Drinking Water State Revolving Fund (DWSRF)

Karen Klocke
Office of Drinking Water

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

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

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

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

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
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.

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

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

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

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

AFFORDABILITY INDEX
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

How We Figure Your Affordability Index

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

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!
**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

**Applicants Not Eligible**

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

**Projects Not Eligible**
- Operations and maintenance
- Primarily for future growth or fire flow
- No construction component

**DWSRF Infrastructure Loan Dollars Invested in Washington 1997-2014**

$ 726,920,071.98 for 520 contracts

**THINGS TO CONSIDER BEFORE APPLYING FOR 2015 DWSRF LOAN**

- 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?
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: 800-272-5981
  - RCAC: 509-927-6748

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)

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

DWSRF 2015 APPLICATION

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

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!
Project Scoring

Public Health - Always Working for a Safer and Healthier Washington

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

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

Risk Category 1: Microbial Risk

<table>
<thead>
<tr>
<th>Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>New source</td>
<td>120</td>
</tr>
<tr>
<td>Source reconstruction</td>
<td>115</td>
</tr>
<tr>
<td>Disinfection</td>
<td>110</td>
</tr>
<tr>
<td>Filtration</td>
<td>110</td>
</tr>
<tr>
<td>Reservoir improvements</td>
<td>100</td>
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</tbody>
</table>

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

Risk Category 2: Primary Inorganic Chemical Risk

<table>
<thead>
<tr>
<th>Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>New source</td>
<td>115</td>
</tr>
<tr>
<td>Source reconstruction</td>
<td>110</td>
</tr>
<tr>
<td>Treatment</td>
<td>105</td>
</tr>
</tbody>
</table>

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

Risk Category 3: Other Primary Chemical Risk

<table>
<thead>
<tr>
<th>Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>New source</td>
<td>105</td>
</tr>
<tr>
<td>Treatment</td>
<td>100</td>
</tr>
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Examples: Trihalomethanes, Radionuclides, Organic Chemicals
Project Scoring (cont.)

Risk Category 4: Secondary Chemical or Seawater Intrusion Risk

<table>
<thead>
<tr>
<th>Project</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>New source</td>
<td>50</td>
</tr>
<tr>
<td>Treatment</td>
<td>45</td>
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</table>

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

Risk Category 5: Infrastructure Replacement or Distribution Improvements

<table>
<thead>
<tr>
<th>Project</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>Distribution reservoir (new/add’l)</td>
<td>40</td>
</tr>
<tr>
<td>New source</td>
<td>40</td>
</tr>
<tr>
<td>Water main / other distribution project</td>
<td>35</td>
</tr>
<tr>
<td>Backflow prevention devices (stand-alone)</td>
<td>30</td>
</tr>
<tr>
<td>Pressure reduction devices (stand-alone)</td>
<td>25</td>
</tr>
<tr>
<td>Security measures (stand-alone)</td>
<td>20</td>
</tr>
<tr>
<td>Treatment plant discharge improvements</td>
<td>5</td>
</tr>
</tbody>
</table>

Bonus Points

<table>
<thead>
<tr>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring (consolidation)</td>
</tr>
<tr>
<td>Regional benefit (up to 5 pts)</td>
</tr>
<tr>
<td>Multiple benefit (up to 4 pts)</td>
</tr>
<tr>
<td>Service meter installation</td>
</tr>
</tbody>
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STATE AND FEDERAL REQUIREMENTS

- 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

Questions & Comments?
For More Information

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Southwest Regional Office  360-236-3020
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