Curtain Rises on Multi-Act Olympia Drama

147 legislators return to the Capitol next week to take their places next to the Governor in a performance expected to last at least 105 days. AWC will be in the audience and behind the scenes, bringing you timely information about our progress in advancing your PRIORITIES and sharing information about how you can help - mostly from the comfort of city hall or your home.

You can follow the unfolding drama in our weekly Friday afternoon Legislative Bulletins, Wednesday afternoon CityVoice e-mails, Legislative Advocacy webpage and occasional Action Alerts. We’ll also include reviews and commentary as the performance unfolds so you can evaluate the performances of your favorite or hometown players.

The cast of characters includes new and familiar faces. Some of the leads have changed from past performances, as seen in pre-session briefings by legislative leadership and the Governor before a gathering of reporters in Olympia earlier this week. There are some significant differences on what it takes to meet their obligations to adequately fund K-12 education and all of the other needs. You can read more about those different takes in our new ”Media Time” section that will bring you a weekly sampling of legislative coverage from around the state.

Over the last six months, we worked to help you understand the challenges and opportunities facing legislators and the Governor as they gather in Olympia to balance budgets and meet operating and capital needs while under order from the State Supreme Court to adequately fund K-12 education. Our Operation: Strong Cities campaign includes tools to help you look at what your community needs to function and prosper, as well as encourage you to engage your legislators to be more accountable to these needs. In a video by AWC’s President Francis Benjamin he reminds you of the importance of maintaining this engagement, and you’ll learn more over the coming weeks on how, and when best, to do that. Find Francis’ video under ”Media Time” in your Bulletin email.

During the first week of a fifteen-week session, most of the action will be ceremonial, with the dozens of committees gathering procedural and baseline information. Our Advocacy Team will participate in several briefings about your needs and our priorities. We’ll also be working with an emerging group of legislators in the House, from both parties, who formed a Local Government Champions Caucus. Their goal is to provide a voice within the House to discuss, prioritize and advocate for the importance of keeping cities and counties strong partners in meeting the needs of citizens and businesses throughout the state. Efforts to form a similar bi-partisan caucus in the Senate are underway. You can help energize the voices by asking your legislators to consider joining these informal caucuses.
We’re looking forward to having dozens of mayors in town later next week for a Mayors Exchange that includes a night-before reception with numerous legislators at AWC’s office. We’re gearing up to host hundreds of you in mid-February during our annual City Action Days that will include hearing from the Governor and numerous legislators, as well providing participants with exciting opportunities during the second day on the Capitol campus.

As the drama unfolds, please take the time to do more than just sit back and relax. There’s much at stake for our cities and staying connected and engaged heightens our chances for success!

## Budget and finance

**Governor’s budget proposal scheduled for hearings**
The 2015 legislative session gets underway Monday. As is typical in the odd-numbered years and the longer session of the biennium, the first week or two is often devoted to work sessions and planning. However, the Legislature’s fiscal committees have scheduled meetings this first week to take public testimony on the Governor’s budget proposal that was released in mid-December. You can read about the details of the Governor’s plan in last month’s Bulletin.

AWC staff will have a few minutes to outline our impressions of the Governor’s proposal, including the mostly good news for cities on shared revenues and marijuana revenue, and the not so good news regarding projects slated to be funded from the Public Works Trust Fund. This is the first step in the process for the Legislature to draft a new biennial budget. They will have the next three and one-half months to lay out their own plans for producing a balanced budget for fiscal years 2015-2017 and make another investment in K-12 education as required by the Washington Supreme Court in its McCleary decision. Stay tuned!

**Is your city ready to report 2014 lodging tax uses?**
AWC has updated its lodging tax resource page. Find out how to get access to the new online reporting system and view AWC’s recent lodging tax webinar here.

## Environment and land use

**Septic-to-sewer bill returns - feedback needed**
AWC and several individual cities were heavily involved with a bill last year (HB 2186) that would have provided limitations on city authority to shift homeowners from septic to community sewer. This session, the Washington On-Site Sewage Association (WOSSA) is advancing a different proposal on the same subject. The association is attempting to deal with the rare situation when homeowners are denied the ability to replace a failed septic system with a new one, and instead are required by the city to hook on to community sewer. In some rare instances the cost of connecting to sewer can significantly exceed the cost of septic replacement.
Rather than providing guidance for when a sewer hookup is cost prohibitive, this new approach would make local government bear the cost of the sewer extension that travels within public rights of way. Under this proposal, if an application to install a septic system is declined because of an ordinance requiring sewer hookup, the local government would have to pay to install the sewer line within public rights of way and the homeowner would only be responsible for the costs of improvements on their property and any connection charges.

