

DEPARTMENT OF  
**ECOLOGY**  
State of Washington

# **S29: Ecology's Water Quality Grants and Loans Funding Programs Overview**



# Contact Information

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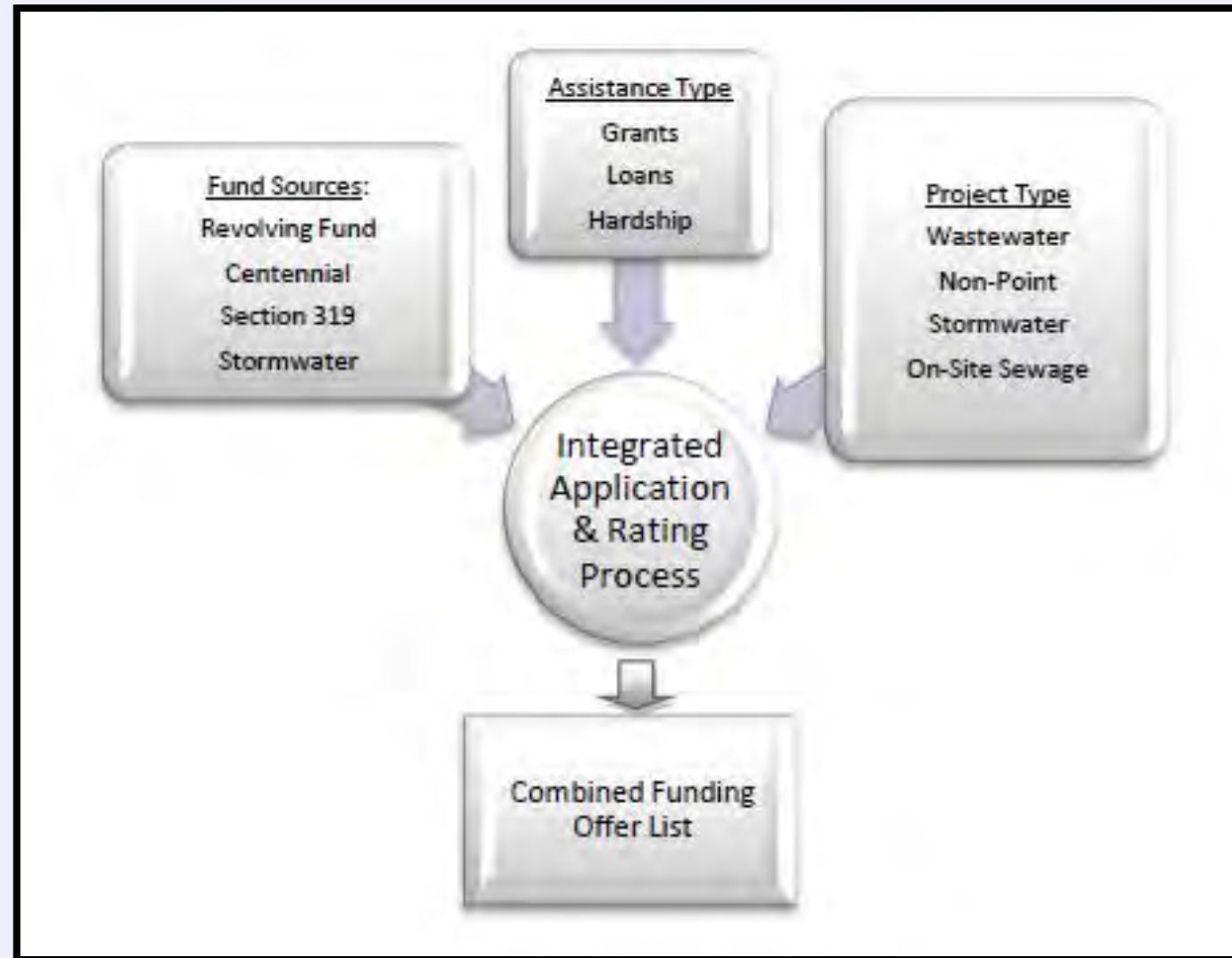


# Organization

- Funding Sources
- Eligibilities
  - Who
  - Project categories
    - Special subcategories
- Funding Amounts
- Funding Cycle
- Rating Process
- Some Requirements for Projects Applying for/Funded by the Clean Water State Revolving Fund, Including Limited Information on Environmental Review



