

# Local infrastructure investment

2025



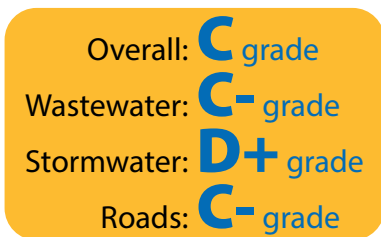
Expand state funding to help maintain and operate city infrastructure and increase funding for the Public Works Assistance Account.

## Background:

City infrastructure is a critical piece of the statewide network that provides safe and equitable access to transportation and clean drinking water, and effective management of wastewater and stormwater in Washington. Building, improving, and maintaining this vital infrastructure is essential to cities' ability to support development, respond to climate change, and serve their communities' most basic needs.

**More than 80% of cities say their aging infrastructure systems need significant repair.** Washington infrastructure continues to suffer from inadequate investment.

**The American Society of Civil Engineers' most recent infrastructure report card graded Washington:**



**Nearly 60% of cities say they need state assistance with infrastructure funding,** and more than 25% report facing significant challenges in meeting grant and loan fund match requirements, as well as public contracting and bidding requirements.

Robust state investments in city infrastructure are critical to the health of the state's economy, improving climate resilience and sustainability, and creating equitable outcomes for the people of Washington.

## Strong cities need:

- **Direct and meaningful state investments** in traditional city infrastructure like drinking water, wastewater, and stormwater, including funding for climate resilience and sustainable technologies.
- **Protected funding** for the Public Works Assistance Account to ensure reliable fiscal support for local infrastructure projects.
- **New and expanded fiscal tools** like a retail delivery fee and the Connecting Housing and Infrastructure Program (CHIP) to preserve and maintain transportation assets and to build infrastructure for housing development.

## Public Works Assistance Account

Cities use a diverse range of financing options to fund their traditional local infrastructure projects, but they rely heavily on the Public Works Assistance Account (PWAA) for state-level funding.

In the latest PWAA construction cycle:

|  |                       |
|--|-----------------------|
| <b>Total requested:</b> 69 projects at     | <b>\$262+ million</b> |
| <b>Total funded:</b> 51 projects at        | <b>\$175+ million</b> |
| <b>Left unfunded:</b> 18 projects totaling | <b>\$87 million</b>   |

Increased and ongoing state funding for the PWAA, with no new diversions, is needed for this essential source of support for cities.

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## Transportation infrastructure

Approximately 70% of city transportation expenditures are sourced from cities' general funds. Only about 5% on average comes from restricted funding, such as a Transportation Benefit District. As a result, road and bridge maintenance competes for funding with public safety and other city priorities. In addition to maintenance and preservation, cities and towns prioritize safety, multimodal access, and carbon reduction, all of which require funding.

Rising costs and competing demands for funding, combined with a decline in revenues and caps on revenue generation tools, like the 1% cap on property tax increases, have led to a structural budget deficit that prevents cities and towns from maintaining and building safe, accessible transportation systems.

**50%** of cities have annual transportation budgets under \$500,000.

**40%** of cities have annual transportation budgets under \$250,000.

**Even with the help of state and federal grants, these dollars do not stretch far enough.**

Cities and towns are looking for new, sustainable sources of transportation funding, such as a statewide road usage charge or a retail delivery fee, to support the costs of maintenance, preservation, and operations.

## Housing infrastructure

Housing and infrastructure are interrelated. The pressing concerns of housing availability and affordability in Washington are driving up demand for the infrastructure that supports growth.

To build this critical infrastructure, cities need new fiscal tools to help finance it. Cities and towns support the state's Connecting Housing and Infrastructure Program (CHIP) and want to see it expanded.

Cities also advocate for expanded authority and flexibility to use real estate excise tax (REET) funds for capital needs, including maintenance and construction of affordable housing. Options include harmonizing REET 1 & 2 and giving cities the ability to set a progressive rate model like that of the state.

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