

# Ecology's Water Quality Grants and Loans Funding Programs Overview

Shelly McMurry  
State Revolving Fund Coordinator, Water Quality



DEPARTMENT OF  
**ECOLOGY**  
State of Washington



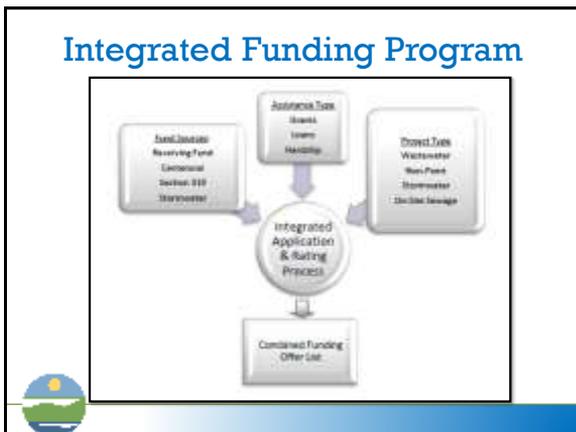
## Presentation Overview



## Funding Sources

### Funding Sources

Title	
Water Pollution Control Revolving Fund	CWSRF
Stormwater Financial Assistance Program	SFAP
Centennial Clean Water Program	Centennial
Clean Water Act Section 319	Section 319 Program

- ### Clean Water State Revolving Fund (SRF)
- Subsidized loan program
  - Funded through:
    - Federal grants
    - 20% state match
    - Repaid principal & interest
  - Funds facilities & activities projects
  - Eligible applicants:
    - Public bodies
- 
- 

### CWSRF Interest Rates

- Based on market rate (MR) for tax exempt municipal bonds

SFY17 CWSRF Interest Rates	
6-20 year loans	2.0% (60% of MR)
1-5 year loans	1.0% (30% of MR)



### Stormwater Financial Assistance Program

- State grant program
- Funded from state sources
- Only for projects not required by NPDES permits
- 2<sup>nd</sup> year in the integrated program
- Eligible applicants
  - Cities, counties, port districts



### Centennial Clean Water Program

- State grant program
- Funded from state sources
- Funds hardship wastewater facility construction & nonpoint activities projects
- Eligible applicants:
  - Public bodies



### Section 319 Program

- Funded through:
  - Federal grant
  - 40% state match
- Funds nonpoint source pollution control activities projects
- Eligible applicants:
  - Public bodies
  - Non-profits



### Eligibilities



### Who is Eligible to Apply?

- Local Governments
- Federally Recognized Tribes
- Special Purpose Districts
- Non-profits (Section 319 only)



## Types of Projects Funded

- Wastewater Facility Projects
- Stormwater Facility Projects
- Stormwater Activity Projects
- Nonpoint Source Activity Projects
- Onsite Sewage System Projects
- Plus, special categories:
  - Financial hardship for wastewater facility construction
  - Facility preconstruction
  - Green Project Reserve (GPR)



## Wastewater Facilities Projects



- Eligible for CWSRF & Centennial (hardship construction)
- Examples:
  - Planning
    - Comprehensive sewer planning
    - Site-specific planning
    - Environmental review
    - Value engineering
    - Feasibility studies



## Wastewater Facilities Projects



- Design
- Construction (including administration, change orders, bid overruns, supplies/tools)
  - Upgrades, expansion, new collection sewers & pump stations
  - Infiltration & inflow (I&I) correction
  - Combined sewer overflow (CSO) abatement
  - Large onsite systems (LOSS)



## Stormwater Facility Projects



- Eligible for CWSRF & SFAP (if not required by permit)
- Examples:
  - Planning, design, & construction of stormwater infrastructure
  - Implementation of low impact development (LID) techniques
  - Projects required by a stormwater permit
    - CWSRF-only



## Stormwater Activity Projects



- Eligible for CWSRF & SFAP (if not required by permit)
- Examples:
  - Land use/stormwater management planning
  - Review of existing local stormwater regulations
  - New BMP development & assessment through the Ecology TAPE program (loan only)
  - Inventorying & mapping stormwater sources & infrastructure
  - Education & outreach
  - Inspections of privately-owned stormwater treatment facilities installed prior to being required by a Municipal NPDES permit
  - Purchase & operation of high efficiency/regenerative air sweepers
  - Legacy pollutant source identification, tracing & removal
  - Projects required by a stormwater permit
    - CWSRF-only



