public facilities were constructed prior to the adoption of new energy codes and do not include best practices for energy conservation. This program helps ensure public agencies build sustainable facilities, reduce deferred maintenance backlogs, create living wage jobs, and contribute to our state's climate goals.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

Created in 2010, the Energy Retrofits for Public Buildings Grants (renamed from the Energy Efficiency and Solar program) program has a proven track record of helping public agencies reduce their operational costs and achieve climate and sustainability goals through energy efficiency and renewable energy upgrades. These projects stimulate local economic activity and create jobs throughout the trade and construction sectors. With a \$50 million request, the department proposes to scale up the Energy Retrofits for Public Buildings program to aid in economic recovery efforts at the local level. The demand for this program continues to grow: in the last grant cycle, \$33 million was requested with only \$11 million available for awards. This equates to an oversubscription of approximately \$22 million, representing 90 projects that were left unfunded and/or deferred.

Grants and resources will be offered to state agencies, public higher education institutions, K-12 school districts, tribal governments, and local governments. These projects will significantly improve the energy performance of public buildings, promote Washington-made clean energy products, and reduce Washington's carbon footprint. This funding will also assist K-12 schools in the removal of lighting fixtures containing toxic polychlorinated biphenyls (PCBs).

To increase the equitable distribution of resources and funding, the program sets aside 20% of the funding for projects located in small towns and cities (populations of 5,000 or less). In addition, set aside projects require a lower match requirement, ensuring that rural communities with fewer resources also benefit from these projects. In 2019, new proviso language was adopted to allow the inclusion of federally recognized tribal governments as eligible applicants. With this expansion, we expect the demand for the program to further increase, as the opportunities for tribal communities to save money through lower energy costs are vast.

This request also supports the Resource Conservation Management (RCM) program at the Department of Enterprise Services (DES). Funding will allow the RCM program to continue to provide critical assistance to public agencies, resulting in operational efficiencies, safety improvements, and increased preservation of state assets.

The \$50 million grants will be distributed as follows:

Energy Efficiency Grants (\$23 million): Grants support energy efficiency retrofits at public buildings, including lighting projects that eliminate harmful PCBs at public K-12 schools, reduction of water consumption, and fuel switching from fossil fuel to electricity. Twenty percent of awardable funds will be made available for projects in small towns and cities with populations of 5,000 or less.

Solar Grants (\$13 million): Grants support solar photovoltaic arrays to be installed on existing public buildings. Twenty percent of awardable funds will be made available for projects in small towns and cities with populations of 5,000 or less.

State Project Improvements (\$13.2 million): Grants support energy efficiency upgrades of existing capital projects at state facilities.

Resource Conservation Management Program (\$800,000): Funding will support the RCM program within DES. The RCM program focuses entirely on assisting public agencies with the identification and implementation of actionable energy efficiency and renewable energy projects.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Wasting energy wastes money. We built many public facilities prior to the adoption of new state energy codes and most do not include best practices for energy conservation. These buildings operate inefficiently, have aging or non-serviceable equipment, do not meet statutory requirements, and do not advance carbon reduction goals. Over the last two decades, energy efficiency technologies have improved significantly, presenting opportunities for public facilities to substantially improve building performance and reduce operating costs. Energy Retrofits for Public Buildings provides a pathway for public agencies to access these opportunities. In addition to improved building performance, this program helps public agencies reduce deferred maintenance backlogs, increases the capital asset life, and creates jobs in the construction and trade industries.

In light of economic conditions and budget cuts brought on by the COVID-19 pandemic, this program puts people to work and saves money on energy bills. This request will support public agencies as they navigate the challenges presented by the COVID-19 pandemic, including reduced funding and access to capital and the changing needs and conditions at public workplaces. For example, facility managers may need to make improvements to heating and ventilation systems that would provide a healthier indoor air environment.

Energy Retrofits for Public Buildings program helps public agencies meet the following requirements:

- Clean Buildings (RCW 19.27.A.200)—requires facilities over 50,000 SF to meet energy performance targets
- Greenhouse Gas Emissions (RCW 70.235.050)—requires state agencies to report greenhouse gas emissions and develop strategies for emissions reductions
- Facility Benchmarking (RCW 19.27.A.190)—requires state and higher education agencies to disclose energy performance at facilities over 10,000 SF

- Executive Order 20-01 (State Efficiency and Environmental Performance)—requires state agencies to invest in projects that reduce energy consumption and greenhouse gas emissions

The cost-effective Resource Conservation Management (RCM) program provides a comprehensive and continuous effort to manage the energy, water, and solid waste costs associated with public facilities operations. Facility managers will gain better control over utility and operating costs and improve the building occupants' experience by adopting health and safety measures.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

A \$50 million investment in the Energy Retrofits for Public Buildings program will create an estimated 200 energy efficiency and solar energy projects that will annually save \$5,700,000 and 20,000 metric tons of carbon dioxide (CO₂). In addition, approximately 656 jobs will be created, contributing to the growing green economy and economic recovery efforts. The grant program will begin in FY22 and grant cycles will be offered throughout the biennium through each specific grant program (energy efficiency, solar, SPI).

The Resource Conservation Management program leverages utility incentives and achieves a return on investment within the first few years. By controlling utility consumption through energy and water equipment upgrades, public agencies will realize up to 15 percent avoided costs annually, improve the working and learning environment, reduce GHG emissions and environmental impacts, meet carbon reduction targets, and increase the preservation of state-owned assets.

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

This request enables agencies to take actionable steps towards reducing energy and water consumption in public facilities improving the operational bottom line. In addition to realizing cost savings, this program provides opportunities to improve the health and safety for building occupants such as students, teachers, and other public employees, while reducing greenhouse gas emissions. The cost savings could be directed towards filling critical needs, such as hiring additional teachers, addressing deferred maintenance backlogs, or meeting the demands of reduced operating budgets and the health pandemic. These projects also create and support construction jobs in the green economy throughout the state, especially in small towns and cities.

This program has been consistently oversubscribed resulting in unmet needs and deferred projects. If no action is taken, the deferred project list would substantially grow, increasing construction and related costs and leaving agencies to struggle to meet statutory requirements and emissions reduction targets. Further, the opportunities to receive the benefits of reduced operating costs will be lost. Without funding, communities throughout Washington will not benefit from the associated job creation, potentially delaying local economic recovery especially in small towns and cities that have limited economic recovery opportunities.

If the RCM program is not funded, it is at risk of shutting down after June 2021. The pipeline of projects will be deferred resulting in lost opportunities to lower the cost of government operations and greenhouse gas emissions.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

Other alternatives that were explored include scaling the program back or not funding the program at all. Both of these alternatives create lost opportunities to decrease the operating costs of public facilities. Not funding this proposal may leave eligible applicants without a way to fund these important projects or meet statutory requirements during a time of severely limited public resources. This program leverages a pipeline of planned retrofits and upgrades; not funding would lock some of these projects in to less efficient design, equipment, and materials for an indefinite period. Further, no federal program exists that fills these needs and it is unlikely a new federal program will be created anytime soon.

Not funding the RCM program takes away a valuable resource for public agencies to identify operational savings and comprehensive capital projects that align policy objectives with operational realities.

Beyond the alternatives described above, providing comprehensive funding directly to public agencies and institutions through state capital and operating budgets for this work would realize some of the same benefits provided by this grant program.

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

Energy Retrofits for Public Buildings serves state agencies, higher educational institutions, K-12 public schools, tribal governments and local governments. To date, the program has consistently awarded funds across the state, with broad geographic distribution. In 2018, 50% of awards were to local governments, 42% were to public schools, 5% to State Agencies and 3% to higher education. In turn, occupants and users of those facilities benefit from the increased safety and comfort of the buildings. These projects also contribute to the economy through job creation, supply chain purchases, and local economic activity.

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

Grant funds will be leveraged at a minimum of 1:1, with a lower match requirement for projects located in small towns and cities (populations of 5,000 or less). For example, in the last grant cycle, more than \$22 million was leveraged in non-state funds. Matching funds come from a variety of sources including energy performance contracting funds, private donations, student fees, private grants and lenders, local funds, and local funds by way of the state treasurer.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes to all three focus areas in the following ways:

- Prioritizing investment in underserved and vulnerable communities helping them access needed resources.
- Provide economic stimulus through reliable infrastructure and clean energy investments.

This request supports and is consistent with the Governor's *Results Washington* as follows:

- **Goal 1: World-Class Education**, by improving our schools' environments.
- **Goal 2: A prosperous economy**, by creating jobs to support these projects.
- **Goal 3: Sustainable Energy and a Clean Environment**, by reducing energy consumption and carbon emissions.
- **Goal 5: Efficient, Effective, and Accountable Government**, by reducing operational costs at publicly owned facilities.

It also allows state agencies to meet Executive Order 20-01, the Clean Buildings package, the Clean Energy Transformation Act, The State Toxics reduction plan.

Additionally, this program supports agency wide collaboration. Eligible facilities include those that connect with other important services our agency offers. For example, Public Housing Authorities that provide services through the Housing Finance Unit and the Housing Assistance Unit qualify for this grant, thereby reducing their operational costs and maintaining the infrastructure needed to support vital programs. These retrofits can take place on many of the facilities that the local government division has invested in, helping to maintain these facilities and increasing the lifespan of the facility. This program also supports relationships with eligible applicants (Tribal Governments, local government, schools, other state agencies, etc.).

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The State of Washington has set aggressive goals and targets for decarbonization, including the following statutes. Energy Retrofits for Public Buildings contributes directly to the following RCW's and executive orders:

- Building Benchmarking RCW19.27A.190
- Building Efficiency RCW 19.27A.200
- Carbon reduction RCW 70.235.50
- Climate Change adaptation RCW 43.21M.040
- Clean Energy Transformation Act
- E.O. 20-01

These funds also help move public buildings towards compliance with the Clean Buildings objectives. Enabling energy efficiency measures and activities as well as the installation of solar can make buildings' operational costs more affordable, can improve the health of building occupants, and reduce levels of atmospheric greenhouse gases.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, by saving energy and installing solar, the eligible applicants will be reducing their impacts on climate change. Many past projects have used this as an opportunity to fuel switch – moving from fossil fuel based system to electricity based systems. For the solar projects, producing clean renewable energy on site also reduces carbon emissions.

These projects contribute to community resiliency by improving the operations of critical infrastructure such as water and wastewater systems, fire stations, hospitals, etc. By reducing energy consumption at these sites, the organizations save operating dollars that can be directed to other critical needs. Also, in the event of a disaster, these projects reduce the need for backup power by reducing the overall energy consumption at the facility, allowing them to operate longer in the event of a power interruption.

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

RCW that establishes grant (if applicable): N/A

Application process used (grants; if applicable): Grants are awarded through a competitive process.