We expect cities will not support being forced to pay the cost of these extensions, but we could use some specific feedback. Please provide information about how this new requirement would be problematic, which types of extensions would prove difficult to enact under this scenario, technical concerns and any other supportive information.

The specific statutory language is available in this bill draft. Please provide feedback to Carl Schroeder.

Changes to vesting law
The Association of Washington Business is circulating for comment a proposal to amend the state’s vesting laws to address what they believe is confusion generated by the Potala Village v Kirkland case that is currently awaiting potential review by the State Supreme Court. The proposal, linked here, would essentially state that the no statutory codification of the vested rights doctrine supplants the common law vested rights doctrine. Some city attorneys have reviewed this proposal and have concerns that it would inject additional confusion into an already murky part of state law and contradict case law that has been in place since before the Potala Village decision. We would welcome feedback from city attorneys (and others) about this proposal, please contact Carl Schroeder.

Infrastructure
Looking for feedback on bill related to use of apprentices for subsidized public works projects
HB 1038, sponsored by Rep. Jim Moeller (D-Vancouver), requires that for “subsidized public works projects” estimated to cost $5 million dollars or more, at least 15% of the labor hours must be performed by apprentices. The bill defines “subsidized public works projects” to include projects where “one or more parties to the contract for the project received or will receive a loan for the project from the state...” Presumably this includes projects where a city received an infrastructure loan from the state, for example a Public Works Trust Fund or Community Economic Revitalization Board loan.

The bill is being heard by the House Labor Committee next week on Tuesday, January 13 at 1:30 pm. Any input on how this bill would impact cities would be helpful. Please contact Alison Hellberg with comments.
What happened to the Public Works Trust Fund in the Governor’s budget?

When Governor Inslee released his budget we noticed that it only allocated about $70 million for Public Works Trust Fund (PWTF) construction loans, while the Public Works Board had recommended funding about $170 million in projects. Since the Governor’s budget didn’t sweep any of the funds into the general fund it wasn’t clear where the money went. Now we have the answer. In summary, some of the funds were redirected to other programs, but the biggest difference is that the Governor’s office chose not use “acceleration”, a cash-flow management strategy that seeks to maximize the amount of loans going out based on projections of revenue coming in. See below for specific details.

Gov. Inslee’s operating and capital budgets appropriate $110.1 million from the Public Works Assistance Account (PWAA) based on the actual 2015-17 fund balance for the following:

- $69.7 million in the capital budget for the construction loan list (with most projects eligible to apply the federal accounts removed from the list).
- $2.8 million for local infrastructure projects in communities affected by recent disasters (Riverside, Twisp, Brewster, and Pateros).
- $6.4 million for grants and technical assistance provided to local jurisdictions to update comprehensive growth management plans (NOT historically funded from PWTF resources).
- $7.6 million for the Voluntary Stewardship Program administered by the State Conservation Commission (NOT historically funded by PWTF resources).
- $2.8 million for the PWAA administration.
- $8.8 million for the Drinking Water State Revolving Fund match (historically funded from PWTF resources).
- $12 million for the Water Pollution Control State Revolving Fund match (historically funded from PWTF resources).

The additional $89.9 million requested by the Department of Commerce is based on accelerated loan modeling instead of actual fund balance.
Marijuana

Congress effectively ends federal ban on medical marijuana

In December when Congress passed their 1600+ page spending bill they quietly made history by effectively ending the federal government’s prohibition on medical marijuana. Their measure prohibits federal agents from raiding medical retail operations. While the Obama administration has publicly stated this policy for many years, this move actually codifies the policy into law.

What does this mean for legal recreational marijuana? As of now, it is still illegal under federal law. However, under the Cole Memo the Obama administration has directed federal prosecutors to stop enforcing drug laws that contradict state marijuana laws. However, the memo did outline several areas of concern such as distribution to minors and association with illegal activity or criminal enterprises that could trigger federal involvement. We will continue to watch for additional signals from the Department of Justice.

AWC Legislative Contacts

During the legislative session, AWC’s lobbyists often are unable to return your phone calls immediately. If you have a legislative or specific issue question, please request AWC’s analyst staff, or send them an email directly.

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