## Onsite Sewage System Projects



- Eligible for CWSRF & Centennial
- Example projects:
  - Planning, surveys, public education & outreach
  - Local loan programs for repair & replacement of residential & small commercial systems



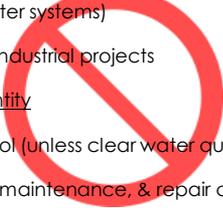
### Nonpoint Source Activities Projects

- Eligible for CWSRF, Centennial & Section 319
- Examples:
  - Implementation of approved best management practices (BMPs)
  - Public outreach & education
  - Lake/riparian/wetland restoration
  - Groundwater/aquifer/wellhead protection
  - Total Maximum Daily Load (TMDL) support
  - Water quality monitoring




### Generally Ineligible Projects

- Non clean-water projects (e.g., roads, bridges, drinking water systems)
- Exclusively industrial projects
- Water quantity
- Flood control (unless clear water quality impact)
- Operation, maintenance, & repair costs




## Hardship



### CWSRF & Centennial: Hardship – Wastewater Facility Construction

- Projects in smaller, financially distressed communities
- Criteria:
  - ≤25,000 people
  - Sewer fees for existing residential ratepayer ≥2% of median household income (MHI) without subsidy
- For existing residential need
  - Standard loan for rest of project
- Subsidy options:
  - Centennial grant
  - Forgivable principal loan
  - Further reduced interest rates – down to 0%




### CWSRF & Centennial: Hardship – OSS

- For local loan repair & replacement program
- A combination of grants & subsidized loans
  - Grants up to \$500K
  - Final interest rate reduced if loans are mainly to homeowners with incomes <80% of the county MHI




### CWSRF: Preconstruction & Hardship

- For wastewater/stormwater facility projects in small, less affluent communities
- For planning activities
- Criteria for funding:
  - ≤25,000 population
  - MHI ≤ State MHI
- Criteria for hardship (50% forgivable principal loan):
  - ≤25,000 population
  - MHI ≤ 80% State MHI




## SFAP: Hardship

- Criteria:
  - Service area population  $\leq$ 25,000
  - MHI  $\leq$ 80% State MHI
- Subsidy:
  - Match reduced from 25% to 15%



## Match Requirements

## Match Requirements

Source	Match
CWSRF Loans—Any project	None
SFAP Grants—Non-hardship	25%
SFAP Grants—Hardship	15%
Centennial Grants—OSS Repair & Replacement Programs	50%
Centennial Grants—Nonpoint	25%
Centennial Grants—Hardship Wastewater Facilities	0%
Section 319 Grants—Nonpoint	25%



## Green Project Reserve

## Green Project Reserve (GPR)



- EPA requires 10% of the Cap Grant for CWSRF be directed to GPR projects
- Can be a stand-alone or part of a larger project
- Must be eligible for CWSRF funding, willing to accept a loan, & meet EPA's criteria for:
  - Green Infrastructure
  - Energy Efficiency
  - Water Efficiency
  - Environmentally Innovative
- May include 25% forgivable principal loan



## Funding Levels and Set-asides

### Average Funding SFY12—SFY16

Source	Average Funding SFY12—SFY16
CWSRF Loans	\$120.7M
SFAP Grants	\$61.2M
Centennial Grants	\$21M
Section 319	\$1.67M

### Set-asides

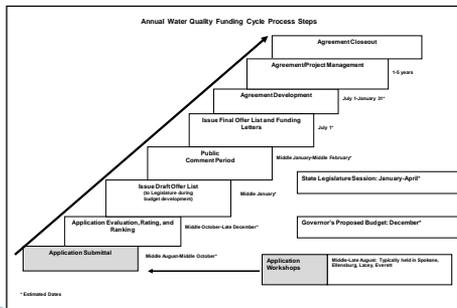
<b>CWSRF Loans</b>
10% of Federal Grant for GPR
75% for Facilities
20% for Nonpoint Activities
5% for Preconstruction
Forgivable Principal—Depends on Cap Grant
<b>SFAP Grants</b>
100% for Stormwater Projects in Cities, Counties, & Ports
<b>Centennial Grants</b>
33% for Hardship Facilities
33% for Nonpoint Source Activities
33% Competitive
<b>Section 319</b>
100% for Nonpoint Source Activities

