



BRIEFLY

This is the fourth policy brief in a four-part Research Council series on Washington State's infrastructure needs.

Washington's Infrastructure Needs: Governance and Decision- Making

Twin hallmarks of the American system of governance are the separation of powers (into executive, legislative and judicial branches) and the division of powers (among federal, state and local governments). While this structure provides the ample checks and balances designed to keep government open and honest, it also makes it extremely difficult to reach decisions and then to carry those decisions out. Major infrastructure projects can involve all three levels of government, with decisions taking place in legislative, executive and judicial settings. No wonder it can take decades to get projects underway: the third runway at SeaTac Airport got its last permits nearly two decades after the project was first proposed!

In an ideal world, decision-making about infrastructure projects would be streamlined to involve fewer agencies, fewer processes and fewer opportunities for opponents to throw sand in the gears, and the locus of decision-making for each project would be tied to the area benefiting from it. This brief outlines the array of participants in infrastructure decisions, describes some of the challenges inherent in decision-making about projects, and suggests actions that could help bring order to the chaos.

DECISIONS AND PARTICIPANTS

Moving an infrastructure project from concept through construction involves three distinct types of decision: planning, funding and regulating. As shown in Table 1, these decisions reside in a variety of units of government, making the universe of decision-makers quite large.

Planning

Under the Growth Management Act (GMA), the larger and faster growing jurisdictions in the state must create detailed, long-term comprehensive plans that include specific plans for infrastructure needed to support anticipated growth. Individual transportation and utility agencies have capital improvement plans which, if the jurisdiction plans under the GMA, should be tied to the comprehensive plan. Overlaying this local planning are regional plans from Regional Transportation



Table 1. Participants in Infrastructure Decision-Making

	Planning	Funding	Regulating
Highways	State Dept of Transportation RTPOs	U.S. Congress (earmarking) Federal Highway Admin State Legislature State Dept of Transportation RTPOs Private Developers	EPA Army Corp of Engineers State DOE Courts
Roads & Arterials	RTPOs Counties Cities Private Developers	TIB CRAB RTPOs Counties Cities LID participants Voters Private Developers	Army Corp of Engineers State DOE Courts
Sewage Treatment	Regional treatment agencies	Federal grants State grants and loans Ratepayers (directly or through cities and districts)	Federal EPA State DOE Courts
Sewage Collection	Cities Sewer districts Private Developers LID proponents	Cities Sewer districts Private Developers LID participants Ratepayers	State DOE Cities Counties
Water Supply	Regional purveyors Cities Water Districts Private Developers Private water systems	State DOH Cities Water Districts Ratepayers (either directly or indirectly to purveyors) Private Developers Private water system owners	Federal EPA Federal NMFS State DOE State DOH Local health departments

Planning Organizations (RTPOs), water purveyors and wastewater treaters, as well as state plans for highways.

Although state law mandates that the plans at the various levels be consistent with one another, it is easy to see how conflicts and inconsistencies can arise. For example, the state may want to expand the speed and capacity of a highway through a city, while the city’s officials would rather slow the traffic down and improve local access. As another example, a local water utility may want to hook-up additional customers, while the purveyor from which it buys water at wholesale has designated its excess capacity for another use.

The GMA requires that local governments accommodate “essential public facilities” in spite of negative local impacts. In principle, local governments should not be able to draw their own plans in a way to prevent construction of sewage treatment facilities, freeway expansions, airport expansions and other projects planned and built by state or regional agencies.

Funding

As previous briefs in this series show, infrastructure projects frequently use a number of funding sources, each of which has its own decision process. So while a single jurisdiction may plan an improvement, it often must apply to a number of separate agencies for pieces of the funding. Decisions on funding may be made at the executive level, with agencies evaluating and deciding on applications; at the legislative level, with elected officials earmarking funding for specific projects; and even at the electoral level as voters approve bond issues, levies, referenda or LID proposals. Private developers play a role as they decide to go ahead with projects that require them to contribute to infrastructure.

Regulating

Infrastructure decisions made through planning and legislation can be driven or preempted by regulatory bodies. Water and sewer utilities must respond to federal and state regulations about water quality and pollution, and this frequently requires investments the utilities would not otherwise have made. Transportation decisions can be driven by enforcement of the Federal Clean Air Act. Compliance with various environmental regulations can change the scope and design of a project.

Regulatory decisions are initially made by agencies themselves, but those decisions are often challenged through the courts. Courts and judges, at the state and federal levels, are frequently key players in infrastructure decision-making.

LEADERSHIP CHALLENGES FOR INFRASTRUCTURE DECISION-MAKERS

Decision-making about infrastructure investment will never be an entirely rational and straight forward process. Following are some of the challenges faced by participants in planning and decision-making processes.