Is a project list available? If so, please attach and/or include this information.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	\$ 50,000,000	\$ 50,000,000			
Total	\$50,000,000	\$50,000,000			

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	4.6	4.6			
Total	4.6	4.6			

Contact	
Preparer Name:	Jennifer Grove
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-763-2213
Date:	

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title	Weatherization Plus Health
Project Class/Type	Grant
Agency Activity	A065 Improve and Preserve the Affordability of Housing

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year	FY22
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Agency summary. This is also known as the project summary or RecSum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

Nearly 800,000 households in Washington live in poverty. Over half of these households are in need of weatherization services. The Weatherization Plus Health program delivers home repairs, health and safety improvements, and the installation of energy efficiency measures. A \$50 million investment combined with leveraged funds will result in reduced energy burden, improved financial stability, better health conditions, and improved safety for over 15,000 of the state's most vulnerable residents.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The Weatherization Plus Health program is a sound, statewide investment in Washington's clean energy future, and creates positive health outcomes and preservation of affordable housing for Washington's low-income communities. This program delivers affordable housing preservation and efficiency upgrades by providing repairs, health and safety improvements, and installation of energy efficiency measures in single and multi-family homes in every county in the state as well as for seven Native American tribes.

The Weatherization Plus Health program makes targeted investments in energy efficiency, clean energy, and preservation of affordable housing for the state's most vulnerable and underserved households. This investment will directly leverage at least \$30 million in utility energy efficiency funding, and will indirectly leverage more than \$40 million in federal and local funding. The Weatherization Plus Health Program will significantly improve the energy efficiency, health, and safety of more than 3,156 low-income housing units and leverage services for an additional 4,011 units, for an overall impact on a total 7,167 households in hard-to-reach markets, including rental and multi-family households.

In addition to completing comprehensive weatherization services, Weatherization Plus Health funding will support the delivery of enhanced healthy home measures for high need households, plus rehabilitation and repair investments for more than 50% of income eligible households that are currently deferred because of repair needs, or are heated with fossil fuels such as with oil, propane or wood.

Weatherization Plus Health's weatherization services are administered through a network of 27 community action agencies and city, county, and tribal housing authorities. Measures are installed by a combination of agency based crews and more than 140 weatherization, HVAC, plumbing and electrical contractors across the state. It is estimated that \$50 million in funding will create 575 jobs according to the National Association of Home Builders (2015).

Weatherization Plus Health leverages utility and federal funding and provides targeted local investments into households, neighborhoods and communities with the greatest health, economic, and social disparities. Weatherization Plus Health's funding flexibility allows the department to serve unserved and underserved low-income households with existing federal or utility funds, including households with non-utility fuels, high repair costs, or where a health conditions could be improved with additional repair work.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Low income weatherization is a targeted investment that helps address the underlying disparities and systemic inequalities that prevent low income residents from accessing and benefiting from healthy, affordable, efficient homes. Further, preservation of energy efficient housing improves community resiliency while advancing Washington's clean energy goals.

Addressing inequities in energy: Washington's 800,000 households that are below 200% of the federal poverty level have an average energy burden (utility costs as shared monthly expenses) of 6%. This is classified as high energy burden and is more than three times the energy burden of the typical Washington household. Many households spend more than 15 to 20 percent of their monthly income on utility costs. In Fiscal Year 2019, weatherization services reduced energy costs by up to 22% -- \$350 per year for site built homes and \$206 per year across all building types. Weatherization Plus Health investments are exclusively aimed at serving communities and neighbors in need. Two-thirds of households receiving weatherization services are located in census tracts classified by the Department of Health as having greater social and economic need. The improved health conditions and reduced energy and health costs that result from the Weatherization Plus Health program has a positive ripple effect on the state by reducing energy assistance needs, Medicaid costs, carbon emissions, and energy arrearages. These effects are conservatively estimated at three times the direct energy benefits. Moreover, the program provides consistent energy savings to markets and clients that utilities cannot cost effectively or efficiently serve.

Addressing affordable housing crisis: Preserving existing affordable housing must be prioritized as an anti-displacement measure and to protect the health and safety of vulnerable populations. The Weatherization Plus Health program does just this by repairing and weatherizing homes: making them safer, healthier and more comfortable. Furthermore, by reducing energy costs and addressing other health or safety concerns, the investment ensures that excessive housing and utility costs do not push people into homelessness and that elderly clients are better able to age in place.

Stimulating economic recovery: The low-income weatherization program and related training supports statewide workforce development. Weatherization Plus Health funding is distributed through local community action agencies and an established contractor network that supports living wage jobs. It is estimated that \$50 million in funding will create 575 jobs according to the National Association of Home Builders (2015).

Improving self-sufficiency and health: Many low income household members have underlying health conditions such as limited mobility, asthma, COPD, hypertension, or compromised immune systems which are made worse by substandard housing conditions. There is strong evidence linking residents' health outcomes to substandard housing, and further evidence to suggest that targeted healthy home investments can improve health outcomes and lower health cost. Over the last five years, the department has demonstrated the potential of integrating weatherization and healthy homes measures through the Weatherization Plus Health initiative. For example, households that received services benefited from improved asthma control and a savings of more than \$400 per year in medical costs. Without Weatherization Plus Health funding, community action agencies are not able to deliver enhanced healthy homes services or develop partnerships and referral arrangements with public health organizations such as local Department of Health and Regional Accountable Communities of Health for integrated services. This funding will allow agencies to deliver enhanced services statewide.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

The request will support the continuation of the Weatherization Plus Health program and weatherization services for the 2022-2023 Biennium. With a \$50 million investment, an estimated 3,156 homes will be weatherized, of which at least 30 percent will receive enhanced Weatherization services. State funds will be highly leveraged by utility and federal investments that will expand services to benefit 4,011 additional homes. Given the significant investment that has already been made to establish procedures, contracting capacity, and local partnerships, a minimum of \$25 million in base funding is needed to maintain current program service levels and to continue growing the three pilot programs: 1) deferral repairs, 2) enhanced services to non-utility fueled homes, and 3) expanding services to tribal communities and homes. Moreover, due to COVID-19 the costs of performing in-home services has increased with added safety and health protection measures required for contractors and homeowners. If the request is not fully funded, the Weatherization Plus Health program would scale back, pause, or discontinue our three pilot programs.

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

The result of inaction would be a continued decline in Washington's affordable housing, which would continue to fall into uninhabitable disrepair causing unsafe, unhealthy living conditions for low-income families. This could further push households living on the edge into homelessness or displacement. Specifically, a minimum of 3,156 households per year will go without receiving much-needed help. Without complimentary state funding, it will be more difficult to expend federal grants, which could result in Washington returning funds. Washington would then be less competitive should federal recovery funding become available in the next biennium.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

Current funding levels are insufficient to address the demand and need for Weatherization Plus Health services. Additional funding would enable the Department of Commerce to:

- Continue the statewide expansion of Weatherization Plus Health services as authorized in 2015 via HB1720
- Address repair issues so fewer low-income families are deferred from weatherization services
- Increase capacity to serve households with non-utility fuels including oil, propane and wood heat
- Increase capacity to partner with Native American Tribes to increase services to households on tribal land.

Alternative funding sources were explored, however federal fund sources come with restrictions and extensive requirements that limit measures and services. Further relying on utility funding alone would create service gaps and inequities as not all utilities provide funding for deferrals and integrated health initiatives. Utility funding also needs to be directed to customers within their service territory, leaving non-utility customers with fewer options. The flexibility of Weatherization Plus Health funding makes it an invaluable funding source to complement the federal low income weatherization grants from the U.S. Department of Energy, U.S. Health and Human Services (through the Low Income Home Energy Assistance Program), Bonneville Power Administration, and utility funding.

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

The Weatherization Plus Health program serves households at or below 200% of the Federal Poverty Level, 60% State Median Income, or 80% Area Median Income, with priority given to households with children, disabilities, aging adults, Native Americans, and those with a high-energy use/burden. It is a statewide program with services in every county and seven Native American reservations. The program serves rental and owner occupied single-family, multi-family, and manufactured housing.

With \$50 million requested, we estimate 3,156 homes will be weatherized with a minimum of 30 percent receiving enhanced Weatherization services. Program funds will be targeted to serving previously deferred homes, households with non-utility fuels (oil, propane, or wood), expanding services to tribal households, and expanding Weatherization Plus Health services to medically vulnerable households statewide.

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

Weatherization Plus Health Program dollars are, by definition, leveraged dollars. Statutory intent in authorizing the program was for the expeditious delivery of federal weatherization fund sources and to ensure low-income households access to utility conservation dollars. Since 2017, utility investment in low-income weatherization has exceeded \$1.50 for every \$1.00 of Weatherization Plus Health state investment.

The additional flexibility of Weatherization Plus Health funding makes it an invaluable funding source to complement federal low income weatherization grants from the U.S. Department of Energy, U.S. Health and Human Services (through the Low Income Home Energy Assistance Program), and Bonneville Power Administration. All of these federal fund sources have restrictions and extensive requirements which limit measures and services and affect how many homes are deferred from weatherization. Federal funding for FY 2019 – 2020 was \$20 million.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal specifically contributes to these with a focus areas in the following ways:

- Prioritizing investment in underserved and vulnerable communities, helping them access needed resources.
- Providing economic stimulus through reliable infrastructure and clean energy investments.
- Stimulating the economy by creating additional living wage construction jobs.

This request supports and is consistent with the Governor's Results Washington through:

- **Goal 2: A Prosperous Economy** by creating living wage jobs that help low-income families reduce their energy bills and stay in their homes;
- **Goal 3: Sustainable Energy and a Clean Environment** by reducing energy consumption and emissions;
- **Goal 4: Healthy and Safe Communities** by providing health services to medically vulnerable households.

This request also supports the Energy Division's strategic goal of:

- **Creating a Clean Energy Future** by reducing energy consumption and helping households move their heating systems from fossil fuels to electricity.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? ([See OCIO Policy 121.](#))

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Energy efficiency is a fundamental goal and direct outcome of the Weatherization Plus Health program. Every home that is serviced contributes to this goal through air sealing, adding insulation, installing more energy-efficient HVAC systems and the education of homeowners. For example, in FY19, 2,527 units were served and realized annual energy savings of 24,214 Million BTU. Average cost savings per unit ranged from 9% for multi-family units to 22% for single family site built homes.

These savings are estimated to reduce carbon emission by over 4,000 metric ton per year over the 20 to 30 year life of the projects. Additional Weatherization Plus Health funding will support increasing and targeting services to “high carbon” clients including those with oil, propane and wood heat.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

The Weatherization Plus Health program mitigates the effects of climate change by improving the energy efficiency of homes and reducing associated carbon emissions from fossil-fuel based energy providers. The program also strengthens the resiliency of communities through direct benefits of weatherization measures, such as ductless heat pumps that provide critical cooling benefits and allow households to better withstand increasing temperatures spikes. In addition, the integration of healthy home services with Weatherization adds health resiliency and housing stability for communities that suffer from the greatest economic and social disparities.

