

Washington State Department of Health Division of Environmental Public Health Office of Drinking Water

Drinking Water State Revolving Fund (DWSRF)

Karen Klocke
Office of Drinking Water




HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

Washington State Department of Health Division of Environmental Public Health Office of Drinking Water

Mission

To protect the health of the people of Washington State by assuring safe and reliable drinking water.



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DWSRF Loan Program

- ◆ Increase public health protection and compliance with drinking water regulations
 - *Funded through U.S. Environmental Protection Agency and state revolving loan funds*
 - *Administered by Department of Health and Public Works Board*

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DWSRF Financing

- ◆ Pre-construction grant program
- ◆ Consolidation feasibility grants
- ◆ Consolidation grants
- ◆ Source Water Protection grants
- ◆ DWSRF 2015 construction loan program (low interest loans)

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DWSRF Pre-construction Grant Program

- ◆ Small water systems facing compliance and infrastructure improvement issues
- ◆ Pre-construction grants up to \$25,000 each, \$305,000 available
- ◆ Applications accepted January 1-31, 2015
- ◆ Contact Eloise Rudolph 360-236-3124

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Consolidation Feasibility Grants

- ◆ Feasibility grants up to \$30,000 each
- ◆ Funding for studies and connection fees
- ◆ Funding available now!
- ◆ Contact Scott Torpie at 360-236-3131

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Consolidation grants

- ◆ Approximately \$2.5 Million will be available for combination loans and subsidy.
- ◆ \$100K per system that is consolidated into an existing municipal system.
- ◆ Applications will be accepted March 1-30, 2015.

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Source Water Protection Grant

- ◆ Drinking water source protection plans, feasibility studies, and hydrogeologic studies; and source protection actions/projects identified as a priority in a water system, local or regional plan
- ◆ \$350K available/\$30K grant/project
- ◆ Money is available now!
- ◆ Contact Corina Hayes (360)236-3114

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DWSRF 2015 Loan Cycle

- ◆ Approximately \$50 million available
- ◆ Loan limits may change, but currently they are:
 - \$12 million per jurisdiction
 - \$24 million for projects involving multiple systems
- ◆ Applications accepted September 1-30, 2015

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Loan Terms

- ◆ **Interest rates** = 1.0 - 1.5% depending on income level of community
- ◆ **Loan fee** = 1%
- ◆ **Repayment period** = 20 years, or the life of the project, whichever is less

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Loan Forgiveness

Subsidy

- ◆ Partial loan forgiveness for communities with high affordability index numbers or water system restructuring projects
- ◆ We expect the subsidy amount in 2015 to be about \$4.2 million

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AFFORDABILITY INDEX

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What Does the Affordability Index Look Like?

- ◆ Actual median household income
- ◆ Proposed loan amount
- ◆ Annual expenses including O&M, existing debt, and reserves
- ◆ Total connections

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How We Figure Your Affordability Index

	Actual MHI	Proposed Loan Amount:	Annual Expenses: Includes O&M, existing Debt and Reserves:	Total Connections:
	\$42,000	\$600,000	\$19,200	42
Interest Rate:	1.50%	1%	1.50%	1%
Principle Forgiveness:	80% Subsidy	80% Subsidy	70% Subsidy	80% Subsidy
	Above	Between	Below	Below
Calculated MHI Range:	\$85,948	\$54,461 → \$64,461	\$64,461 ← → \$38,834	\$38,834
Annual Debt Payment:		\$24,463		
Monthly Debt Payment:		\$2,039		
Monthly O&M:			\$38.10	
Total Monthly Cost:			\$2,077.10	
Water System is:	80%	Water System with an Affordability Index of >1.15% to 2.0%	Water System with an Affordability Index of >2% to 3.5%	Water System with an Affordability Index of >3.5%
	Economically Disadvantaged Affordability Index <= 0.5%			

*Based on the monthly cost and affordability index with a 1.5% loan using the above entries.
 Monthly cost: \$327.44 At: 3.0%

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RETROACTIVE FINANCING

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Retroactive Financing for Municipal Water Systems

- ◆ Must be publicly owned (municipal)
- ◆ Must address:
 - Surface water issue
 - Water quality issue in Risk Category 2 or 3
 - Compliance / enforcement action

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Retroactive Financing for Municipal Water Systems (cont.)

- ◆ Projects constructed after Jan. 2012 score higher
- ◆ Projects constructed before Jan. 2012 score lower

Projects must comply retroactively with regulations and requirements

Retroactive funding is not guaranteed!

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ELIGIBILITY

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Is Your Project Eligible?