# Integrated Funding Program





# Infrastructure Funding Sources

<b>Water Pollution Control Revolving Fund (aka, Clean Water State Revolving Fund)</b>	<b>CWSRF</b>	<b>Loans</b>
<b>Stormwater Financial Assistance Program</b>	<b>SFAP</b>	<b>Grants</b>
<b>Centennial Clean Water Program</b>	<b>Centennial</b>	<b>Grants</b>



# Clean Water State Revolving Fund

- Low interest rate loan program
- Funded through:
  - Federal grant
  - 20% state match
  - Repaid principal & interest
- Funds facility & activity projects
- Eligible applicants:
  - Public bodies





# Stormwater Financial Assistance Program

- Grant program
- Funded from state sources
- Funds stormwater projects
- Eligible applicants:
  - Cities, counties, port districts





# Centennial Clean Water Program

- Grant program
- Funded from state sources
- Funds hardship wastewater facility construction & nonpoint source pollution control activity projects
- Eligible applicants:
  - Public bodies







# Public Bodies Eligible to Apply

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- **Local governments**
- **Federally recognized tribes**
- **Special purpose districts**



# Categories of Infrastructure Projects Eligible

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- **Wastewater facilities**
- **Stormwater facilities**
- **Onsite sewage systems**
- **Plus, special subcategories:**
  - **Financial hardship**
  - **Facility preconstruction**
  - **Green Project Reserve**



# Wastewater Facility Projects

■ Eligible for CWSFR & Centennial (hardship-only)

■ Examples:

➤ Planning & Design

➤ Construction (includes administration, limited change orders, limited 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)
- Reclaimed water facilities

➤ NEW Land acquisition to site a facility





# Stormwater Facility Projects

## ■ Eligible for CWSRF & SFAP

## ■ Examples:

- Planning, design, & construction of facilities to treat water from existing hard surfaces – Retrofit
- Planning, design, & construction of facilities to treat water from new development or redevelopment
  - CWSRF-only







# Onsite Sewage System Local Loan Programs

- Eligible for CWSRF & Centennial
- For repair & replacement of residential & small commercial systems
  - **NEW** “Small commercial” defined by flow of <3,500 gallons per day, no income limit





# 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



# CWSRF & Centennial: Hardship – Wastewater Facility Construction



- For wastewater facility construction projects in smaller, financially distressed communities
- Criteria:
  - $\leq 25,000$  people
  - Sewer fees for existing residential ratepayer  $\geq 2\%$  of median household income (MHI) without subsidy
- Subsidy options:
  - Centennial grant
  - Forgivable loan
  - Further reduced interest rates
- Subsidy for existing residential need
  - Standard loan for rest of project



# CWSRF & NEW Centennial: Preconstruction Hardship

## ■ For wastewater/stormwater facility projects in small, less affluent communities

- Comprehensive sewer planning
- Feasibility studies
- Site-specific facility planning
- Value engineering
- Environmental review
- Pre-design reports & Design plans and specs

## ■ Criteria for funding:

- $\leq 25,000$  population
- $MHI \leq \text{State MHI}$

## ■ Criteria for hardship (50% forgivable loan or NEW grant):

- $\leq 25,000$  population
- $MHI \leq 80\%$  State MHI







# SFAP: Hardship

## ■ Criteria:

- Service area population  $\leq 25,000$
- MHI  $\leq 80\%$  State MHI

## ■ Subsidy:

- Match reduced from 25% to 15%



# CWSRF & Centennial: Hardship – OSS

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





# Green Project Reserve (GPR)



- EPA requires 10% of the federal 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 loan



# Typical Available Annual Funding

<b>CWSRF</b>	<b>\$100 million</b>
<b>SFAP</b>	<b>\$25 million</b>
<b>Centennial</b>	<b>\$15 million</b>



# Typical Funding Set-asides

## CWSRF

Facility construction	75%
Facility preconstruction	5%
Nonpoint activities	20%
Forgivable loans	10% of federal grant
Green Project Reserve	10% of federal grant

## SFAP

Stormwater	100%
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## Centennial

Wastewater facility construction hardship	33%
Nonpoint activities	33%
Competitive	33%



# Typical Funding Caps

<b>CWSRF</b>	
Facility construction	50% of category per recipient
Facility preconstruction	20% of category per recipient
<b>SFAP</b>	
Stormwater Projects	\$5 million per recipient
<b>Centennial</b>	
Wastewater Facility Hardship	\$5 million per project