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

This funding level would allow the Weatherization Plus Health Program to build on program successes and scale up the amount of homes served through the low-income weatherization programs, as well as expand our capacity to create meaningful partnerships with other state agencies and tribes. One example of this would be to increase services through lead remediation via our Weatherization Plus Health program for households with children who have tested positive for elevated lead in their blood. While Commerce has a working relationship with the Childhood Lead Poisoning Prevention Program at the Department of Health, this work could be expanded and leveraged to make more Washington homes healthy, energy efficient, and safe for children.

Over this past year, the Weatherization program has been implementing a pilot program with tribal communities to identify eligible households that would benefit from weatherization services, but need home repairs in order to qualify. Five tribes were identified and are leading the work to get these homes into sufficient shape for the local weatherization agencies to provide services to these households. Our intention is to help build the relationships between tribes and their local Community Action Agencies so that more homes on tribal lands can be weatherized. If additional funds are provided, Commerce would prioritize this work to ensure eligible households anywhere in Washington can access services.

RCW that establishes grant (if applicable):

Application process used (grants; if applicable): The Weatherization program uses an allocation formula for all funds sources based on county level poverty data and heating and cooling degree days.

Is a project list available? If so, please attach and/or include this information.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	\$ 50,000,000	\$ 50,000,000			
Total	\$ 50,000,000	\$ 50,000,000			

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	4.6	4.6			
Total					

Contact	
Preparer Name:	Amanda Rains/Jennifer Grove
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-763-2213
Date:	

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Youth Recreational Facilities Grant Program
Project Class/Type	Grants
Agency Activity:	A096 Community Development Block Grant

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

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

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The department requests \$8 million for the Youth Recreational Facilities 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 reviewing and ranking project proposals.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

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.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

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

3. 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.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

The department is required by [RCW 43.63A.135](#) to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist nonprofit youth organizations in acquiring, constructing, or rehabilitating facilities used for the delivery of nonresidential services, excluding outdoor athletic fields, and must submit a list of recommended projects to the governor and the legislature in the department's biennial capital budget request.

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

Youth-focused nonprofit organizations such as state Boys & Girls Clubs would be impacted. They would offer improved facilities and improved educational and social service activities to youth.

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

By statute, RCW 43.63A.135, Youth Recreational Facilities projects requires a 75% non-state match from all eligible projects.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also 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.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? **No.**
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) **No.**

- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? ([See OCIO Policy 121.](#)) **No.**

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

According to the USGBC, [buildings represent 41 percent of total U.S. energy output](#), USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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

RCW that establishes grant (if applicable): 43.63A.135

Application process used (grants; if applicable): Applicants submit applications electronically through the ZoomGrants online system, then they are ranked and scored by a citizen's advisory board.

Is a project list available? If so, please attach and/or include this information.

Project list to be submitted upon finalization, the department estimates having the approved list in mid to late September.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Total	\$2,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057					
Total					

Contact	
Preparer Name:	Michael Kendall
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-725-3073
Date:	8/18/2020

Capital Project Request - Narrative Template
2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Early Learning Facilities – School Districts
Project Class/Type	Grants and Loans
Agency Activity:	A096: Community Development Block Grants

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The Early Learning Facilities grant and loan program provides grants and loans to plan, renovate, construct, or purchase high-quality early learning facilities for low-income children. Communities need more facilities to generate the additional capacity necessary to meet the legislative mandate for the Early Childhood Education Assistance Program (ECEAP) to become an entitlement program by the 2023 school year.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

In 2017, the legislature passed House Bill (HB) 1777, which established the Early Learning Facilities grant and loan program (RCW 43.31.565-.583). The goal of the program is to increase high-quality early learning opportunities for low-income children and to address a severe shortage of early learning facility capacity that is necessary to meet the Early Childhood Education and Assistance Program (ECEAP) legislative mandate.

The program funds early learning facility projects for eligible organizations (as defined in RCW 43.31.575) and school districts. This request is specific to funding for school districts. RCW 43.31.579 (3) requires the department to develop a ranked and prioritized list of early learning projects to provide to the governor and legislature by September 15, 2020.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

RCW 43.31.579(3) requires the Department of Commerce (department) to submit a ranked and prioritized list of school district early learning facility projects to OFM and relevant Legislative committees. Increasing early learning facility capacity is necessary to meet the Early Childhood Education and Assistance Program (ECEAP) legislative mandate.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request will produce the projects identified on the 21-23 Early Learning Facilities School District Project List, which is developed through a competitive process, the list will be available in early September. This request will provide capital funds for school districts. Allowable activities include major construction and renovation grants and grants for facility purchases.

1. Selah School District - \$855,823
2. Pasco School District - \$199,999
3. Bethel School District - \$855,823
4. Walla Walla Public Schools - \$55,334
5. Bellingham School District - \$456,026
6. Evergreen Public Schools - \$667,112
7. Mount Baker School District - \$433,750
8. Soap Lake School District - \$855,823
9. Ridgefield School District - \$339,165

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

Funding this request would provide the additional capital resources needed to produce the required early learning capacity and would better position the state to meet the legislative mandate for ECEAP entitlement by 2023.

Without additional funding, it will not be possible for the state to meet the ECEAP mandate, and the number of additional early learning opportunities for low-income children will be limited.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

There are no alternatives available. RCW 43.31.579(3) requires the department to submit a ranked and prioritized list of school district early learning facility projects to OFM and relevant Legislative committees.

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

This request will affect the amount of quality early learning opportunities for low-income children, as well as quality reliable care and education for low-income families so that parents may get and keep their jobs to support their families and promote self-sufficiency.

6. Will other funding 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 match will be needed for each project that is funded. The commitment of state funds for the construction, purchase, or renovation of early learning facilities may be given only after private or public match funds are committed. Private or public match funds may consist of cash, equipment, land, buildings, or like-kind.

The department has established a match goal for school districts of 1:3 non-state match. For every 1 dollar of state funds, 3 dollars of non-state funds are needed. Applications that provide a higher level of

non-state match will receive additional points in the evaluation process and will have a greater likelihood of being ranked higher.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

8. For IT-related costs:
- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
 - Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
 - Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

According to the USGBC, [buildings represent 41 percent of total U.S. energy output](#), USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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

N/A

RCW that establishes grant (if applicable): RCW 43.31.565-583

Application process used (grants; if applicable): Competitive grant application process.

Is a project list available? If so, please attach and/or include this information.

Please see attachment.

Expenditure calculations and assumptions – Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 22D-1	\$2,360,000	\$2,500,000			
Total	\$2,360,000	\$2,500,000			

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 22D-1					
Total					

Contact	
Preparer Name:	Tony Hanson
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-259-3835
Date:	8/24/20

Early Learning Facilities (ELF) K-12 School Districts Ranked List (2021 – 2023)

Program Summary

The program enables K-12 school districts to expand, remodel, purchase, and/or construct early learning facilities to increase capacity for Early Childhood Education and Assistance Program (ECEAP) and Working Connections Child Care (WCCC) early learning opportunities.

Program Legislation

RCW [43.31.565](#) through RCW [43.31.583](#)

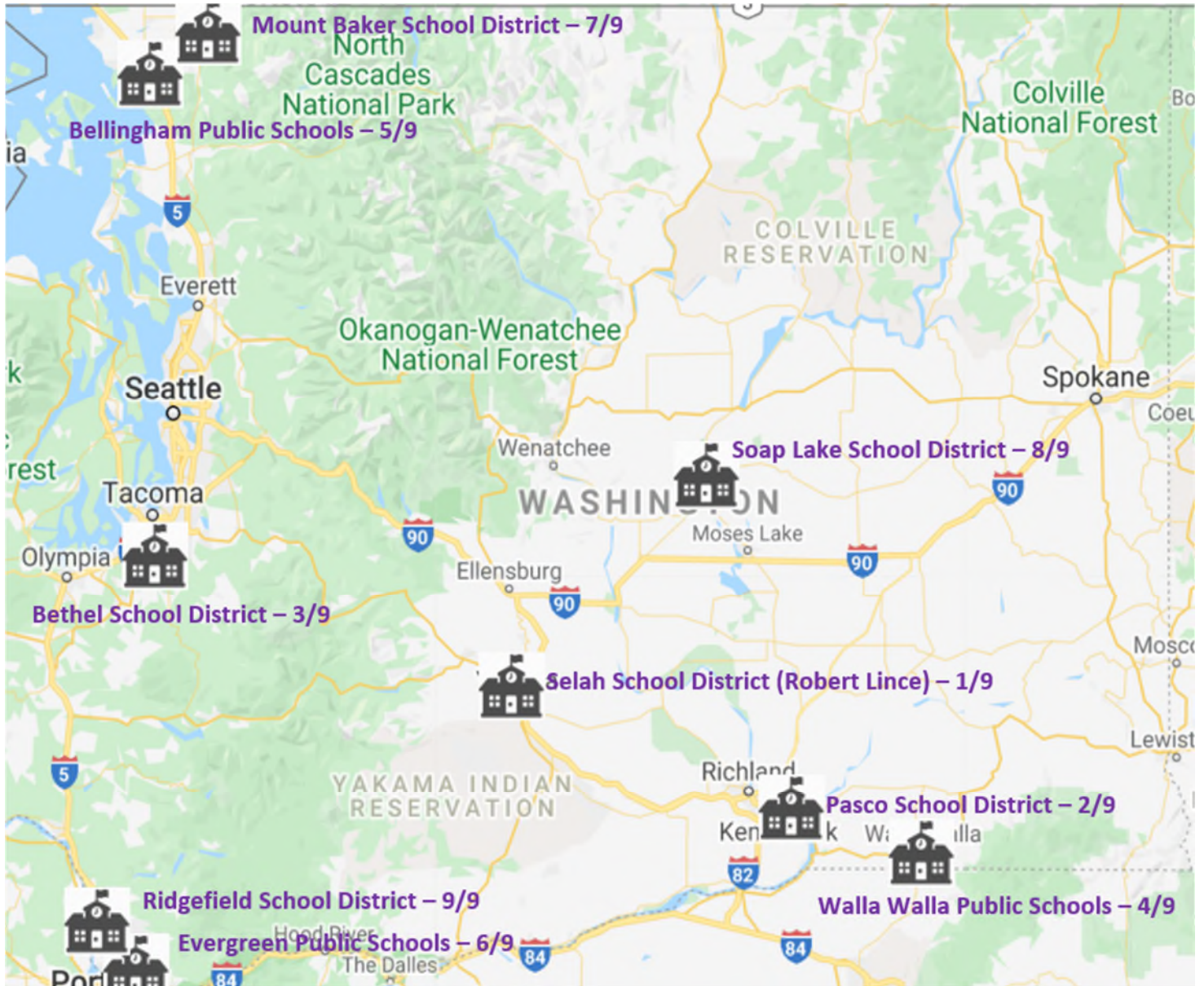
Process Highlights

- Application period ran from June 1, 2020 – August 3, 2020
- Applications were scored by our ELF Board, which includes our partners from DCYF and OSPI, among others
- We are proposing nine projects for funding, ranked in order of preference below

