

DWSRF Construction Loan Webinar

Thank you for joining us this morning. The webinar will start at 8:30 AM.

All training materials are available at

doh.wa.gov/dwsrf





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

DWSRF Construction Loan Webinar

October 2021

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**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.



Construction Loans

- Applications accepted October 1–November 30, 2021.
- Planning documents must be current and include proposed project.
- Submit each project separately.



Construction Loans

- Must have all easements or right-of-ways secured or ability to do so upon application.
- If project requires water rights, must have water rights.
- No outstanding audit findings.
- Must include meeting minutes with the application that show governing body approved submittal of the DWSRF application, proposed project, and estimated amount for funding.

Construction Loans

- Eligible Applicants:
 - Group A community systems.
 - Group A nonprofit noncommunity systems.
 - Group B systems converting to Group A due to population increase or a consolidation project.
 - Tribal systems not receiving SRF tribal set asides.

Construction Loans

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



Construction Loans

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

Construction Loans

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



Construction Loans

- Application available October 1–November 30, 2021.
- About \$80 million available.
- \$8 million limit per jurisdiction.
- 1.75% interest rate.
- 20-year loan term.



Subsidy

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

Construction Loans

- Projects receiving subsidy:
 - Can have up to 30 years for repayment.
 - Receive 1.25% interest rate.



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 1.25% for projects completed within 24 months of funding agreement execution.

Construction Loan Requirements

- ALL projects required:
 - Receive regional office approval of construction documents prior to going out to bid.
 - Complete cultural and environmental reviews prior to any groundbreaking activities.



Construction Loans

- Timeline of funding.
 - Applications received: October 1–November 30th.
 - Applications reviewed: December 1–January 31st.
 - Applicants notified on funding status: February 2022.
 - Scopes developed: March to May 2022.
 - Contracts executed and money available: July 2022.

Project Scoring with Nick Fitzgerald



Construction Loans: Scoring

- See Appendix A of the [Construction Loan Guidelines](#) for scoring information.
- Available online at doh.wa.gov/DWSRF, or through the ODW publication database: <https://fortress.wa.gov/doh/odwpubs/Publications/>

ODW Publications / Forms
Division of Environmental Public Health
Office of Drinking Water

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Search For: --Select--

Title: construction loan

Publication Topics: Consumer & Public Education, Contaminants, Cross Connection & Backflow Prevention

Form Adequacy Topics: Consumer Confidence Report, Contaminants

Language: --Select--

Publisher: American Water Works Association, American Water Works Association - Pacific Northwest Section

Keywords:

Search Reset

Results

Select a header to sort the list by that column

Number of records to display: 25

Pub/Form	Pub Number	Title	Publisher	Language	
Publication	331-196	Drinking Water State Revolving Fund Loan Program: 2020 Construction Loan Guidelines	Office of Drinking Water	English	View
Publication	331-537	2020 Preconstruction Guidelines: DWSRF Preconstruction Loan Program	Office of Drinking Water	English	View
Publication	331-614	Washington Loan Tracking (WALT) Construction Loan User Guide	Office of Drinking Water	English	View
Publication	331-630	2021 Drinking Water State Revolving Fund (DWSRF) Construction Loan Overview	Office of Drinking Water	English	View
Publication	331-664	Drinking Water State Revolving Fund Preconstruction Loan Overview	Office of Drinking Water	English	View
Form	331-665	DWSRF Preconstruction Loan Application Worksheet	Office of Drinking Water	English	View

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Construction Loans: Scoring

- All projects are scored and ranked based on health risk being addressed.
- Five risk categories (1-5). Applicant receives points in only one category and one project type.

Risk Category 1	
The proposed project will eliminate a documented microbial contamination	
Type of Project	Points
New Source	120
Source reconstruction	115
Disinfection improvements	110
Filtration	110
New reservoir or reservoir improvements	100
Treatment replacement	70

Risk Category 2	
The proposed project eliminates primary inorganic chemical contamination.	
Type of Project	Points
New source, source reconstruction or treatment for nitrate	110
New source, source reconstruction or treatment for contaminants other than Nitrate; project addresses water shortages due to a declining aquifer	100
Treatment replacement	60

Construction Loans: Scoring

- Highest scoring projects receive funding until all funds have been exhausted.
 - If multiple projects are required, submit them separately. \$8M total per applicant available.