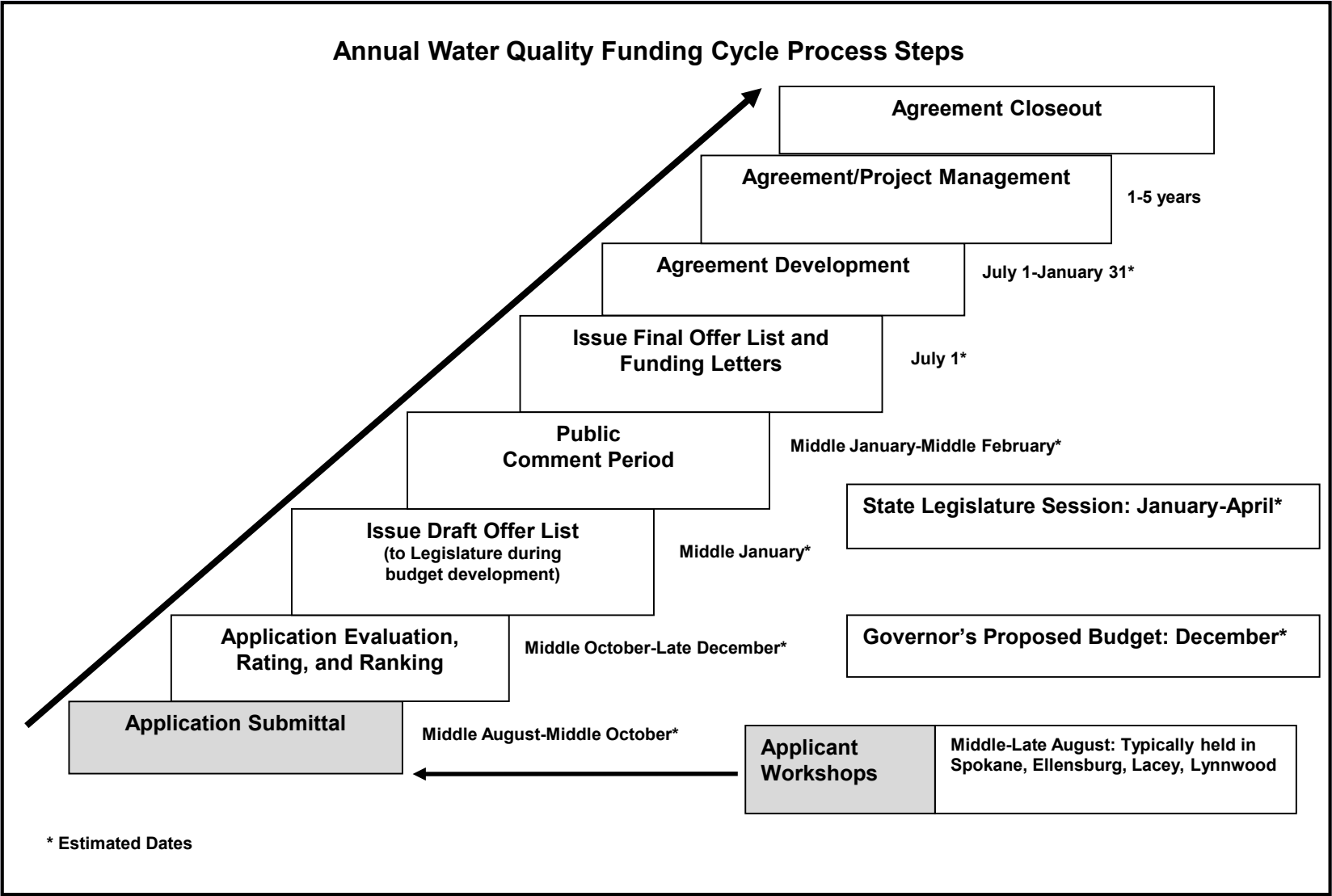
# CWSRF Interest Rates

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

<b><u>NEW</u> 21-30 year loans</b>	<b>80% of MR</b>
<b>6-20 year loans</b>	<b>60% of MR</b>
<b>1-5 year loans</b>	<b>30% of MR</b>



# Annual Funding Cycle

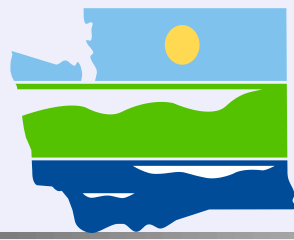






# Rating Criteria & Points

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



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***Some Requirements for  
CWSRF-funded Projects,  
Including Limited  
Information on  
Environmental Review***