Summary of Projects

Project Rank	School District	Project Name	Project Address / Legislative District	Grant Request	Total Project Cost	Average Points (1,100 Possible)	New Slots
1	Selah	Robert Lince ELC and Kindergarten – Phase 2	208 S 3 rd St; Selah, WA; 98942 (Leg. Dist. 15)	\$855,823	\$20,311,02	781.4	442
2	Pasco	Pasco School District Lakeview ELC	1505 S Rd 40 E; Pasco, WA 99301; (Leg. Dist. 16)	\$199,999	\$605,637	781.3	80
3	Bethel	Bethel Early Learning Center	214 167 th St S; Spanaway, WA 98387; (Leg. Dist. 2)	\$855,823	\$6,541,300	780	126
4	Walla Walla	Walla Walla Center for Children and Families	1150 W Chestnut St; Walla Walla, WA 99362; (Leg. Dist. 16)	\$55,334	\$221,334	652	162
5	Bellingham	Integrating Early Learning into New District Office	1885 Barkley Blvd; Bellingham, WA 98226; (Leg. Dist.42)	\$456,026	\$1,824,106	645	27
6	Evergreen	Burton ECE Center: Expanding Access to Quality Care	13501 NE 28 th St; Vancouver, WA 98688; (Leg. Dist. 17)	\$667,112	\$889,483	586	104
7	Mount Baker	Early Childhood Expansion	7547 Kendall Rd; Maple Falls, WA 98266; (Leg. Dist. 42)	\$433,750	\$1,735,000	570	40
8	Soap Lake	Elementary School Conversion to Early Learning Facility	410 Ginko St. S; Soap Lake, WA 98851; (Leg. Dist. 12)	\$855,823	\$905,823	567	35
9	Ridgefield	Ridgefield ELC – Phase 2	510 Pioneer St; Ridgefield, WA 98642; (Leg. Dist. 18)	\$339,165	\$1,356,658	558	150
Total Funding Requested – \$4,718,855					Total New Slots – 1,166		

Geographic Distribution of Projects



Department of Commerce - Local Government Division - Community Capital Facilities

Mark Barkley, Assistant Director – mark.barkley@commerce.wa.gov - (360) 725-3003

Tony Hanson, Deputy Assistant Director – tony.hanson@commerce.wa.gov - (360) 725-3005

Matt Mazur-Hart, Community Facilities Manager – matt.mazur-hart@commerce.wa.gov - (360) 742-9099

Tanya Mercier, Community Facilities Supervisor – tanya.mercier@commerce.wa.gov - (360) 704-0139

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Building Communities Fund Grant Program
Project Class/Type	Grants
Agency Activity:	A096 Community Development Block Grant

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

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. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The department requests \$50 million for the Building Communities Fund, a competitive grant program providing nonprofit organizations with capital funding for social service and multipurpose community centers. Eligible projects must be nonresidential 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.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Providing capital funding 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 or recreational opportunities as a result of these projects.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Grants may be used for acquisition, construction, or rehabilitation of social service and multipurpose community center. Projects must result in a discrete, usable phase. Historically, projects in this program is span over a four year period, based in part on construction schedules.

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

If no action was taken, it would delay eligible projects, increasing construction and other related costs. Additionally, the opportunity to create economic activity and stimulus through construction projects in communities would be missed.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

The Department of Commerce is required by [RCW 43.63A.125](#) to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist nonprofit organizations in acquiring, constructing, or rehabilitating facilities used for social service and multipurpose community centers. The department must submit a list of recommended projects to the Governor and the Legislature in its biennial capital budget request.

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

Social service nonprofit agencies will offer improved facilities and improved educational and social service activities throughout the state with these projects

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

By statute, RCW 43.63A.12- Building Community Fund Program, requires a 75% non-state match from all eligible projects and grant assistance may not exceed twenty-five percent of the total cost of the project, except under exceptional circumstances.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? **No**
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) **No**
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) **No**

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, according to the USGBC, [buildings represent 41 percent of total U.S. energy output](#), USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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

N/A

RCW that establishes grant (if applicable): RCW 43.63A.750

Application process used (grants; if applicable): Applicants submit applications electronically through the ZoomGrants online system, then they are ranked and scored by a citizen's advisory board.

Is a project list available? If so, please attach and/or include this information.

Project list to be submitted upon finalization, the department estimates having the approved list mid to late October.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	\$ 50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Total	\$ 50,000,000	\$50,000,000	\$50,000,000	\$50,000,00	\$50,000,000

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Total					

Contact	
Preparer Name:	Michael Kendall
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-725-3073
Date:	8/18/2020

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Building for the Arts Grant Program
Project Class/Type	Grants
Agency Activity:	A096 Community Development Block Grant

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The Building for the Arts Program provides state capital grants to nonprofit 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 33 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. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The department requests \$16 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.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

This program assists with financing construction and renovation costs, thereby increasing funds available for local organizations to commit to programming and other expenses. The Building for the Arts Program not only encourages and improves cultural and recreational opportunities in our state, it frees up funds that would otherwise be spent on facility mortgage or lease payments.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Grants may be used for acquisition, construction, or rehabilitation of arts-related facilities. Projects must result in a discrete, usable phase. Historically, projects in this program is span over a four year period, based in part on construction schedules.

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

If no action was taken, it would delay eligible projects, increasing construction and other related costs. Additionally, the opportunity to create economic activity and stimulus through construction projects in communities would be missed.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

The Department of Commerce is required by [RCW 43.63A.750](#) to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist nonprofit arts organizations in acquiring, constructing, or rehabilitating facilities used for performing arts, art museums, and cultural facilities. The department must submit a list of recommended projects to the Governor and the Legislature in its biennial capital budget request.

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

Arts-related nonprofits will be impacted by this request and the arts and cultural activities throughout the state with these projects.

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

By statute, RCW 43.63A.750-Building For the Arts requires a 75% non-state match from all eligible projects. However, in Section 7008 of [E.S.S.B 6248](#), the legislature decreased that contribution to 66% for the 19-21 biennium.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? **No**
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) **No**
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) **No**

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

Yes. All projects are required to meet the Leadership in Energy and Environment Design (LEED) Silver Standard or receive an exemption from Commerce. LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

Yes, according to the USGBC, [buildings represent 41 percent of total U.S. energy output](#), USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

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

RCW that establishes grant (if applicable): RCW 43.63A.750

Application process used (grants; if applicable): Applicants submit applications electronically through the ZoomGrants online system, then they are ranked and scored by a citizen's advisory board.

Is a project list available? If so, please attach and/or include this information.

Project list to be submitted upon finalization, the department estimates having the approved list in late September.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057	\$ 16,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Total	\$ 16,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Total					

Contact	
Preparer Name:	Michael Kendall
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-725-3073
Date:	8/18/2020

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	CERB 2021/23 Capital Construction
Project Class/Type	Grants
Agency Activity:	A035 Community Economic Revitalization Board

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The Community Economic Revitalization Board (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 community economic development (RCW 43.160). CERB requests \$25 million in resources to construct public infrastructure to facilitate private business development and expansion in Washington's communities from the Public Facility Construction Revolving Loan Account) and State Taxable Building Construction Account.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The department and CERB request \$25 million in resources to construct public infrastructure to facilitate private business development and expansion in Washington's communities from the Public Facility Construction Revolving Loan Account and State Taxable Building Construction Account. 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 funding recipients repay loan funds to CERB, those funds will return to the Public Facility Construction Loan Revolving Account and can finance other public infrastructure related to economic development.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

For the 2019-21 biennium, CERB received a capital appropriation of \$8.6 million. Due to high demand, in the 2020 supplemental session CERB received an additional capital appropriation of \$10 million. At this time, CERB anticipates awarding all currently available funds in late 2020, and it is very likely that CERB could be without funding for approximately 7 months.

CERB is a vital business recruitment and retention program for the state, often preventing existing businesses from moving out of state and attracting new businesses to Washington. CERB's economic development mandate requires that all projects approved by the board demonstrate significant job creation, job retention, or significant private investment outcomes.

Areas of high unemployment receive reduced interest rate loans from CERB to incentivize job creation where it is most needed. A continuation of CERB's funding, at \$25 million for the biennium, will provide the critical gap funding to make local economic development projects a reality. CERB primarily provides gap funding that leverages other local, state, and federal funds and private investments.

CERB investment in a community is not only in support of businesses, job creation, private investment, and increased tax revenue. CERB's investment has many ancillary benefits when it invests in a community, such as:

- Housing and Homelessness
- Health Care and Mental Health Care
- Education

2013-19: 95* CERB funded Planning Studies (Assumptions: 2/3's of the original studies could return to CERB construction funding at an average of \$1.2 million per project.)

Results:

61 Construction Projects

\$73.2 million CERB Construction Funds

\$517 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)

\$732 million leveraged private investment (2017-19 average: \$10 per \$1 CERB)

10,028 Full-time Jobs (2017-19: \$7,299 cost per job)

Project Development Pipeline:

44 - \$57.2 million, Construction Projects

16 - \$600,000 Planning Projects

60 - \$57.8 million Total

Results:

44 Construction Projects

\$57.2 million CERB Construction Funds

\$404.9 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)

\$572.7 million leveraged private investment (2017-19 average: \$10 per \$1 CERB)

7,847 Full-time Jobs (2017-19: \$7,299 cost per job)

\$131 million** – Total Pipeline Projects

Results:

105 Construction Projects

\$131 million CERB Construction Funds

\$926.1 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)

\$1.31 billion leveraged private investment (2017-19 average: \$10 per \$1 CERB)

17,947 Full-time Jobs (2017-19: \$7,299 cost per job)

**Economic Development and Broadband Planning*

***does not include rural broadband construction projects*

CORE CERB Projections:

Based on the 2017-19 averages, an additional \$25 million would result in the following:

22 Construction Projects (\$24.2 million)

16 Planning Projects (\$800,000)

\$176.75 million leveraged local match (2017-19 average: \$7.07 per \$1 CERB)

\$250 million leveraged private investment (2017-19 average: \$10 per \$1 CERB)

23,719 Full-time Jobs (2017-19: \$7,299 cost per job)

2017-19 CERB Biennial Review: <https://deptofcommerce.app.box.com/v/cerb201719biennialreview>

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

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 percent 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, rural communities within urban counties have increased opportunity to use 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 \$25 million in loan funds will leverage more than \$330 million in private investment (\$22 private investment per \$1 CERB – 5 year average) and create and retain a minimum of 1,420 permanent jobs (1 job for every \$10,557 CERB – 5 year average).

