



BRIEFLY

By financing infrastructure projects that encourage economic vitality, accommodate growth, and provide the amenities that build better communities, communities will promote investments in job-producing private development and help to expand the tax base for other necessary public services and facilities.

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Build for Vitality

Currently, many communities are in the process of a GMA-required review and update of their comprehensive land use plans.¹ Over the next several years, as part of this process, they will reassess how to accommodate population growth projected for their area and, in particular, how to plan, finance, and build the physical infrastructure – water, sewer, roads, public transportation, electricity, telecommunications – necessary to support additional population. This paper summarizes the basic requirements for capital facilities planning and addresses the issues and challenges facing cities and counties as they update these plans.

Background

Planning for infrastructure is mandatory under GMA and is addressed most directly in two sub-sections of the Act.² First, each comprehensive plan must include a *capital facilities plan element* “consisting of:

- (a) **An inventory** of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities;
- (b) A **forecast** of the future needs for such capital facilities;
- (c) The proposed **locations and capacities** of expanded or new capital facilities;
- (d) At least a **six-year plan** that will **finance** such capital facilities within projected funding and
- (e) A requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are **coordinated and consistent**. Park and recreation facilities shall be included in the capital facilities plan element.”³

In a similar vein, the Act requires all comprehensive plans to include a *utilities element*:

“A utilities element consisting of the general location, proposed location, and capacity of all existing and proposed utilities, including but not limited to electrical lines, telecommunication lines, and natural gas lines.”⁴

Capital facilities planning has been a major challenge for local jurisdictions and they have come a long way since the early 1990s when the Act was first adopted, say state officials. Even so, more effort and greater specificity will be needed as they update their plans – better inventories, more well-defined projects, and more realistic sources of funding. Currently, when no one knows where to find the money for a particular project, planners often simply cite as default funding source over-subscribed federal and state grants – money that is rarely there. In the future, planning reviews will increasingly focus on assuring realistic capital funding plans.



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Adequacy of Planning Resources

Planning in most urban communities has been pretty thorough, say state officials. Funding and staff have generally been adequate for the job, they say. However, greater coordination between local public works departments and planning offices, say representatives of the real estate and development community, will improve an area's ability to prioritize infrastructure projects in a way that better accommodates growth and development. In rural and smaller urban communities, where there is less infrastructure, the capital facilities planning process has been less complicated, and these communities appropriately have fewer staff devoted to the effort. These staff, because they wear several hats, are often more broadly knowledgeable of their community's issues, needs, activities, and plans, say state planners.

Funding: The Primary Challenge

The main challenge for most local communities throughout the state is the lack of sufficient funds to accomplish all of the capital construction that is needed over the next five to ten years. Popular support over the last decade for various forms of government spending control and tax relief have resulted in a legislature reluctant to promote any new or added taxes and anxious to demonstrate their ability to "live within their means." With the added effects of what most anticipate will be a prolonged economic recession and political gridlock on the state's major transportation projects, the fallout for local government is not only to defer capital construction projects, but also to close existing facilities – the most well-publicized being park closures in King County.

Levels of Service

Here's the rub, though. The GMA requires cities and counties to:

*"ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards."*⁵

In order to conform, cities and counties have established "levels of service" (LOS) for various infrastructure facilities – basic standards that must be met or demonstrated before a development can be approved. Service levels for various capital facilities present essentially the same issue as transportation concurrency (Note: state law only requires concurrency for transportation, although some communities are applying it to other public facilities). If a proposed project for new housing, for example, or for a new traffic-generating industrial facility results in a community's inability to maintain the level of service it has determined in its comprehensive plan to be desirable, it must do one of three things:

- Lower its standard for the level of service it wishes to provide;
- Revise the amount of growth it will accommodate, or adjust where it can go; or
- Place a moratorium on growth until the level-of-service issues are resolved.

According to a recent white paper published by Perkins Coie LLP, if essential public facilities are not adequate, communities must plan for lower growth.⁶ This creates a potential conflict with other parts of GMA, says Perkins Coie, because local jurisdictions also "have an affirmative duty to accommodate



the population growth allocated to them with adequate buildable lands, densities, regulations, and *capital facilities*,” [emphasis added].

Transportation Concurrency

In the case of transportation concurrency, state growth management law requires that an area’s transportation system have the excess capacity necessary to accommodate additional growth prior to approving development proposals. Due to traffic congestion, the King County Council in recent weeks has made additional parts of unincorporated King County off-limits to development until traffic improvements are begun.

The state Office of Community Development (OCD) says that two areas of the greatest innovation where concurrency is concerned are measuring levels of service and providing remedies for an LOS failure. Some measurement methods can be very complex like volume-to-capacity ratios or operational analysis of key intersections, but “they can help to more accurately measure progress toward a community’s vision for its infrastructure needs,” says David Andersen of OCD. Communities are trying a variety of remedies for a failing LOS, like collecting fees to help pay for projects in the community’s current capital improvement program and traffic demand management programs such as preferential vanpool parking and transit pass subsidies.⁷

Still, according to Perkins Coie, “it is yet unclear whether GMA counties and cities are actually complying with the GMA on public facilities mainly because of the lag between capital facility planning, funding, and implementation.”⁸

Other Emerging Issues

There are several other capital facilities issues that are emerging. These include the legislature’s recent inclusion of parks and recreation areas and secure community transition facilities⁹ as part of the facilities that communities must plan for and accommodate. In addition, infrastructure security issues, with certain exceptions like drinking water supply reservoirs, have still not received much attention, according to local or state officials. With the events of September 11th we have another set of threats that must be factored more aggressively into local and state plans for capital facilities. Although many agree that local and state governments are unlikely to reprioritize funding resources to accommodate facility security, state officials indicate that federal resources for additional infrastructure security are about six months away.