# Cost and Effectiveness Analysis (CEA)

■ Applies to all CWSRF-funded projects

■ Requires:

➤ Study and evaluation of the cost and effectiveness of the project

➤ Choosing the alternative that, to the *maximum extent practical*, maximizes efficient water use, reuse, recapture, and conservation

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### Cost and Effectiveness Analysis Certification

Due to amendments to the Clean Water Act in 2014, beginning with the State Fiscal Year 2017 Funding Cycle, all recipients of Clean Water State Revolving Fund (CWSRF) loans must certify that they have conducted a Cost and Effectiveness Analysis (CEA).

The minimum requirements of a CEA are:

- A study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity.
- The selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account:
  - The cost of constructing the project or activity.
  - The cost of operating and maintaining the project or activity over the life of the project or activity.
  - The cost of replacing the project or activity.

Completion of the certification must occur prior to loan signing for activity projects, facility design projects, facility construction projects, and combined facility design/construction projects.

Completion of the certification must occur during the project for facility planning projects.

Recipients must complete this certification and submit it to Ecology or upload it directly to the Ecology Administration of Grants and Loans (EAGL) system.

Check the following box and provide the additional information requested below.

☐ By checking this box, the recipient certifies that a CEA that contains at least the minimum required elements listed above has been developed and is being implemented. In addition, the recipient agrees that Ecology staff may review the CEA during site visits or inspections.

Recipient Name:

Project Name:

Application Number (EAGL):

Recipient Contact Name and Title:

Recipient Contact Phone Number and Email Address:

Date:

CWSRF Cost and Effectiveness Analysis Certification Page 3 of 4



# State Environmental Review Process (SERP)

- Applies to CWSRF-funded infrastructure projects

- Requires:

- Complete and well documented State Environmental Policy Act (SEPA) process
- Opportunity for public input via a public event
  - Discussion of alternatives considered, environmental consequences, and financial and rate impacts
- Ecology's involvement in the process and determination the process was complete



# Fiscal Sustainability Plan (FSP)

■ Applies to CWSRF-funded Construction and Design/Construction projects

■ Requires:

- An inventory of critical assets
- An evaluation of the condition of the assets
- A plan to maintain, repair, and replace the assets and to fund those activities
- A process to evaluate and implement water and energy conservation



## Fiscal Sustainability Plan Certification

Due to amendments to the Clean Water Act in 2014, recipients of funding from the Clean Water State Revolving Fund (CWSRF) for projects involving a publicly owned treatment works must certify that they have prepared a Fiscal Sustainability Plan (FSP) or another plan(s) that contains at least the minimum required elements of a FSP listed below.

The FSP requirement applies to all wastewater or stormwater facility construction or design/construction projects funded in-part with CWSRF loans. The FSP must cover the entire system for which funding is provided. By "entire system", Ecology means the following:

- If funding is only for a collection system, then the FSP must cover the entire collection system.
- If the funding is only for a treatment system, then the FSP must cover the entire treatment system.
- If funding is for both a collection system and a treatment system, then the FSP must cover the entire collection system and the entire treatment system.

The minimum required elements of a FSP are:

- 1) An inventory of critical assets that are part of the system.
- 2) An evaluation of the condition and performance of the critical assets.
- 3) A plan to maintain, repair, and replace the critical assets and to fund those activities.
- 4) A process to evaluate and implement water and energy conservation efforts as part of the plan.

Recipients of a CWSRF loan for wastewater or stormwater facility construction or design/construction projects must complete this certification and submit it to Ecology prior to loan signing.

Check one of the following boxes and provide the additional information requested below.

- ☐ By checking this box, the recipient certifies that a plan(s) that contains at least the minimum required elements listed above has been developed and is being implemented. In addition, the recipient agrees that Ecology staff may review the plan(s) during site visits or inspections.
- ☐ By checking this box, the recipient agrees to develop and implement a Fiscal Sustainability Plan or another plan(s) that contains at least the minimum required elements listed above by the completion date of the CWSRF-funded project. Upon development of the plan(s), the recipient agrees to recomplete and resubmit this certification as an agreement deliverable. In addition, the recipient agrees that Ecology staff may review the plan(s) during site visits or inspections.