Construction Loans: Scoring

Partial 2020 Project Ranking

Appendix B: Year 25 Funded DWSRF 2020 Construction Loans

Health Application	Water System ID	Final Score	Applicant Name	Project	County	Population	Loan Request Amount	Loan Total w/ 1.0 % loan fee (if applicable)	Subsidy Award	Comments	Project Description
2020-3904	06790	132	Kitsap Public Utility District #1	Bill Point, Island Utility, South Bainbridge Consolidation Phase 1	Kitsap	200	\$2,455,000	\$2,455,000	\$1,227,500	Consolidation project, qualifies for 50% principal forgiveness.*	Bill Point Water System recently experienced coliform bacteria in its water system and has aging infrastructure. The owners of Bill Point Water System petitioned Kitsap PUD to assume ownership of their water system. This project includes: replacing distribution lines within Bill Point Water System; development of a new source to replace Bill Point's well and to provide regional water supply; and manganese treatment at South Bainbridge's well to provide regional water supply. At the end of the project, Bill Point will be permanently owned, operated, and maintained by Kitsap PUD. Bill Point will be connected to the South Bainbridge regional water supply under Phase 2 work.
2020-3928	02043	128	PUD No. 1 of Jefferson County	Shine Plat System Consolidation	Jefferson	37	\$490,000	\$490,000	\$245,000	Consolidation project, qualifies for 50% principal forgiveness.*	Shine Plat Water System recently experienced coliform bacteria in its water system and has aging infrastructure. The owners of Shine Plat Water System have requested Jefferson PUD to assume ownership of their water system. This project allows Shine Plat Water System to connect to Bywater Water System and replace distribution lines within Shine Plat. At the end of this project, Shine Plat will be owned, operated, and maintained by Jefferson PUD.
2020-3922	13584	112	Mason County PUD No 1	Shadowood System Rehabilitation and Consolidation	Mason	154	\$2,074,712	\$2,074,712	\$1,037,356	Consolidation project, qualifies for 50% principal forgiveness.*	Shadowood Water System recently transferred ownership to Mason PUD and in July 2020 had E. coli detections in its water system, most likely due to substandard condition of the reservoir. This project will allow repairing existing reservoir, installing manganese treatment, and other system upgrades.
2020-3868	72807	111	Pend Oreille Public Utility District	River View Shores Arsenic Removal Project ADDITIONAL	Pend Oreille	21	\$82,000	\$82,000	\$24,600	AI=2.11, qualifies for 30% principal forgiveness.*	River View Water System currently exceeds the arsenic maximum contaminant level and also has high iron and manganese. The project includes piloting, design engineering, permitting, and constructing arsenic, iron, and manganese treatment system inside the existing pump house structure. The arsenic treatment system includes electrical upgrades, new controls, and associated piping. This funding will help Pend Oreille PUD complete the project as started under a previous DWSRF construction loan (2018-3573).
2020-3874	63750	107	City of Omak	Julia Maley Park Well Treatment Facility	Okanogan	4,940	\$2,012,546	\$2,012,546	0	AI=1.06, does not qualify for subsidy.	City of Omak completed a new well in 2016. After years of sampling, this well exceeds the arsenic maximum contaminant level. The well also has high iron concentrations that create aesthetic concerns. The City proposes to install treatment for the well.
2020-3898	83100	101	City of Spokane	SIA Transmission Line Crossing Under I-90	Spokane	227,509	\$5,050,000	\$5,050,000	0	AI=1.24 does not qualify for subsidy.	The City of Spokane acquired ownership of the Spokane International Airport (SIA) area in 1980 and provides water to this area. In May 2017, the City of Airway Heights (located near the airport) discovered firefighting foam contaminants (PFOS) in its wells. This crisis impacted at least 9,000 people and required the City of Spokane to supply Airway Heights with water through an existing intertie. Providing water to Airway Heights places large demands on the system and put the city at risk of being able to supply adequate flow within the airport pressure zone area during peak usage. In order to meet current demands for both Spokane and Airway Heights, an additional transmission main is needed.
2020-3921	66400	75	City of Pasco	West Pasco Water Treatment Plant Improvements	Franklin	77,540	\$7,615,400	\$5,050,000	0	AI=0.67 does not qualify for subsidy.	Pasco needs to install redundant treatment trains at its West Pasco surface water treatment plant to allow servicing and maintenance of its other surface water treatment plant while continuing to meet system demands. This project allows installation of redundant treatment trains along with needed improvements of backwash effluent and residuals handling facilities.
2020-3929	00050	72	City of Aberdeen	Fairview Reservoirs 1 & 2 Floating Cover Replacement Project	Grays Harbor	17,942	\$4,161,812	\$4,161,812	0	AI=0.78 does not qualify for subsidy.	The existing floating covers on two of Aberdeen's finished water reservoirs are in need of replacement and identified as a significant deficiency in a recent sanitary survey. This project allows replacement of the covers and associated liners.
2020-3866	27900	68	Thurston PUD	Glen Alder Consolidation and Mainline Replacement	Thurston	31	\$517,480	\$517,480	\$258,740	Consolidation project, qualifies for 50% principal forgiveness.*	Glen Alder homeowners association requested Thurston PUD to acquire their water system. The water system infrastructure was installed in the 1970s and needs replacement. Project improvements include: replacing distribution pipe; replacing existing meters; and new back-up generator. Upon project completion, Glen Alder water system will be owned, operated, and maintained by Thurston PUD.