The \$25 million requested will support the creation of permanent, high-wage jobs in the state, recruit and retain businesses, and support economic vitality statewide. By taking no action, rural communities would have one less prospect for investment that will increase resiliency, and promote collaboration and innovation.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

The demand for CERB funding exceeds resources available. If funding is not received or partial funding, it would make an impact in addressing this demand. Due to the increase in funded planning grants, since 2013, CERB has a pipeline of thoroughly vetted projects ready for the next stage of investment, which supports the economic, environmental, and social needs of local governments, federally recognized tribes, and their residents.

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

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 (1670), and 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 and 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 27 projects under contract with an additional 11 jurisdictions that have been approved for funding and are working on the conditions necessary to go to contract.

Refer to pipeline information provided in question #1.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. CERB projects are required to have a matching component and will attract additional project investment. Specifics vary, as individual projects each have a unique situation regarding other funds.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure.

Authorizing funding for the 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.

This funding supports the Governor's Results Washington Goal 2: Prosperous Economy and related outcomes:

Increasing Access to living wage jobs: CERB will 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 1,420 jobs.

Ensuring Access to Quality Healthcare: Approximately 98% of businesses supported by CERB's investment provide healthcare to their employees and dependents.

Increasing the Economic Security of Washingtonians: CERB's investment supports businesses who hire full-time positions and pay higher than the current county median. This allows an employee to investment of themselves into a company and into their future.

Reducing Homelessness: As stated above, CERB's investment supports businesses who hire full-time positions and pay higher than the current county median. Sustainable higher wage jobs, ensure that housing can be paid for.

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, and specifically identifies that between 2012 and 2018, 1,264 permanent private-sector jobs were created. An additional 5,945 construction jobs were created from the public and private facilities construction associated with CERB funded projects. (<https://www.commerce.wa.gov/wp-content/uploads/2013/01/2018-CERB-Legislative-Report-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 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. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

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

As stated above, CERB investment in a community is not only in support of businesses, job creation, private investment, and increased tax revenue. CERB's investment has many ancillary benefits when it invests in a community, such as:

Housing and Homelessness – Investing in a stable future

- Sustainable higher wage jobs, ensure that housing can be paid for.
- Instills confidence that they can afford a home long-term.
- Builds confidence and self-reliance.

Health Care and Mental Health Care – Investing gives access to health care

- Jobs that provide: medical benefits and sick time and vacation leave
- Wages that allow for payment of co-pays & prescriptions.
- Removes a barrier to medical services.

Education – Investing in parents

- Gives children stability.
- Gives children hope for the future
- Gives the community a future workforce.

The investments from the CERB account are an economic powerhouse – OFM's prior years' conservative estimate of 10.89 construction related jobs for each \$1 million CERB invested underestimates the job creation from CERB investment. 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 33:1 ratio.

RCW that establishes grant (if applicable): 43.160

Application process used (grants; if applicable):

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.

Prospective Development Construction Loans (PD). PD loans are available only to rural counties/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.

Planning Program provides limited funding for studies that evaluate high-priority economic development projects. These projects target job growth and long-term economic prosperity and can include site-specific plans and studies related to:

- Economic Feasibility
- Environmental impacts
- Capital facilities
- Land use
- Permitting
- Marketing
- Project engineering
- Site planning
- Broadband

Is a project list available? If so, please attach and/or include this information.

Please refer to pipeline information in question #1.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 887	\$10,000,000				
Fund 355	\$15,000,000				
Total	\$25,000,000				

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Total					

Contact	
Preparer Name:	Janea Delk, CERB Executive Director
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360-252-0812
Date:	August 25, 2020

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Pacific Tower Capital Improvements
Project Class/Type	Grant
Agency Activity:	A025: Agency Administration

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The State of Washington, through the Department of Commerce (department), is legally obligated to pay for capital improvement costs associated with the proportional use of the Pacific Tower campus, as specified in the lease agreement with the Pacific Hospital Preservation and Development Authority (PHPDA).

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

In 2018, the PHPDA hired consultants to develop a 20-year capital improvements plan based on the current condition of the facility and the life expectancy of equipment. The plan outlines the estimated capital costs for each calendar year and is updated annually. The plan includes costs for capital improvements such as HVAC, elevators, electrical equipment, exterior brick, exterior windows, exterior hardscapes, and roofs. The department is obligated to pay for its proportional share of these capital improvements, as agreed upon in the lease between Commerce and the PHPDA.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

In the lease agreement with the PHPDA, the department is legally obligated to pay for its proportional share of all capital improvement costs (see attachment: Pacific Tower Capital Maintenance Plan). Section 9.2.9 of the lease states:

"Notwithstanding anything to the contrary in this Lease, costs for Capital Improvements incurred by Landlord for the exclusive benefit of the Tenant with respect to the maintenance, operation, repair and replacement of the Premises or the Property (excluding the interior of the Reserved Space) shall be paid one hundred percent (100%) by Tenant. Any costs for Capital Improvements incurred by Landlord with respect to the maintenance, operation, repair and replacement of the Premises or the Property (excluding the interior of the Reserved Space) that are not for the exclusive benefit of the Tenant will be billed pro rata to Tenant consistent with section 9.2.7."

If funding is not secured, it would prevent the department from meeting its legal obligations to the PHPDA, which would create additional risk to the state and possible litigation.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This request covers estimated costs of needed Pacific Tower capital improvements for calendar years 2021 through 2022. Each year's costs are for the following purposes (see attachment: Pacific Tower Capital Maintenance Plan.xls):

2021:

- Elevator Modernization – Tower
- Exterior Brick – East Elevation
- Exterior Windows - 9S13, 11S13 & 10W05, 11W05 & 10W11, 11W11 & 13W10, 13W11
- Wood Windows Re-condition & Repaint – Drop 3
- Roofs - Canopy B1NW, 7SE, 7SW

2022

- Exterior Brick – North Elevation
- Exterior Windows - 1S04, 7S04
- Wood Windows Re-condition & Repaint – Drop 4
- Roofs – 8SE, 8SW

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

This budget request will provide the full funding necessary to meet the state's legal commitment as agreed upon in the lease between the PHPDA and the State of Washington, through the Department of Commerce.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

There were no alternatives explored. The department is legally obligated to cover the cost of capital improvements associated with the department's use of the Pacific Tower campus. The PHPDA's capital maintenance plan identified the estimated cost and timing of various capital maintenance needs beginning in calendar year 2018 and updated annually.

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

The PHPDA and the department's current sub-leased tenants of the Pacific Tower.

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

The funding identified in this budget request is specific to the amount owed by the State of Washington, through the Department of Commerce, for the proportional use of the Pacific Tower campus as identified in the lease agreement between the PHPDA and Commerce. The Pacific Hospital will be responsible for the costs of the maintenance associated to their proportional use of the campus.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

N/A

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

N/A

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

N/A

RCW that establishes grant (if applicable):

Application process used (grants; if applicable):

Is a project list available? If so, please attach and/or include this information.

Expenditure calculations and assumptions – Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057-1	\$1,165,000	\$3,500,000	\$1,273,000	\$1,412,000	\$1,630,000
Total	\$1,165,000	\$3,500,000	\$1,273,000	\$1,412,000	\$1,630,000

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund	0	0	0	0	0
Total					

Contact

Preparer Name:

Assistant Director Approval?

☐

Preparer phone number:

Date:

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Rural Broadband Infrastructure Investments
Project Class/Type	Grants
Agency Activity:	A035 Community Economic Revitalization Board (CERB)

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The Community Economic Revitalization Board's (CERB) Rural Broadband Construction Program is provides low-cost financing to local governments and federally recognized Indian tribes to build high-speed, open-access broadband infrastructure. CERB requests \$15 million in resources to construct public broadband infrastructure that will foster community and economic development in rural and underserved communities, serve the growing needs of local education systems, increase local connectivity and resiliency in Washington's communities from the State Taxable Building Construction Account.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

CERB request \$15 million in resources to construct public broadband infrastructure that will foster community and economic development in rural and underserved communities, serve the growing needs of local education systems, increase local connectivity and resiliency in Washington's communities from the State Taxable Building Construction Account. CERB's Rural Broadband Construction Program allows local governments and federally recognized tribes to own their own broadband infrastructure. They can then lease the capacity to one or many internet service providers, who ultimately provide retail internet service to the end user. This program has changed the conversation with local governments, federally recognized Indian tribes, and the internet service providers, and opened new opportunities for local innovation.

As funding recipients repay loan funds to CERB, those funds will return to the Public Facility Construction Loan Revolving Account and can finance other public infrastructure related to economic development.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

Much of today's world runs at the speed of light. Essential services, such as our 911 emergency system, banking, and transferring prescriptions from the doctor's office to the pharmacy require high-speed broadband internet connections. Most recently, a majority of workers are teleworking and kids are attending school online Yet today, 2.8 million Washingtonians lack connectivity of at least 25/3 Mbps

(Measurement Labs, 2020) which is the minimum speed the Federal Communications Commission states is needed to be considered served.

The picture is grim for many of the small farming towns of southeastern Washington, where cell phone service is spotty, and internet is only available through the over-capacity and tediously slow satellite services. Surveys to evaluate the need show that 61 percent of Asotin County residents lack access to broadband internet. In Whitman County, where Pullman has universal access to the fiber optic lines, 88 percent of rural residents have no access, and none of Garfield County residents can access the fiber running through their main street, fiber built to serve lucrative markets in larger cities. -Rep. Mary Dye, September 7, 2017 (<http://huckleberrypress.com/fight-continues-bring-broadband-rural-washington/>)

As classrooms become digital, a lack of broadband access makes it difficult for kids to complete homework assignments and research projects. Most of our students are required to attend class and submit homework online, their books and materials are also digital. The State continues to invest in the equitability of education across the State. An investment in rural broadband is an investment in long-term economic development and rural resiliency that will enrich the state's educational system, and expand markets for local businesses. The State will be investing in today's students and our future workforce.

Since 2013, Core CERB has funded 16 rural broadband planning studies: (Assumptions: these communities could return to CERB construction funding at an average of \$902,333 per project.)

Planning Study Results:

- 16 Construction Projects (average cost per project \$920,333)
- \$14.7 million CERB Construction Funds
- 16,577 connections (average cost per connection \$904)
- 80 ISPs (average # of ISPs per project 5)
- \$28.5 million Annual Economic Benefit (\$1,850 per household connection)

Project Development Pipeline Results:

- 17 Construction Projects
- \$23.3 million CERB Construction Funds
- 25,725 connections (average cost per connection \$904)
- 85 ISPs (average # of ISPs per project 5)
- \$44.3 million Annual Economic Benefit (\$1,850 per household)

\$38 million Total Pipeline Projects

Results:

- 33 Construction Projects
- \$38 million CERB Construction
- 42,302 connections (average cost per connection \$904)
- 165 ISPs (average # of ISPs per project 5)
- \$72.8 million Annual Economic Benefit (\$1,850 per household)*

**2018-2020: 93% of all estimated connections funded by CERB are household connections*

Rural Broadband Projections: Based on the 2018-20 averages, an additional \$15 million would result in the following:

- 16 Construction Projects (average cost per project \$920,333)
- 16,577 connections (average cost per connection \$904)
- 80 ISPs (average # of ISPs per project 5)
- \$28.5 million Annual Economic Benefit (\$1,850 per household connection)*

**2018-2020: 93% of all estimated connections funded by CERB are household connections*

2018 CERB Rural Broadband Legislative Report: <https://www.commerce.wa.gov/wp-content/uploads/2013/01/cerb-2018-Rural-Broadband-Leg-Report-2018.pdf>

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

Broadband infrastructure projects that are located in a rural community, or rural county, encourage, foster, develop, and improve broadband within the state in order to:

- Drive job creation, promote innovation, and expand markets for local businesses; or
- Serve the ongoing and growing needs of local education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and
- Improve accessibility for underserved communities and populations.

