
SUBSTITUTE HOUSE BILL 3185

State of Washington 60th Legislature 2008 Regular Session

**By House Capital Budget (originally sponsored by Representatives
Appleton, Dunshee, and Crouse)**

READ FIRST TIME 02/12/08.

1 AN ACT Relating to water system acquisition and rehabilitation;
2 adding a new section to chapter 70.119A RCW; and creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that it is the state's
5 policy to maintain the highest quality and reliability of drinking
6 water supplies to all citizens of the state. Small water systems may
7 face greater challenges in this regard because of declining quality in
8 water sources, catastrophic events such as flooding that impair water
9 sources, the age of the system's infrastructure, saltwater intrusion
10 into water sources, inadequate rate base for conducting necessary
11 improvements, and other challenges. In response to these needs, the
12 water system acquisition and rehabilitation program was created through
13 biennial budget law, and through the current biennium has a total of
14 nine million seven hundred fifty thousand dollars toward assisting
15 dozens of water systems to improve the quality of water supply service
16 to thousands of customers.

17 It is the purpose of this act to establish an ongoing water system
18 acquisition and rehabilitation program, to direct a review of the

1 program to date, and to provide for recommendations for strengthening
2 the program and increasing the financial assistance available under the
3 program.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.119A
5 RCW to read as follows:

6 To the extent funding is appropriated, the department shall provide
7 financial assistance through a water system acquisition and
8 rehabilitation program, hereby created. The program shall be jointly
9 administered with the public works board and the department of
10 community, trade, and economic development. The agencies shall adopt
11 guidelines for the program using as a model the procedures and criteria
12 of the drinking water revolving loan program authorized under RCW
13 70.119A.170. All financing provided through the program must be in the
14 form of grants that partially cover project costs. The maximum grant
15 to any eligible entity may not exceed twenty-five percent of the funds
16 allocated to the appropriation in any fiscal year.

17 NEW SECTION. **Sec. 3.** (1) The department of health in consultation
18 with the public works board shall prepare a report on the water system
19 acquisition and rehabilitation program in section 2 of this act and
20 make recommendations regarding strengthening the program and increasing
21 the financial assistance provided through the program.

22 (2) The report shall:

23 (a) Identify the state's policies and objectives regarding water
24 system management, operation, and regulation, including
25 regionalization, satellite management, adequate capitalization, and
26 prevention of the proliferation of small water systems; and

27 (b) Review the program's projects initiated and completed to date,
28 and other state funding assistance for water system acquisition and
29 rehabilitation.

30 (3) The report shall also review and make recommendations on the
31 following:

32 (a) Funding levels and funding sources;

33 (b) The form of assistance provided, whether grants or loans;

34 (c) Funding cycles, including an annual or open cycle;

35 (d) Eligibility of group B systems for assistance;

- 1 (e) Consideration of benefits other than public health or water
2 quality benefits, such as economic benefits;
- 3 (f) Activities that may be funded beyond acquisition,
4 preconstruction design, and construction, including the costs for the
5 agencies to administer the program;
- 6 (g) The project priority setting process and relative priority for
7 funding projects for systems that serve few residential customers;
- 8 (h) Requiring installation of service meters in funded projects;
- 9 (i) Eligibility for grants of municipalities that have not owned
10 and operated a group A water system for at least five years;
- 11 (j) Tiering of project priorities to provide the highest priority
12 to assisting systems with a high public health risk;
- 13 (k) Consideration of the system's rate base and the ability of the
14 households on the system to afford rate increases to fund a portion of
15 the necessary system rehabilitation; and
- 16 (l) Allowing an eligible purveyor that has already acquired a
17 failing water system to be eligible for grants to cover any costs of
18 rehabilitating the failing water system.
- 19 (4) The report shall be provided to the fiscal and water policy
20 committees of the senate and house of representatives not later than
21 January 1, 2009. The report shall include a survey of estimated water
22 system acquisition and rehabilitation program funding needs, based on
23 existing informal survey information and information from local
24 governments, the utilities and transportation commission, and
25 purveyors.

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