Big Ticket Items in the Post-Interstate Era

The Interstate highway system was created to provide a national network of freeways, ostensibly over concern about the ability to move military vehicles around the country. Because the system was a high national priority, the federal government provided 90 percent of the funding. By the early 1990s, the final pieces of the system were in place, and the federal government backed off from its aggressive commitment to fund new highways and redesigned its transportation assistance programs.

The effect of the change in federal funding priorities has been to place responsibility for funding highways back on the states. But there is no political or leadership model for funding highway projects that cost in the billions of dollars. Linking costs and benefits across geographical areas is extremely difficult, if not impossible, and tolls only work in certain corridors. Building large freeway projects will inevitably require raising money across the state, and this will not be easy when

communities are accustomed to seeing their state “tax dollars at work” close to home.

Replacement and Retrofit Versus New Capacity

Some of the most expensive infrastructure projects currently under consideration in the state do not promise any substantial new benefits to mobility. For example, while fast growing areas around the state are crying out for expansion of formerly rural arterials and highways, at least \$5 to \$7 billion will likely be spent replacing the Alaskan Way Viaduct in Seattle and the SR-520 bridge across Lake Washington, adding little new capacity.

When most people think of our state’s transportation problems they think of traffic congestion, and yet much of the new money needed will go toward replacement and retrofit, which will do little to alleviate that congestion. Obviously, aging and unsafe structures need to be replaced, but it is much easier to ask for money when the taxpayer will see some congestion relief.

Getting Growth to Pay for Itself.

The GMA clearly states that all jurisdictions must keep up with the infrastructure needs of growth, and the concurrency provisions of the Act give local governments the power to halt growth if infrastructure becomes overloaded. But with most areas feeling that they are still playing catch up on old infrastructure needs, getting support today to fund the anticipated needs of tomorrow will not be easy. Elected officials frequently find it more advantageous to solve an existing problem than to prevent a future one.

In theory, growth should pay for itself, but governments lack the tools to capture the revenues generated by growth and direct them to infrastructure. One study found that a new, \$250,000 home would generate nearly \$22,000 in taxes and fees during construction, but that the majority of that money went into government general funds (Washington Research Council, 2001). The third brief in this series discusses the challenges of using tax increment financing to help growth pay for itself.

Lack of a Truly Regional Voice

An ideal system of infrastructure planning, funding and operation would be built around logical regional service territories. As the Discovery Institute argues, “Services need to be delivered in logical service areas such as watersheds, air sheds, transportation and utility corridors, and along urban growth boundaries, rather than according to increasingly irrelevant political boundaries.” (Discovery Institute, 2003) Unfortunately, just because an area is geographically cohesive or economically interdependent does not mean it is politically unified. Despite many efforts to promote regionalism, our system of government continues to be highly fragmented and localized. Local governments still provide the vast majority of infrastructure and retain important influence over state infrastructure such as highways.

Unlike states, which cover a distinct land area of the country and whose duties are spelled out in the U.S. Constitution, local governments are voluntary and each comprises a group of people more than a land area.

(This distinction is made clear in the tortuous boundaries created during incorporation processes. Proponents draw a line to capture a majority that will support incorporation, regardless of how strange the new city will look on a map). Absent some major unifying force, any new regional government will be an artificial construct and lack the common goals and visions that define cities. Efficiency of service delivery has not proved a compelling reason to create a new, powerful layer of government.

No area in the state has a truly regional government that can pursue regional infrastructure. Regional decisions continue to be made by federated bodies controlled by representatives of local governments. These federated bodies, while often adequate to their designated tasks, present their members with two notable problems. First, as a practical matter, most elected officials serve on a voluntary basis and have little time to devote to regional bodies. Second, regional bodies can ask elected officials to put regional concerns ahead of the concerns of the very people who elected them. Federated bodies also lack a basic accountability loop: voters rarely examine the work elected officials perform as members of regional bodies.

Fragmentation of Agencies

A public works director from another planet would be appalled at the fragmentation of infrastructure agencies in Washington State. The 2002 Census of Governments found, in addition to the state’s 279 cities, 1,469 special districts, most of which provide important public infrastructure. (U.S. Census Bureau, 2002) And this enumeration does not include thousands of private water utilities. Table 2 shows the breakdown.

In rural areas without general purpose governments, special districts serve a useful function in allowing residents to organize and pay for specific services. But in urbanized areas special districts simply add

another layer to an already complex governance structure. In many newer cities special districts continue to operate after incorporation, and it has proved politically difficult to merge them into city government. (Discovery Institute, 2003) At the same time, expensive new regulations in areas such as water quality and homeland security, strain the financial capacity of special districts and even cities.