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

When an internet service provider builds and owns the broadband infrastructure, they generally try to recapture their return on investment in 2-4 years. This model makes the price for the retail end user much higher.

When a local government or federally recognized tribe builds and owns the broadband infrastructure, they generally try to recapture their return on investment in 15-20 years. This model makes the price for the retail end user much more affordable.

CERB's Rural Broadband Construction Program helps the local government or federally recognized tribe finance the construction of the infrastructure with low-interest loans, and may make grants in unique circumstances. By allowing the local government or federally recognized tribe to extend the recapture time for their return on investment, communities can expand their network infrastructure at a pace that suits their own unique needs.

With a local government or federally recognized tribe owning the infrastructure, this allows the network to be open access, therefore, there are more options for the end user to choose from. This competition helps drive the price down for the end-user.

This \$15 million request will support connectivity in rural underserved communities, at a lower connection cost, open-access networks, and support community economic vitality statewide. By taking no action, rural communities would have one less prospect for investment that will increase resiliency and promote collaboration and innovation.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

CORE CERB can fund broadband infrastructure strictly for economic development, by way of private job creation/retention, private investment, and increased tax revenue. This is a heavy lift for broadband infrastructure, as a community must prove the viability of a broadband project to create jobs and allow private business to expand. This places communities in a soft position to respond to a business need, rather than a communities' growing need for broadband infrastructure services.

The Rural Broadband Construction Program has a more holistic community development approach that includes economic development and business use, as well as local education systems, health care system, public safety system, governmental operations, and citizens. This places communities in a strong

position to respond to their unique broadband needs, and expands opportunities for local innovation and community development.

Demand for CERB exceeds resources available. If funding is not received or partial funding, it would make an impact in addressing this demand. Due to the increase in funded planning grants, since 2013, CERB has a pipeline of thoroughly vetted projects ready for the next stage of investment, which supports the economic, environmental, and social needs of local governments, federally recognized Indian tribes, and their residents.

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

- Cities and Towns
- Counties
- Federally Recognized Indian Tribes
- Municipal Corporations
- Public Port Districts
- Quasi-Municipal Corporations
- Special Purpose Districts

Refer to pipeline information provided in question #1.

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

It is unusual for a project to be fully funded by one source, and frequently multiple sources are necessary to complete a project. CERB projects are required to have a matching component and will attract additional project investment. Specifics vary, as individual projects each have a unique situation regarding other funds.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. Specifically, this proposal supports two strategies within these goals:

- Provide economic stimulus through sustainable infrastructure and clean energy investments.
- Create digital equity and connectivity through broadband.

This funding supports the Governor's Results Washington Goal 2: Prosperous Economy and related outcome

Increasing Access to living wage jobs: CERB will 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 1,420 jobs.

Ensuring Access to Quality Healthcare: Approximately 98% of businesses supported by CERB's investment provide healthcare to their employees and dependents.

Increasing the Economic Security of Washingtonians: CERB's investment supports businesses who hire full-time positions and pay higher than the current county median. This allows an employee to investment of themselves into a company and into their future.

8. For IT-related costs:

- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

CERB is dedicated to the long-term sustainability of Washington's communities, investing in public infrastructure using new and innovative technologies. CERB's construction loan program provides a strategic tool that supports these goals.

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

CERB's rural broadband investment has many benefits and tackles many issues, when it invests in a community, such as:

Economic Issues related to home broadband:

- Broadband access boosts access to jobs
- Connectivity helps with global competitiveness
- Discounted Internet programs help with access to information and services
- Having home broadband improves household income

Education issues related to home broadband:

- The Internet is required for homework
- Families without home Internet are less connected with schools
- Low-income families report that the Internet is very helpful for schoolwork
- Teachers are slow to use edtech in lessons when students don't have home access
- The gap is wider than teachers think

Health care issues related to home broadband:

- Wealthier, more educated people use the Internet for health care questions
- Shopping for health insurance can be difficult without home broadband
- Lower-income youth may need Internet health information the most
- Most teens use the Internet for health information

Broadband expansion is closely tied to America's economic, educational, and health outcomes. And yet 30 percent of American homes still lack high-speed Internet access, and America ranks behind many of our global economic competitors in the percentage of homes connected to broadband. Closing the gap between homes that have broadband and those that do not should be a national priority. Modernizing and reforming the Lifeline program to include a broadband option is one step that can and should be taken to help close this critical gap.

The Benefits of Broadband Expansion to America's Economy, Education, and Health: A Policy Brief by Common Sense Kids Action

(https://www.common sense media.org/sites/default/files/uploads/benefits_of_broadband_expansion_to_america0s_economy_education_and_health-cska-2015_1.pdf)

The investments from the CERB account are an economic powerhouse – OFM's prior years' conservative estimate of 10.89 construction related jobs for each \$1 million CERB invested underestimates the job creation from CERB investment. 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 33:1 ratio.

RCW that establishes grant (if applicable): 43.160

Application process used (grants; if applicable):

Applicants submit loan funding requests to build broadband infrastructure in rural underserved communities linked to community and economic development. 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.

Rural Broadband Construction Loans (RB). RB loans are available only to rural counties/communities with a rural broadband feasibility study that demonstrates:

- The project's value to the community, including evidence of support from affected local businesses and government;
- The project's feasibility, using standard economic principles;
- Commitment of local matching resources and local participation;
- The project's inclusion in a capital facilities plan, comprehensive plan, or local economic development plan consistent with applicable state planning requirements; and
- The project's readiness to proceed.

The RB program also requires a committed internet service provider at the application.

Is a project list available? If so, please attach and/or include this information.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 355	\$15,000,000				
Total	\$15,000,000				

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund					
Total					

Contact	
Preparer Name:	
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	
Date:	

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Library Capital Improvement Program (LCIP) Grants
Project Class/Type	Grants
Agency Activity:	A096 - Community Development Block Grant (CDBG)

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

The Library Capital Improvement Program provides state capital grants to local governments for acquisition, construction, or rehabilitation of their public library facilities, with priority to those listed on registers of historic places and/or located in distressed or rural counties. Investing in public libraries is essential. They often provide the only accessible and free community support and services otherwise unavailable to the public, such as internet and computer access.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

In [Section 1053, Chapter 413, Laws of 2019](#), the Library Capital Improvement Program (project #91001239) received \$12.8 million for its first capital appropriation for eleven (11) local public library capital improvement projects and established the program with an appropriation of \$40 million for future biennia. The Department of Commerce (department) is also required to submit a prioritized list of recommended projects not to exceed \$10 million to the Governor and Legislature by October 1, 2020, for inclusion in the department's 2021-2023 biennial capital budget request.

The Library Capital Improvement Program establishes a competitive grant program providing libraries operated by governmental units as defined in [RCW 27.12.010](#) with capital funding for acquisition, construction, or rehabilitation of their public library facilities. Grant assistance may not exceed 50 percent of the total project costs and no more than \$2 million per project. The Department established a Library Capital Improvement Program Advisory Committee to assist the department by establishing program criteria and reviewing and ranking project proposals. Projects listed on a local, state, or federal register of historic places and those located in distressed or rural counties received priority in the rating and ranking process.

Capital funds will be required in the 2021-2023 biennium to support the efforts of the legislature and meet the need to invest in public libraries ensuring all Washingtonians have access to a wide range of free community support and services. Public libraries often provide the only accessible and free community support and services that are otherwise unavailable to the public, such as internet and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or

other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

A total of 33 applications totaling over \$24 million in funding requests were received through the solicitation process. Of the requests, 18 projects are located in distressed or rural areas and five are on historic properties. Investing in public libraries assists communities in reducing barriers and providing equitable access to much needed community support and services for everyone, especially in public libraries located in distressed or rural areas where libraries often provide the only accessible and free community support and services otherwise unavailable to the public.

Low-income and distressed communities will receive expanded and improved access to community support and services such as internet and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes. Community residents will receive support and services which expand employment opportunities and enhance educational or recreational opportunities as a result of these projects.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

State grants may be used for acquisition, construction, or rehabilitation of public library facilities. Projects must result in a distinct, usable phase.

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

Not taking action would delay projects and result in the department not meeting its statutory obligation, but most importantly, the state would miss an opportunity to support public libraries and their central role they play in communities, especially in distressed and rural areas.

The public library is the primary, and in some cases the only, public space that is accessible and free, providing a wide range of community support and services that would otherwise be unavailable to the public. Lack of adequate funding for libraries will impede efforts to reducing barriers and providing equitable access to much needed support, services, and opportunities that a public library is able to offer to its community resulting in fewer employment, educational, or recreational opportunities.

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

The Department of Commerce is required by [Section 1053, Chapter 413, Laws of 2019](#) to establish a competitive process to solicit proposals for and prioritize projects whose primary objective is to assist libraries operated by governmental units as defined in [RCW 27.12.010](#) with capital funding for acquisition, construction, or rehabilitation of their public library facilities. The department must submit a list of recommended projects up to \$10 million to the governor and legislature by October 1, 2020, for inclusion in the department's 2021-2023 biennial capital budget request.

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

As a result of these projects, community residents, especially those in rural or distressed areas, will receive new or expanded access to improved facilities and a wide range of community support and services only public libraries offer and would otherwise be unavailable to the public such as internet service and computer access, meeting space, early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes.

This request will fund library facility projects statewide. Priority will be given to projects in rural or distressed areas. Additional consideration given to projects in areas of highest unmet need. Of the 33 applications received, totaling over \$24 million in funding requests, 18 projects are located in distressed or rural areas. Of the top 15 ranked projects, totaling up to \$10 million, all but one, the City of Seattle, Green Lake Library for \$1.9 million, are located in a rural or distressed area.

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

By proviso, grant assistance may not exceed 50 percent of the total eligible project costs. The Library Capital Improvement Program Advisory Committee with the department established a match goal for eligible projects of 1:1 match. For every 1 dollar of state funds, 1 dollar of other funding is needed for each project funded. Other matching funds may consist of federal, state, local, private, cash, the value of real property when acquired for the purpose of the project, and in-kind contributions.