### Funding Caps

<b>CWSRF Loans</b>
50% of the funding in any category per applicant
20% of Preconstruction set-aside per applicant
<b>SFAP Grants</b>
\$5M per applicant
\$250,000 per planning or design project (counts against the \$5M)
<b>Centennial Hardship Facility Construction Subsidy</b>
\$5M per project
<b>Section 319/Centennial Grants</b>
\$250,000 per project if match is cash + in-kind, etc.
\$500,000 per project if match is cash

### Funding Cycle

### Annual Funding Cycle



### Rating Criteria & Points

Scored Form	Points Available	Points Required
Scope of Work - Additional Tasks Form	0 - 75	---
Project Schedule Form	0 - 100	---
Task Costs/Budget Form	0 - 135	---
Additional Funding Information Form	0 - 15	---
Project Team Form	0 - 65	---
Project Planning and Development Form	0 - 60	---
Water Quality and Public Health Improvements Form	0 - 500	250
Financial Hardship Form	0 or 50	---
<b>Total</b>	<b>0 - 1,000</b>	<b>600</b>



## State Environmental Review Process (SERP)

### SERP Requirements

- Required for "Treatment Works" (i.e., "Facilities") as defined in the Clean Water Act
- What is SERP?
  - State Environmental Policy Act (SEPA)

**PLUS**

- Alternatives and cost effectiveness analysis
- Public involvement



### SERP

- Plan early
- Ensure you have a complete and well documented SEPA documentation
- Public Meeting should include:
  - Discussion of project alternatives
  - Environmental consequences of the project
  - Financial and rate impacts of the project
- Involve Ecology early
  - Must concur with the SEPA lead agency's determination
  - Provides a SERP approval letter



### Federal Cross Cutters

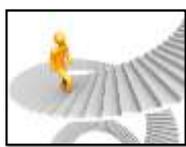
- SRF design or design/construct wastewater projects
- Applies to "equivalency" projects
  - applicant has a population  $\geq 25,000$
- Must consult with federal agencies
- Produce a report confirming compliance with several federal laws, executive orders, and policies



## Step Process and Prerequisites

### Infrastructure Applications: Step Process

- Required for wastewater and stormwater facilities projects funded through the CWSRF
- Requires Ecology approval at each Step before applying for funding for the next Step



### Prerequisites: Step 1—Planning

- No prerequisites
- Wastewater projects must include completion of the State Environmental Review Process (SERP) in the Scope of Work



### Prerequisites: Step 2—Design

- At the time of application:
  - Ecology approval of planning document
  - Wastewater: Ecology determination of SERP completion
- Deliverable in scope of work
  - Stormwater: SERP completion



### Prerequisites: Step 3— Construction

- At the time of application:
  - Ecology approval of planning & design documents
  - Ecology determination of SERP completion
  - Cost effectiveness analysis
- Prior to signing funding agreement:
  - Equivalency projects: federal cross cutter report must be completed



### Prerequisites: Step 4—Design & Construct

- Total project cost  $\leq$  \$5M
- At the time of application:
  - Ecology approval of planning document
  - Wastewater: Ecology determination of SERP completion
  - Stormwater: SERP and cost effectiveness analysis are completed during design
- Design must be completed within 1 year
- Prior to reimbursement for construction:
  - Equivalency projects: federal cross cutter report must be completed
  - Stormwater: Ecology approval of design and Ecology determination of SERP completion



### Additional Information

- Contact Information
  - Shelly McMurry
    - 360-407-7132
    - shelly.mcmurry@ecy.wa.gov
- Websites
  - <http://www.ecy.wa.gov/programs/wa/funding/funding.html>
  - <http://www.ecy.wa.gov/programs/wa/funding/Res/Resources.html>



Questions and  
discussion