Construction Loans: Scoring

- Bonus points for: existing asset inventory, approval of plans and specifications, completion of cultural or environmental review, having additional funding secured.

Construction Loans: Scoring

- Subsidy is awarded based on the water rate affordability index and is awarded until the subsidy has been exhausted.
 - Required to award at least 20 percent of EPA capitalization grant award as subsidy.
 - Subsidy ineligible: water main replacement, preconstruction, for profit water systems.

Construction Loans: Risk Category 1

Risk Category 1	
The proposed project will eliminate a documented microbial contamination	
Type of Project	Points
New Source	120
Source reconstruction	115
Disinfection improvements	110
Filtration	110
New reservoir or reservoir improvements	100
Treatment replacement	70

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.

Construction Loans: Risk Category 1

- Hydraulically connected to surface water (GWI).
- EPA health advisories for microbial contamination.
 - Legionella.
 - Cyanotoxins (blue-green algae).
 - 0.3 micrograms per liter for microcystins.
 - 0.7 micrograms per liter for cylindrospermopsin.
 - Coliform, etc.



Construction Loans: Risk Category 2

Risk Category 2	
The proposed project eliminates primary inorganic chemical contamination.	
Type of Project	Points
New source, source reconstruction or treatment for nitrate	110
New source, source reconstruction or treatment for contaminants other than Nitrate; project addresses water shortages due to a declining aquifer	100
Treatment replacement	60

Construction Loans: Risk Category 2

- Up to 110 points awarded in this risk category.
- Documented primary inorganic* contaminant MCL or declining aquifer*
- Documented lead or copper action level violation (Corrosion control projects)
- PFOS + PFOA + PFHxS + PFNA + PFHpA >70 ppt.

Antimony (Sb)	Chromium (Cr)	Nickel (Ni)
Arsenic (As)	Copper (Cu)	Nitrate (as N)
Asbestos	Cyanide (HCN)	Nitrite (as N)
Barium (Ba)	Fluoride (F) (over 4.0 mg)	Selenium (Se)
Beryllium (Be)	Lead (Pb)	Thallium (Tl)
Cadmium (Cd)	Mercury (Hg)	

Construction Loans: Risk Category 2

- ODW recognizes the following communities exhibit declining aquifers: Connell, Ephrata, Kahlotus, Lind, Mesa, Moses Lake, Othello, Quincy, Ritzville, Washtucna.
- A water shortage response plan will be a required project submittal as part of the scope of work.
- Burden of proof to exhibit declining aquifers for communities not listed above lies with applicant.