Recipient Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Application Number (EAGL): \_\_\_\_\_

System the FSP Addresses: ☐ Collection; ☐ Treatment; ☐ Both Collection and Treatment

Recipient Contact Name and Title: \_\_\_\_\_

Recipient Contact Phone # and Email Address: \_\_\_\_\_

Date: \_\_\_\_\_



# Federal Cross Cutter Report

- Applies to CWSRF-funded Designated Equivalency Projects (DEPs)
  - DEPs = (1) Wastewater Construction and Design/Construct projects; (2) Population  $\geq 25,000$
- Requires preparation of a report confirming compliance with several federal laws, executive orders, and policies



# Step Process

- Required for wastewater facility projects
- Ecology approval of each Step before moving to the next Step





# Step 1—Planning

- No prerequisites
- Include in Scope of Work
  - Completion of CEA







# Step 2—Design

■ **NEW** 30 days before issuance of Ecology's Draft Funding Offer List (Draft List):

➤ Ecology approval of Planning document

■ Before signing agreement:

➤ CEA certification





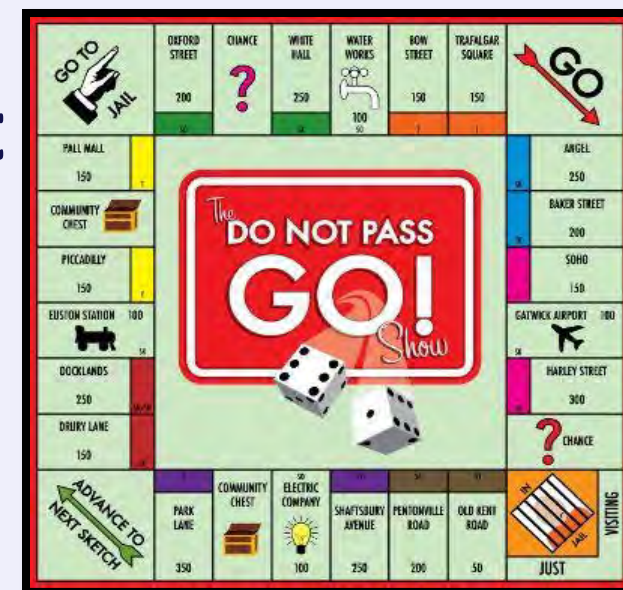
# Step 3—Construction

## ■ NEW 30 days before issuance of Draft List:

- Ecology approval of Planning document
- Ecology approval of Design plans/specs

## ■ Before signing funding agreement:

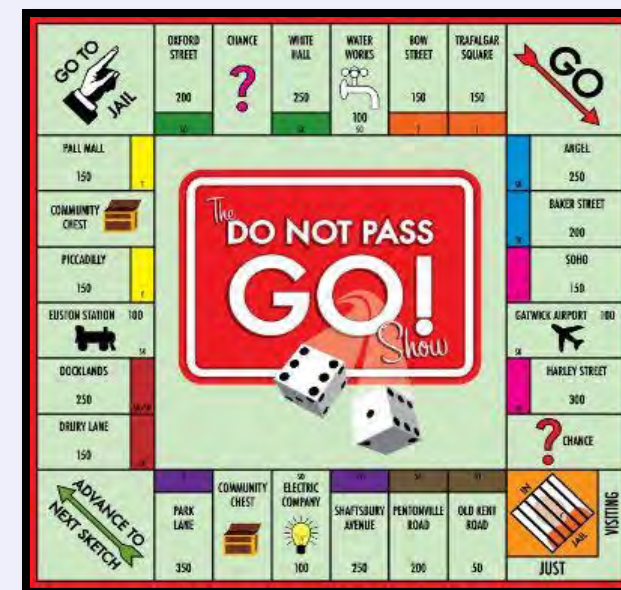
- CEA certification
- FSP certification
- NEW Ecology determination of SERP completion
- Federal cross cutter report for DEPs





# Step 4—Design & Construct

- **NEW** Total project cost  $\leq$  \$7 million
- Design must be completed within 1 year
- **NEW** 30 days before issuance of Draft List:
  - Ecology approval of Planning document
- Before signing funding agreement:
  - CEA certification
  - FSP certification
- Before starting Construction:
  - Ecology approval of Design plans/specs
  - **NEW** Ecology determination of SERP completion
  - Federal cross cutter report for DEPs





# For Additional Information

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- <http://www.ecy.wa.gov/programs/wq/funding/funding.html>
- <http://www.ecy.wa.gov/programs/wq/funding/Res/Resources.html>