The existence of special districts in urbanized areas can lead to planning problems. Cities trying to promote infill housing growth have found that hook-up charges levied by water and sewer districts can be prohibitively expensive.

Cities attempting to change local street standards to allow narrower neighborhood streets often encountered resistance from fire departments concerned about emergency vehicle access. While different views on street width can be worked out with a municipal fire depart-

Special District Type	Number in Washington
Fire protection	387
K-12 Schools	296
Water and/or sewer	195
Housing, health and social services	116
Cemeteries	100
Drainage and flood control	93
Parks and libraries	78
Other	204
Total	1,469

Source: U.S. Census Bureau

ment, a separate fire district has little incentive to accept narrower streets. (Economic Development Council of Seattle and King County, 2003)

TOWARD BETTER INFRASTRUCTURE DECISION-MAKING

The current structure of decision-making on infrastructure has evolved over the past century and, as with any long-standing system, will not change easily. Following are three measures that could facilitate better decision-making on infrastructure in the state.

Two-Tier Regional Government

Not all local services and functions would benefit from regionalization. A two-tier structure recognizes that some functions should take place at the regional level and some should stay at the local level. Under two-tier systems, a regional government performs a limited number of regional services, such as regional planning, major arterials, regional parks, sewage treatment and transit, while a complete network of local governments provide only local services.

With a two-tier government, major infrastructure decisions would be made by a regional government that only has responsibility for regional matters and that can, to some extent, override local objections. The regional government would have access to the entire regional tax base so it could raise enough money to fund large projects and have sufficient capacity to support large bond issues. At the same time, the functions that provide the most emotional attachment to local government, such as local planning and zoning, remain with historic cities.

To make a two-tier system work: (a) there must be a clear delineation between regional and local services to minimize conflicts; (b) the regional government must concentrate on functions with overwhelming technical and financial aspects that are clearly beyond the scope of most cities; (c) the regional government must not attempt to take over services with a high degree of local attachment, even if they might be offered more economically; (d) there must be no unincorporated areas that require urban-level services from the regional government.

Regional government is a difficult enough sell on the basis of efficiency and technical competence, but becomes even harder when proposed on the basis of social equity. In other words, to have any hope of adoption, a regional government proposal must offer improved services to everyone in the area, and not suggest redistribution. (Gerald E. Frug, 2002)

Tie Discretionary Funding to Growth

The GMA requires local governments to “accommodate” projected growth, but does not provide many tools or incentives. A common, but probably erroneous, belief persists that residential growth does not pay its way, making local governments leery of investing in infrastructure that would accommodate housing. The various state agencies that provide infrastructure grants and loans could retool their program criteria to emphasize funding infrastructure that facilitates residential growth. Since most state programs operate on a matching basis, this would encourage local governments to steer funding toward the needs of growing parts of their jurisdiction.

Merge Special Districts into Cities

There is no logical reason for utility and fire districts to exist within city boundaries. Merging special districts into municipal governments will allow cities to plan infrastructure investments and financing strategies that support their growth plans. (Economic Development Council of Seattle and King County, 2003) Since special districts are often not coterminous with cities, the merger process must ensure that any part of a merged district outside of the city is not harmed in the process.

Although utilities and fire departments can operate economically at less than a regional level, they do need some economies of scale. It would not make much sense for a very small city to take on utility and fire service. So, where a district serves several smaller cities, it could be merged into the largest city, and the new municipal department could contract for service with the smaller cities.

CONCLUSION: THE WORLD HAS CHANGED, BUT GOVERNANCE HAS NOT

Major public policy changes in the past decade have made the present array of infrastructure decision-making structures highly problematic. Existing agencies can create plans that are technically accurate and useful, but when it comes to setting priorities, making choices and asking taxpayers for money – the basic tasks of leadership – current governance structures provide a poor framework for decision-making. Political exigencies will generally trump good planning.

Citizens of the state will, however, be understandably suspicious of attempts to change those structures. New structures and processes must be perceived as a better way to iron out compromises and deliver what voters want, and not as a way to ram unpopular projects and taxes through. As the proponents of the transportation public-private partnerships learned, Washington's populist tradition will come back to bite any operation that looks too slick. Political repackaging rarely makes an unpopular proposal into a winner.

New governance structures that improve focus, accountability and coordination, combined with some of the tools described in the third brief in this series, have the potential to create a closer tie between infrastructure investments and the benefits they provide. Making that connection will increase the chance that voters will fill in the bubble next to "Yes."



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