Works-In-Progress

There are several efforts underway at the state level that are intended to assist in the capital facilities planning effort:

An update of the 1998 Local Government Infrastructure Study is due by December 1, 2002. Legislatively mandated, this update is supposed to address all the financing sources available to local governments for infrastructure development and offer recommendations on how to enhance their use.

In addition the Public Works Board has begun a new effort in conjunction with the Transportation Improvement Board that is intended to provide web-based data on public infrastructure systems and projects. The site will allow policy makers and analysts to find information by county on the infrastructure systems (water, sewer, roads, etc.) being planned. Data will be able to be sorted by county, by system, and by year to find project-level information on cost and funding source with an index indicating data reliability. In addition analysts will



be able to aggregate data by system, by county, and by year for analysis purposes.

Finally, the state office of Community, Trade and Economic Development is currently beta testing (in Walla Walla and Cashmere, and at the Port of Vancouver) a new software template for local governments to use in preparing their capital facilities plans and financing schemes and in prioritizing their projects. The state anticipates one more year of testing before making the software available to communities statewide. When the software is finally developed, state officials believe it will:

- Standardize the terminology and processes used for CFPs,
- Save staff time,
- Provide more realistic estimates,
- Encourage more public input,
- Provide more realistic cost estimates and funding requirements, as well as
- Allow the state to aggregate all the local capital facilities needs into a statewide package.

According to the state, the “bottom line” questions are the important ones for communities to consider. After the developer has finished and is gone, planners want to assure that communities have sufficient resources for the additional road capacity, curbs, sewer extensions, and other future costs made necessary as a result of the development. Planners believe that only when adequate facilities and services are provided will newcomers to a community not be blamed for over taxing the community’s basic systems.

Funding Challenges

The 1998 infrastructure study estimated the capital needs at the local level to total \$8.16 billion for the six-year period from 1998 to 2003. At that time, the funding shortfall totaled more than \$3 billion. But these are old estimates. They don’t include new growth projections, heightened needs for infrastructure security, newly required attention to secure community transition facilities, or parks. Neither do they reflect the increased funding challenges presented by the state’s economic downturn, rising unemployment, or passage of I-695 and other citizens initiatives restricting government spending and requiring voter approval of new funding packages.

Private Utility Infrastructure

In addition these estimates do not include any assessment of the infrastructure requirements of essential private facilities. Electric power generation and other energy facilities and advanced telecommunications facilities that allow high-speed Internet access and capacity are necessary to the state’s economic recovery. These private facilities, which are mandated to be part of a community’s comprehensive planning process, are increasingly showing signs of capacity overload. Regulatory processes that are imposed on private service providers have not been updated to accommodate the faster-paced competitive environments prompted by federal deregulation legislation of the 1990s. As a result, regulation is responsible for slowing the flow of private investment dollars for capital improvements and expansion in these industries. Last January, we wrote,

“...the Washington Utility and Transportation Commission (WUTC)...has been slow to process or approve similar [to public systems] price increases for



the state’s investor-owned utilities. As a result, credit rating agencies, like Standard and Poors and Moody’s, have downgraded these companies’ bond ratings raising the companies’ costs of capital and reducing their capacity to invest in new plant and equipment.”¹⁰

Governor Locke’s Competitiveness Council also highlighted industry problems with slow processing and unreasonable charges for right-of-way easements, saying that the state should take into consideration the effect these conditions have on energy and telecommunication consumers. With the growing challenge of finding sufficient funds to pay for necessary public projects, smoothing the state and local systems that are constraining private financial capital investment becomes even more important.

Conclusion

While nearly everyone agrees that more funding is needed to provide the necessary infrastructure, local communities can take important steps to prioritize how available revenues are spent. By financing infrastructure projects that encourage economic vitality, accommodate growth, and provide the amenities that build better communities, communities will promote investments in job-producing private development and help to expand the tax base for other necessary public services and facilities.

(Endnotes)

- ¹ Growth Management Act of 1990, Revised Code of Washington Chapter 36.70A.
- ² Revised Code of Washington Chapter 36.70A.070, sub-sections 3 and 4.
- ³ Ibid. Sub-section (3).
- ⁴ Ibid. Sub-section (4).
- ⁵ Ibid. Sub-section (12).
- ⁶ *The Washington Growth Management Act After Ten Years: The duty to accommodate growth*, The Environment Group, Perkins Coie LLP, January 2002.
- ⁷ “Taking a look at concurrency as part of 2002 update,” About Growth. David Andersen, Growth Management Services, State of Washington, Office of Community Development, Winter 2001-2002.
- ⁸ Ibid.
- ⁹ Residential facilities for civilly confined populations, including total confinement, secure community transition, and court-ordered placement facilities
- ¹⁰ *Responsible Utility Regulation is Key Competitiveness Issue*, Washington Research Council, PB 02-2, January 11, 2002.

