



We work with others to protect the health of the people of Washington State by ensuring safe and reliable drinking water.



**DRINKING WATER
STATE REVOLVING FUND**

Washington State Department of Health
Office of Drinking Water

**2019 DWSRF OVERVIEW
IACC**

October 2019



Janet Cherry

Drinking Water State
Revolving Fund Program

Background and Purpose

- Increase public health protection and compliance with drinking water regulations.
- Reimbursements through low-interest loans.
- Funded through the U.S. Environmental Protection Agency, state match, and loan repayments.

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Construction Loans

- Applications accepted October 1–November 30, 2019.
- Submit each project separately.
- Planning documents must be valid (not expired) until November 30, 2019, and include proposed project.



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Construction Loans

- Must have all easements or right-of-ways secured or ability to do so upon release of funding.
- If project requires water rights, must have ability to secure water rights.
- No outstanding audit findings.
- Cultural and environmental reviews must be completed prior to start of construction.
- Apply using DWSRF on-line application, WALT.

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Construction Loans

- 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.

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Construction Loans

- Eligible Projects:
 - Projects that address a public health risk.
 - Projects that upgrade deteriorated facilities.



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Construction Loans

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

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Construction Loans

- Ineligible Projects:
 - Operations and maintenance.
 - Future growth or fire flow.
 - No construction component.

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Construction Loans

- Application available October 1–November 30, 2019.
- About \$20 million available.
- \$3,000,000 limit per jurisdiction.
- 2.25 percent interest rate.
- 20-year loan term.



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Construction Loans

- Up to 50 percent subsidy based on affordability index or for a consolidation project.
- Affordability index is ratio of average monthly water rate to monthly median household income.
- If affordability index greater than 2.0 percent, can receive subsidy.

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Construction Loans

- Projects receiving subsidy:
 - Can have up to 30 years for repayment.
 - Receive 1.75 percent interest rate.



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Construction Loans

- Construction must start within 18 months of funding agreement execution.
- Project must be completed within 48 months of funding agreement execution.
- **Lower interest rate of 1.75 percent for projects completed within 24 months of funding agreement execution.**

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Construction Loans

- Timeline of funding.
 - Applications received: October 1–November 30.
 - Applications reviewed: December 1–January 31.
 - Applicants notified on funding status: February 2020.
 - Scopes developed: March to May 2020.
 - Contracts executed and money available: July 2020.

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What is New This Year?



Construction Loan

- 1.5 percent loan origination fee, collected at loan execution.
- 1.75 percent for projects receiving subsidy, 2.25 percent for all other projects.



Construction Loans

- Drinking Water System Repair and Consolidation (formerly WSARP) grant funding.
 - Approximately \$1.5 million available for consolidation, restructuring, and receivership projects.
 - Applicant must be a city, town, county, PUD, or water district.
 - Can consolidate Group A or B systems.

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Construction Loans

- Drinking Water System Repair and Consolidation (formerly WSARP) grant funding—continued.
 - Up to \$375,000 grant available per project, based on affordability index of system being consolidated.
 - Must be a construction project.



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Construction Loans

- Lead Service Line (LSL) and gooseneck replacement:
 - Document presence of lead through historic records, age of homes.
 - All work within 500 feet of LSL or gooseneck removal/replacement eligible for reimbursement.
 - Can reimburse for entire service line replacement from main to meter.
 - Easements are not required.

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Construction Loans

- Water main relocation or replacement that coincides with transportation improvement or fish passage barrier removal project:
 - \$3 million have been allocated for this type of project.
 - \$1 million maximum per project.
 - Eligible entities: Group A community not-for-profit water system.
 - Serve fewer than 20,000 people.
 - Provide letter from jurisdiction requesting water main relocation.

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Construction Loans

- Asset management program will be part of the scope of work if water system currently lacks an asset management program.
- We will make up to \$40,000 available for this effort:
 - Purchase of software.
 - Professional services.

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Project Scoring



Construction Loans

- All projects scored and ranked based on health risk being addressed.
- Five risk categories.
- Can also receive bonus points for asset inventory, approval of plans and specifications, completion of cultural or environmental review, having all funding secured.

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Construction Loans

- See Appendix A of the guidelines for scoring information.
 - Guidelines available online at doh.wa.gov/DWSRF.