Additionally, the execution of a grant of state funds for the construction, acquisition, or rehabilitation of public library facilities may be given only after matching funds are committed. Applications that provide a higher level of project readiness by identifying committed match at application will receive additional points in the evaluation process and will have a greater likelihood of being awarded funds. Projects that had secured match at application were given a higher score in the readiness category.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

The 2021-2023 Commerce Strategic plan is rooted in two focus areas: Equity in Community Development and an Equitable Economic Recovery. This proposal provides economic stimulus through reliable infrastructure investment, and promotes community development by funding education and social service facilities.

This request is also consistent with the Governor's Results Washington priority of promoting healthy and safe communities.

8. For IT-related costs:
- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?
 - Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
 - Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

N/A

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

These grants will be subject to requirements under [RCW 39.35D](#), which requires all major facility projects of public agencies receiving any funding in a state capital budget to be designed, constructed, and certified to at least the Leadership in Energy and Environment Design (LEED) silver standard or receive an exemption from Commerce. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money and improve energy efficiency performance.

LEED is a green building certification program developed by the nonprofit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

These grants will be subject to requirements under [RCW 39.35D](#), which requires all major facility projects of public agencies receiving any funding in a state capital budget to be designed, constructed, and certified to at least the LEED silver standard. This requirement is to ensure that public buildings are built and renovated using high-performance methods that save money and improve energy efficiency performance, furthering to mitigate the effects of climate change, strengthen the resiliency of communities and the natural environment.

According to the USGBC, [buildings represent 41 percent of total U.S. energy output](#), USGBC's LEED rating system helps achieve buildings that use less energy and fewer resources, and have a lower carbon footprint.

Additionally a variety of the grants will strengthen community resiliency through the restoration of historic buildings that will preserve the aesthetic and cultural history of the area, maintain a sense of heritage, and offer opportunities for a community's future.

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

Local governments are taking extraordinary measures to protect their residents during the COVID-19 pandemic while continuing to provide the basic services communities rely on. This program provides the state an opportunity to support public libraries and their central role they play in communities, especially in distressed and rural areas. These projects will assist communities with their economic recovery efforts, in ensuring their residents have reduced barriers and equitable access to, in some cases the only, public space that is accessible and free, providing a wide range of community support and services that would otherwise be unavailable to the public, including: internet service and computer access, meeting space,

early literacy and language programs, after-school and educational programs, senior services, and voter registration and ballot boxes. Lack of adequate funding for reliable infrastructure, such as libraries, is a detriment to the services and opportunities a public library offers. Libraries play a vital role in communities:

- Enhancing educational and recreational opportunities,
- Expanding employment opportunities,
- Accommodating growth and promotion of economic development and business opportunities, and
- Improving the overall quality of life of its residents.

It is especially critical now to fund libraries due to increased demand for their community support and services from those suffering unemployment, lack of child-care, and/or access to internet or computer services in response to the COVID-19 emergency.

RCW that establishes grant (if applicable): Established in Section 1053, Chapter 413, Laws of 2019

Application process used (grants; if applicable):

Is a project list available? If so, please attach and/or include this information. Yes, attached is the 21-23 Library Capital Improvement Program Project List.

Expenditure calculations and assumptions – Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057-1	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$0
Total	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$0

FTE's: (Fund)

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 057-1	1.0	1.0	1.0	1.0	0
Total	1.0	1.0	1.0	1.0	0

Contact	
Preparer Name:	Tina Hochwender
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360.515.8074
Date:	08/26/2020

Capital Project Request - Narrative Template 2021-2031 Biennial Capital Budget Plan

Section 1

Proposed Title:	Public Works Board (PWB) Broadband Infrastructure
Project Class/Type	Grants/Loans
Agency Activity:	A050 Broadband Capacity Building

Section 2 – Additional Capital Project Request Requirements

Starting year. Identifies the year an agency intends to start the proposed project or expenditures for specific purposes:

Starting Year:	FY22
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Agency summary. This is also known as the project summary or Recsum text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it:

Broadband infrastructure is essential to economic resiliency of business, communities, tribes and unserved residents. A current state survey reveals that 17 percent of respondents in Washington have no broadband access. The Public Works Board (PWB) requests \$80 million to deliver critical broadband infrastructure to unserved homes and businesses in support of education, healthcare, public safety, and job retention and creation. Bridging the digital divide is essential to shared economic recovery statewide.

Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

The Public Works Board (PWB) requests \$80 million to deliver critical broadband infrastructure to unserved homes and businesses in support of education, healthcare, public safety, and job retention and creation. Bridging the digital divide is essential to shared economic recovery statewide.

In 2019, the 66th Legislature passed 2SSB 5511--Broadband Internet Service Access. The enacted legislation recognized that, "achieving affordable and quality broadband access for all Washingtonians requires additional and sustained investment, research, local and community participation, and partnerships between private, public, and nonprofit entities" The Act directed the Public Works Board to establish a competitive grant and loan program to award funding to expand access to broadband service in unserved (defined in statute as 25 Mbps download and 3 Mbps upload or less) areas of the state. Through this action, the legislature identified broadband as a priority activity for community development; economic recovery; and diversity, equity and inclusion and provided \$21.6 million of funding for the Washington Broadband Program.

The appropriation provides for administrative costs and broadband construction grants and loans. PWB Broadband staff completed rulemaking in May 2020, awarded nine planning grants that spring, and opened the first broadband construction funding cycle on July 13, 2020. This cycle closes September 9, 2020 and the PWB will award funding to qualifying projects at a special meeting October 23, 2020. Legislation requires the PWB to post the list of applicants to the PWB Construction Program. The application cycle closes September 9, 2020 with the list being posted shortly thereafter.

The State Broadband Office launched a mapping effort to collect data regarding broadband access and service levels. To date, 17 percent of the 6,272 respondents reported no broadband access and over half, are considered unserved receiving 25Mbps download and 3Mbps upload or less. While rural areas are

particularly challenged, there are also pockets in urban areas that are not receiving broadband at speeds that meet modern broadband service needs.

The divide between those who have broadband and those who do not, as demonstrated by the COVID-19 pandemic crisis, is widening. The majority of statewide educational institutions are moving to remote learning for Fall 2020, if not longer. Underdeveloped broadband infrastructure limits student participation in education (the paramount duty of the state) and interferes with the rapid shift to distance learning. Adequate broadband access is also critical for telehealth and telework, small business adaptability and resilience, and the ability for individuals and businesses to fully participate in a modern global economy.

In early 2020, the PWB initiated an online Broadband Planning Assessment Survey, held meetings with potential applicants and stakeholders across the state, including participation in state Broadband Action Teams (BATs), to listen, learn and collect data on the cost and feasibility to connect middle and last mile homes and businesses in unserved areas. The preliminary data suggests an estimated biennial funding need in excess of \$118 million. This is a conservative number that will likely increase based on emerging data from the State Broadband Office and analysis of the funding cycle for the PWB Broadband construction program.

The PWB Broadband Grant and Loan Program emphasizes readiness and helps foster local, collaborative efforts to develop and fund projects. The ability to fund applicants from both the public and private sectors can provide cost and deployment efficiencies for unserved communities. Eligible applicants are cities, counties, special purpose districts, public utility districts, public ports, tribal governments, non-profit organizations, cooperative associations, multi-party entities comprised of public entity members, limited liability corporations organized for the purpose of expanding broadband access, and incorporated businesses or partnerships.

The requested fund source for this investment is from the State Taxable Bonds Account (Fund 355). In keeping with legislative intent, loan repayments will be redeposited in the revolving State Broadband Account to fund future broadband infrastructure construction projects statewide.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements, or other backup necessary to understand the need for the request. For preservation projects it is helpful to include information about the current condition of the facility or system.

The COVID-19 pandemic highlighted the weaknesses of the State's current broadband infrastructure and demonstrated the critical need for equitable and accessible broadband services. The Washington State Office of Superintendent of Public Instruction reports there are more than 250,000 Washington students, nearly 1 in 4, without broadband access, and 173,000 without an internet-ready device. The last census identified 280,252 seniors living alone and 192,165 Washingtonians without a vehicle and for whom broadband is vital to accessing critical social services and the ability to participate in a digital-work economy.

Broadband is the solid foundation of commerce and community development. Broadband can boost local economies, improve employment access, and expand access to educational opportunities, as well as health care services. Before the COVID-19 pandemic, doctor consultations via videoconferencing were rare or unknown, now they are commonplace. According to a 2019 study by the U.S. Chamber of Commerce Technology Engagement Center, "digital technology increased gross sales for rural small businesses by 17.2 percent during the past three years, representing \$69.8 billion per year." This illustrates that connectivity is significant to economic growth and vitality in rural communities. Research indicates that broadband access can increase job growth for rural communities as much as 1.4 percent. Broadband is also an element of community development and smart infrastructure for the future, including community facilities and traffic management systems.

A conservative estimate of the number of households without broadband service in Washington state is at least 17% based on an ongoing statewide assessment. This leaves a significant percentage of Washington's communities without any choice for broadband access. Relying solely on private broadband investments to unserved areas has not provided sufficient infrastructure to meet the needs of a digital workplace, distance learning, or the digital economy. While public broadband investments are in their infancy, the PWB Broadband Program is designed to guide Washington into broadband maturity.

Broadband is essential infrastructure and an essential service for ensuring access to community services and educational opportunities, for essential public facilities and vibrant community development, and a strong, resilient economy.

Broadband investment ensures the state can meet its educational goals, and the emergent need to provide distance learning for thousands of students who have no, or insufficient access at home. Nationally, the "Closing The K–12 Digital Divide in The Age of Distance Learning" report provides that 50 million students will be learning remotely. Approximately 30% of these students, 15 million, lack sufficient internet, lack a device, or lack both to sustain adequate distance learning from home. There are also 400,000 teachers who are unable to teach remotely, due to lack of internet access.

Rural and tribal areas of the state continue to fall behind urban areas in the capacity to provide education and telemedicine; to meet public health and safety standards; and to stimulate economic opportunity and recovery. Broadband investment creates jobs, attracts businesses, and advances local and regional economies. Based on the Office of Financial Management Input Output Model, an \$80 million investment in broadband would create approximately 2,500 direct and indirect jobs, and \$168 million in economic activity from the production of new goods and services. The majority of this economic benefit is likely to be experienced in rural and tribal communities.

However, the magnitude of these job and economic benefits may be understated. Increased access to the digital tools small businesses need to compete will deliver an even greater economic impact in local economies. Broadband investment will foster new employment and reduce rural unemployment. The World Bank provides that access to distance learning for vocational training or high education can help to raise the average earning potential of rural workers by 29 percent. Further, the Federal Communications Commission (FCC) reports that broadband investments spur economic growth at a greater clip than other infrastructure investment, while the Bureau of Economic Analysis estimates that the digital economy is growing three times faster than the overall economy. Broadband investments can create jobs, but also hold an increased potential for indirect economic and employment impacts.