Eligible Applicants

- ◆ Group A community systems
- ◆ Group A nonprofit noncommunity systems
- ◆ Group B systems converting to Group A
- ◆ Tribal systems not receiving SRF tribal set asides

Eligible Projects

- ◆ Projects that address a public health risk
- ◆ Projects that upgrade deteriorated facilities

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Applicants Not Eligible

Applicants

- ◆ Group B systems not converting to Group A
- ◆ Group A noncommunity for-profit systems
- ◆ Federal and state-owned systems

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Projects Not Eligible

- ◆ Operations and maintenance
- ◆ Primarily for future growth or fire flow
- ◆ No construction component

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DWSRF Infrastructure Loan Dollars Invested in Washington 1997-2014

\$ 726,920,071.98 for 520 contracts

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THINGS TO CONSIDER BEFORE APPLYING FOR 2015 DWSRF LOAN

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Is Your Project Ready to Proceed?

- ◆ Scope of work clearly defined?
- ◆ Water rights in hand?
- ◆ Right-of-way or property ownership secured?
- ◆ Near cultural site?
- ◆ Project included in WSP or SWSMP?
- ◆ Regional Office involved?

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Water System Planning

- ◆ Proposed project must be included in your approved WSP or SWSMP
- ◆ Plan amendments okay
- ◆ Deadline for plans or amendments is strictly enforced; must be approved by **September 30, 2015**
- ◆ Assistance for preparing your SWSMP is available through:

ERWoW	RCAC
800-272-5981	509-927-6748

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Applicant Financial Viability

- ◆ System able to repay loan?
- ◆ Are water rates appropriate?
- ◆ Is there a reserve account?
- ◆ Other debt?
- ◆ System budget, 6-year plan in place?
- ◆ **Financial viability for small water systems fact sheet (DOH 331-405)**

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Other Factors to Consider

- ◆ Administrative costs of the loan
- ◆ Contracts must be signed **within 60** days of offer
- ◆ Begin construction **within 18** months of signing contract
- ◆ Loan draws are reimbursement based
- ◆ 10% of loan amount retained until final project close out

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DWSRF 2015 APPLICATION

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How to Apply

- ◆ Applications are submitted online
- ◆ No computer?
Paper applications are accepted
- ◆ Questions?
Contact our staff for help

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General Requirements

- ◆ Submit each project separately
- ◆ Meet water system plan submittal and approval deadlines; planning documents must be approved by **September 30, 2015**
- ◆ **Read guidelines carefully for eligibility and scoring requirements!**

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DWSRF APPLICATION PROJECT SCORING

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Project Scoring

- ◆ Scoring based on public health risk
- ◆ *The five risk categories in priority order:*
 - 1: Microbial risk
 - 2: Primary inorganic chemical risk
 - 3: Other primary chemical risk
 - 4: Secondary chemical/seawater intrusion risk
 - 5: Main replacement or distribution improvements

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Project Scoring (cont.)

- ◆ Within each risk category, scoring is based on type of project proposed:
 - New source
 - Source reconstruction
 - Disinfection improvements
 - Filtration
 - Reservoir improvements
 - Other

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Project Scoring (cont.)

Risk Category 1: Microbial Risk

Project	Points
New source	120
Source reconstruction	115
Disinfection improvements	110
Filtration	110
Reservoir improvements	100

To receive a score in this category your project must address: Total Coliform Rule; Surface Water Treatment Rule; Groundwater Rule; uncovered reservoir

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Project Scoring (cont.)

Risk Category 2: Primary Inorganic Chemical Risk

Project	Points
New source	115
Source reconstruction	110
Treatment	105

Examples: Antimony, Arsenic, Asbestos, Barium, Beryllium, Cadmium, Chromium, Copper, Cyanide, Fluoride, Lead, Mercury, Nickel, Nitrate, Nitrite, Selenium, Thallium

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Project Scoring (cont.)

Risk Category 3: Other Primary Chemical Risk

Project	Points
New source	105
Treatment	100

Examples: Trihalomethanes, Radionuclides, Organic Chemicals

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Project Scoring (cont.)

Risk Category 4: Secondary Chemical or Seawater Intrusion Risk

Project	Points
New source	50
Treatment	45

Examples: Chloride, Fluoride, Iron, Manganese, Silver, Sodium, Sulfate, Zinc

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Project Scoring (cont.)

Risk Category 5: Infrastructure Replacement or Distribution Improvements

Project	Points
Distribution reservoir (new/add'l)	40
New source	40
Water main / other distribution project	35
Backflow prevention devices (stand-alone)	30
Pressure reduction devices (stand-alone)	25
Security measures (stand-alone)	20
Treatment plant discharge improvements	5

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Bonus Points

	Points
Restructuring (consolidation)	3 per system
Regional benefit (up to 5 pts)	1 per Group A
Multiple benefit (up to 4 pts)	1 per risk category
Service meter installation	2

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STATE AND FEDERAL REQUIREMENTS

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Requirements - if Approved for a Loan

- ◆ Conduct project cultural/historical consultation (National Historic Preservation Act, Section 106)
- ◆ Conduct project environmental review (Federal and State Environmental Policy Acts)
- ◆ Pay state prevailing wages, or Federal Davis Bacon, whichever is higher

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Questions & Comments?

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For More Information

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Southwest Regional Office	360-236-3030
Eastern Regional Office	509-329-2100
Public Works Board	360-725-3150

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