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Construction Loans

- Based on project score and ranking, the highest scoring projects are funded until all funds have been exhausted.
 - If needing multiple projects, should submit separately.
- Subsidy is awarded based on the score and ranking until subsidy has been exhausted.
 - Required to award 20 percent of EPA grant award as subsidy.

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Construction Loans: Risk Category 1

- Up to 120 points awarded in this risk category.
- Documented microbial contamination.
- Treatment technique violation for Total or Revised Total Coliform Rule, groundwater, or surface water treatment rules.
- *E. coli* detected in a well.

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Construction Loans: Risk Category 1

- Hydraulically connected to surface water.
- EPA health advisories for microbials.
 - Legionella.
 - Cyanotoxins (blue-green algae).
 - 0.3 micrograms per liter for microcystins.
 - 0.7 micrograms per liter for cylindrospermopsin.



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Construction Loans: Risk Category 2

- Up to 110 points awarded in this risk category.
- Documented primary inorganic contaminant MCL.
 - Nitrate or arsenic.
- Documented lead or copper action level violation.
- PFOS and PFOA combined above 70 ppt.

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Construction Loans: Risk Category 2

- Corrosion control projects for lead and copper.



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Construction Loans: Risk Category 3

- Up to 95 points awarded in this risk category.
- Other primary chemical risks include:
 - Radionuclides, disinfection byproducts, volatile and synthetic organic chemicals.
- Sanitary survey significant deficiencies:
 - Must also have a compliance order.
 - Example: Reservoir roof failing, allows entry of contaminants.

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Construction Loans: Risk Category 3

- Removal and replacement of lead service lines and goosenecks.
 - Provide documentation through historic records, age of house.
 - All work eligible for reimbursement if done within 500 feet of lead service line or gooseneck replacement. Includes water mains, replacement of service line from main to meter, hydrants, valves.
- Receiverships.

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Construction Loans: Risk Category 3

- Required to install disinfection for activities not covered in risk Category 1.
 - Example: Unsatisfactory coliform samples for groundwater system.
- EPA health advisory for chemicals.
 - Manganese: 0.3 milligrams per liter (secondary MCL is 0.05 milligrams per liter).

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Construction Loans: Risk Category 4

- Up to 60 points awarded in this risk category.
- Secondary MCLs.
 - Iron or manganese.
- Seawater intrusion.



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Construction Loans: Risk Category 4

- **Resilience:** Ability of water infrastructure to withstand and recover from natural and man-made disturbances to their normal functioning.
 - Project must benefit 51 percent or more of population served.
 - Examples: Seismic upgrades, intake upgrades for drought and flood conditions, intertie, and generators.



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Construction Loans: Risk Category 4

- Sanitary survey significant finding.
 - Must also be under a compliance order.
 - Example: Spring or well at risk of physical damage and need to construct an enclosure.
- Eighty percent of arsenic or nitrate MCL.
 - Assist systems to proactively address public health issue.
- Consolidation and restructuring projects.
 - If project not captured in risk Category 1, 2, or 3, it will score in risk Category 4 and receive bonus points for number of systems consolidated.

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Construction Loans: Risk Category 5

- Up to 40 points awarded in this risk category.
- Projects not captured in previous risk categories:
 - New reservoir or pipe replacement.
 - New pump station.



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Additional Funding for Construction



Construction Loan

- Entities can receive up to \$300,000 in additional funding.
 - Award under the same terms per loan contract, however may not have subsidy.
 - Project must be within same scope as in the loan contract.
 - Provide bid tabs and reason for bids being higher than budgeted.
- \$1.5 million budgeted this year and funds awarded on a first-come basis.

Construction Loan

- 2019 DWSRF Construction Loan Guidelines and other resources available on our webpage.

doh.wa.gov/DWSRF

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DWSRF Contact Information

- Janet Cherry 360-236-3153
- Sara Herrera 360-236-3089
- Cultural and Environmental Review Lead to be filled soon.

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Loans and Grants Contact Information

- Mike Copeland 360-236-3083
- Eloise Rudolph 360-236-3124
- Dennis Hewitt 360-236-3017
- Brittany Cody-Pinkney 360-236-3047

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Questions?



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