2. What will the request produce or construct (i.e., predesign or 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. Be prepared to provide detailed cost backup.

This investment will build critical middle and last mile broadband infrastructure in areas that are unlikely to attract private investment, but without will leave hundreds of thousands of Washingtonians lacking, what for many, is a vital lifeline . Both planning and construction projects will provide unserved homes and business, many of which are located in rural and tribal communities, with the broadband accessibility required to connect their community and grow their local economies.

Funds may also be used to support emergency broadband grants and loans for the construction, recovery, and restoration of broadband services to support Washingtonians and public safety. Without continued, sustained public investment many Washingtonians will continue to fall behind their counterparts in educational achievement, job opportunities, and healthcare.

This investment is part of a larger, long-term need to fund unserved households across the state, with a preliminary needs assessment greater than \$2 billion. Based on an \$80 million broadband investment for

rural and unserved communities and an average \$5 million award, PWB could fund construction of approximately 16 broadband projects.

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

Last mile broadband infrastructure in rural and tribal areas does not provide the immediate return on investment necessary to attract private investment. The ability of the state to fund last mile infrastructure allows for robust and competitive partnerships with retail providers and strengthens communities. By funding this request, Washington can:

- Connect K-12 students with the services necessary for distance learning in a safe environment;
- Support individuals seeking post-secondary education or workforce retraining;
- Increase economic competitiveness and business retention in rural communities;
- Decrease the carbon footprint associated with the daily commute, while increasing the capabilities of the current workforce to telecommute and receive telemedicine;
- Increase competition by attracting providers while meeting telecommunications needs for public safety and emergency response; and
- Grow the future workforce and their economic earning potential.

Without state investment in broadband, the market will continue to determine who is served and who isn't. Without broadband investment, communities will suffer economically and the digital divide will widen for individuals in rural Washington. Students in rural and tribal areas may be left waiting to connect, unable to participate in a distance learning environment. The cultural identities of rural communities may fade as people migrate to urban areas to enhance their prospects for work and life. The state economy and global competitive edge will dull without concentrated broadband investments. This is corroborated by the Fiber Broadband Association which found that, "14 gigabit communities enjoyed approximately \$14 billion in additional GDP over other, similarly situated communities."

4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered

Communities work with local providers to encourage broadband infrastructure investment. However, without state investment in broadband, the market will continue to determine who is served and who is not. This is the current status quo and it is an inequitable alternative that creates winners and losers based on population density, and other factors. That is, the immediate return on investment for private providers is diminished by the cost to build, maintain, and operate a network in rural areas and pockets of urban communities. This discourages private sector competitiveness and investment, leaving communities struggling to find alternatives for affordable services at modern speeds.

The request is the best alternative, given the legislative commitment to bring accessible and reliable internet to rural Washington. Funding from the Universal Communications Services Account could be considered. A technical language correction (directing the Utilities and Transportation Commissions which has authority over the account to implement the funds rather than the Community Economic Revitalization Board) could be explored.

Secondly, the 2019-2020 Broadband funding sources was redirected from the Public Works Assistance Account. Infrastructure is critical infrastructure for economic recovery and sustainable vitality. The amount requested in the PWB Traditional decision package, \$130 million, is inadequate to address both traditional infrastructure and broadband infrastructure needs. Both are necessary for Washington's economy and the health and safety of all Washingtonians.

If the funding proposed in this package is secured, the PWB Broadband Program could be a change agent for expansion of broadband services statewide, especially to those unserved. A consistent and reliable level of public resources to the benefit of unserved urban and rural Washington would compel private providers to align their business models with the state's broadband paradigm and enhance Washington's connectivity for the better. By building up rural Washington, we can build out all of Washington.

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

This is a statewide effort to connect all unserved Washington communities and residents to essential broadband services. Based on an analysis of applications for 2019 Broadband funding, an \$80 million investment could fuel access for tens of thousands of Washingtonians. As the program is competitive, it is unknown where the distribution of new services will be located. It is assumed the majority of new households served would be located in rural counties and tribal communities based on the program's focus on rural broadband investment.

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

The PWB Broadband Grant and Loan program requires local or private investment as cost share for each project funded. The state investment in non-distressed areas is no more than 50% of total project costs up to \$2 million. State investment in distressed or severely distressed areas is no more than 90% of total project costs up to \$5 million. Assuming all projects funded are located in distressed areas and cover 90% of project costs, an \$80 million investment would leverage a minimum of \$9 million. Based on an even split in distressed and non-distressed areas, an \$80 million investment would leverage \$44.4 million in other investment.

The PWB encourages applicants to seek federal funds when available and applicable. State statute already authorizes the PWB Broadband Program to serve as grant match or gap funding for applicants seeking federal broadband resources and collaborates with the State Broadband Office to provide technical assistance to applicants pursuing federal funding opportunities.

7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming, and other analyses as appropriate.

This investment aligns with Governor's Results Washington initiative and the Department of Commerce's strategy for recovery planning.

This investment also aligns with the PWB mission to empower Washington communities to build and maintain sustainable infrastructure. Affordable and accessible broadband will support diversity, equity and inclusion in those areas where services are not available: urban, rural and tribal communities. Access to broadband services provides equitable opportunity.

8. For IT-related costs:
- Does this project fund the development or acquisition of a new or enhanced software or hardware system or service?

- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A

If the answer to any of these questions is yes, continue to the IT Appendix and follow the directions to meet the requirements for OCIO review.

9. 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 13 (Puget Sound Recovery) in the 2021-23 Operating Budget Instructions.

In practice, high speed broadband provides the opportunity for remote work thus reducing air and water pollutants. PWB submits project information for the traditional program to the Puget Sound Partnership (Partnership) as a part of threshold review. This process includes consideration and feedback from Partnership staff on whether projects are consistent with the Puget Sound Action Agenda. The Partnership includes information on relevant PWB-funded projects annually in its required reporting to the National Estuary Program. While not a statutory requirement of the Broadband program, it could be adopted as a best practice.

10. Does this project contribute to statewide goals to reduce carbon pollution and/or improve energy efficiency? If yes, please elaborate.

The Environmental Protection Agency reports that the average passenger vehicle emits nearly 404 grams of CO₂ per square mile and the average passenger vehicle emits about 4.6 metric tons of carbon dioxide per year. Investments in broadband create social and environmental benefits that lower carbon emissions.

Broadband investment and adoption facilitate telework, telemedicine and distance learning, all of which take vehicles off already congested roads and significantly reduce vehicle carbon dioxide emissions. This means students are not taking busses, employees are not commuting to work, and more residents have an opportunity to reduce carbon emissions by working from home. This not only directly reduces carbon output by traffic reduction, but reduces wear and tear on streets meaning ongoing maintenance costs can potentially be reduced. That can further reduce carbon emissions from concrete and asphalt replacement as well as the emissions released by trucking construction material to roadways under repair. Fewer cars on the road mean fewer contaminants in stormwater. Research by the Washington State University Stormwater Center indicates that one of the most toxic elements in road runoff to fish species in Puget Sound comes from vehicle tires.¹

11. Does this project mitigate the effects of climate change and strengthen the resiliency of communities and the natural environment? If yes, please elaborate.

¹ <https://www.pugetsoundinstitute.org/2018/09/automobile-tires-seen-as-a-prominent-suspect-in-coho-deaths/>

Broadband technology is a core component of how the PWB aims to reach state energy and climate resiliency goals. A California study provides that broadband will save \$1.9 trillion globally in reduced energy consumption and increased efficiency. Communities with affordable access to broadband infrastructure have the ability to promote societal transformation that can create positive downstream impacts for our changing climate. That is, a community connected with broadband infrastructure can reduce the number of cars on the road, improve conservation and the energy efficiency of our water, sewer, and electric utility systems, and reduce the carbon footprint from agriculture. Investments that promote telehealth, telework, power and transportation efficiency, precision agriculture, e-government services, and green buildings will both strengthen businesses and communities and increase their resiliency.

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

The PWB Broadband Construction Program makes its first awards in October 2020. PWB anticipates awarding all available funding, \$17.8 million, to qualifying projects this cycle. Infusion of funds to the PWB Broadband Program is critical during this time of pandemic and subsequent economic recovery.

According to the Center for Broadband Equity: “America’s economic future depends on our investment in opportunities for everyone and building systems that support innovation. Broadband is now indispensable for almost every facet of society: getting healthcare to hard to reach places, helping our kids learn, building our small businesses and helping them compete; and insuring that we all get the information we need to participate in our democracy. Our economic future depends on everyone having access to this vital resource. Poor communities and communities of color must not be left behind.”

A Federal Communications Commission survey (FCC) shows that the disconnected tend to be older, poorer, less educated, and people of color. Federal statistics show on average 69% of American households have broadband at home, but only 59% of African American households and only 49% of Latino households have broadband. The PWB Broadband Program can be instrumental to bridging the digital divide so that opportunities for education, and community and economic development are available to all residents of the state, thereby promoting statewide resiliency.

Lastly, in terms of economic impact, based on a recent Boston Consulting Group analysis, 3,500 jobs would be impacted (created or saved) for every \$1 billion investment in rural broadband connectivity and improved speeds.

RCW that establishes grant (if applicable): RCW 43.155.160

Application process used (grants; if applicable):

The PWB Broadband Construction Program is competitive. Funding opportunities are noticed on the program website and through social media. Staff conduct significant outreach to inform applicants of the available resources and to attend application workshops. The PWB evaluate projects competitively as they become shovel-ready.

- Staff screens applications for threshold review.
- A list of applications received is published online as required by statute.
- A team of reviewers rate and rank each project application.
- The Utilities and Transportation Commission conducts feasibility assessments of the technical components of applications.
- Staff accept objections or challenges to applications and reviews them.
- The State Broadband Office debriefs denied objections.
- Staff will produce a numerically prioritized list with all information, and present to the PWB for approval.

- The PWB moves to award funding, as available to competitive projects.
- Upon approval, financial underwriting will be conducted and the contracting process begins.

Staff designs and conducts an after-action review to adaptively manage and improve the application process and application materials.

Is a project list available? If so, please attach and/or include this information.

Legislation requires the PWB to post the list of applicants to the PWB Construction Program. The application cycle closes September 9, 2020 with the list being posted shortly thereafter.

Expenditure calculations and assumptions – *Display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the Capital Project Request. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.*

Estimated Total Expenditures:

Account	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Fund 355-1	\$80,000,000				
Total	\$80,000,000				

FTE's: (Fund).

FTEs	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031
Total					

Contact	
Preparer Name:	Karin Berkholtz, PWB Executive Director Shelley Westall, PWB Broadband Program Director
Assistant Director Approval?	<input type="checkbox"/>
Preparer phone number:	360.688.0313 (Karin); 360.764.9038 (Shelley)
Date:	26 August 2020