Construction Loans: Risk Category 3

Risk Category 3

The proposed project eliminates other primary chemical risk, addresses a sanitary survey significant deficiency, disinfection installation, lead removal/replacement, receivership, or EPA chemical HAs

Type of Project	Points
New source	95
Treatment	90
Lead service line or gooseneck removal or replacement	90
Receivership	70
Other	65
Treatment replacement	50

Construction Loans: Risk Category 3

- Up to 95 points awarded in this risk category.
- Primary chemical risks include:
 - Radionuclides, disinfection byproducts, volatile and synthetic organic chemicals (VOCs & SOCs).
- Sanitary survey significant deficiencies:
 - Must also have a compliance order.
 - Example: Failing reservoir roof which allows entry of contaminants.

Construction Loans: Risk Category 3

- Removal and replacement of lead service lines and goosenecks. See Guidelines for details.
 - Provide documentation through historic records, age of house.
 - Work within 500 feet of lead service line or gooseneck replacement is eligible for funding. Includes water mains, replacement of service line from main to meter, hydrants, valves.
- Receiverships.

Construction Loans: Risk Category 3

- Required to install disinfection for activities not covered in Risk Category 1.
 - Example: Sanitary control area contaminants.
- EPA Health Advisory (HA) Level exceedance for chemicals.
 - Example: Manganese > 0.3 milligrams per liter.

Construction Loans: Risk Category 4

Risk Category 4

The proposed project addresses secondary MCL, resiliency, seawater intrusion risk, sanitary survey significant finding, 80% of nitrate or arsenic MCL, or a restructuring or consolidation project

Type of Project	Points
New source or restructuring/consolidation	60
Treatment	55
Adds resiliency to system	50
Treatment replacement or other	45

Construction Loans: Risk Category 4

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



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.



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.

Construction Loans: Risk Category 5

Risk Category 5	
The proposed project must include components for infrastructure sustainability	
Type of Project	Points
Treatment enhancement, new Source, or Source Rehabilitation	40
Distribution Reservoir (additional reservoirs, or replacement distribution)	40
Main/distribution improvements/booster pump	40
Cross-connection control—installation of backflow prevention assemblies (stand-alone project)	30
Installation of pressure reduction device (stand-alone project)	25
Security measures (stand-alone project)	20
Treatment plant discharge Improvements	10
Other (such as telemetry)	10

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.



Construction Loans: Bonus Points

- Attend asset management training or view recorded asset management training posted on DWSRF webpage.
- Submit asset inventory with age, expected life, criticality, and replacement cost.
- Green project.
- Water main replacement coincides with another infrastructure project.

Construction Loans

- Water main relocation or replacement that coincides with another infrastructure project.
 - \$3 million allocated for this type of project.
 - \$1.5 million maximum per project.
 - Eligible entities: Group A community not-for-profit water system.
 - Provide letter from jurisdiction requesting water main relocation.

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.

Construction Loans

- Consolidation projects are ranked based on compliance issues within the past five years.
- Consolidation projects must provide signed transfer agreement at time of application.
- Applicant must be the entity that is absorbing the other water system(s).



Erika's Important reminders!

Construction Loan

- To be eligible to apply and receive funding, applicant must have:
 - Approved planning document that remains current through November 30, 2021.
 - If your plan is not approved, we can help with our preconstruction loan program.

Construction Loan

- 1.0% loan origination fee, charged at loan execution.
- 1.25% interest rate for projects receiving subsidy, 1.75% interest rate for all other projects.



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.
- \$5 million budgeted this year and funds awarded on a first-come basis.

Construction Loan

- 2021 DWSRF Construction Loan Guidelines and other resources available on our webpage.

doh.wa.gov/DWSRF

- Question and Answer webinars, 10 am to noon:
 - November 17

General Information

- Emergency Loan funding available
- Preconstruction Loans available, \$3 million per year

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Questions?



