



# WATER QUALITY GRANTS & LOANS



DEPARTMENT OF  
**ECOLOGY**  
State of Washington





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State of Washington

# Funding for Wastewater, Stormwater, Onsite, and Nonpoint Projects

David Dunn, Department of Ecology Water Quality  
2021 IACC Conference





# Ecology's vision and mission

## **Our Mission**

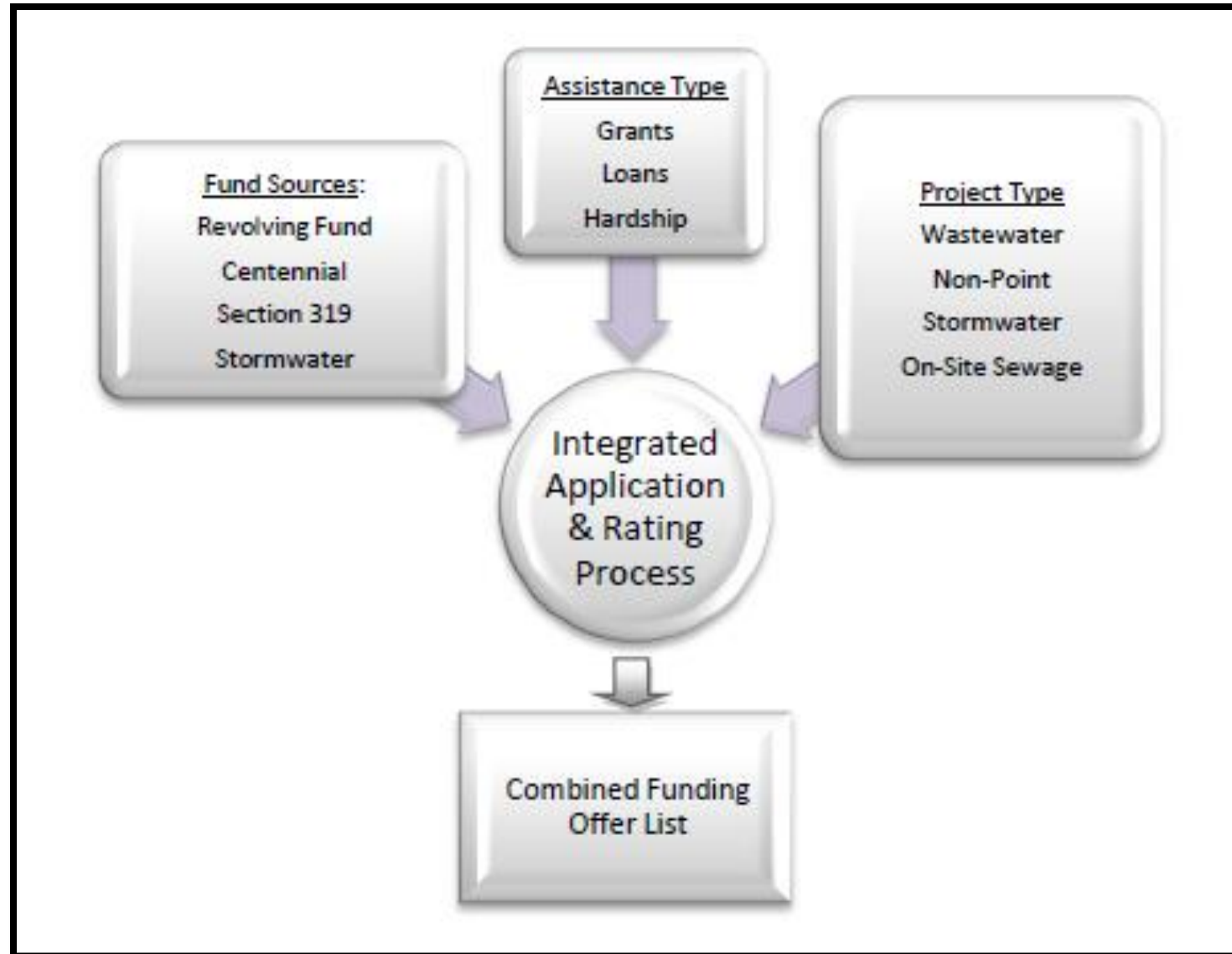
To protect, preserve, and enhance Washington's environment for current and future generations.

## **Our Vision**

Our innovative partnerships protect and sustain healthy land, air, and water in harmony with a strong economy.

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# WQC Funding Program



# WQC Funding Sources

|   |                |        |
|---|----------------|--------|
| Clean Water State Revolving Fund        | CWSRF          | Loans  |
| Stormwater Financial Assistance Program | SFAP           | Grants |
| Centennial Clean Water Program          | Centennial     | Grants |
| Clean Water Act Section 319 Program     | Section<br>319 | Grants |

# CWSRF

- Low interest rate loan program
- Funded through:
  - Federal grant
  - 20% state match
  - Repaid principal and interest
- Funds wastewater, stormwater, nonpoint, and onsite sewage systems projects
- Eligible applicants:
  - Public bodies



# SFAP

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





# Centennial

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



# Section 319

- Grant program
- Funded through:
  - Federal grant
  - 40% state match
- Funds nonpoint source pollution control projects
- Eligible applicants:
  - Public bodies
  - Nonprofits



# Who is a “Public Body”?

- Municipal governments
- Federally recognized tribes
- Special purpose districts



# Categories of Eligible Projects

- Wastewater facilities
- Stormwater facilities
- Stormwater activities
- Onsite sewage systems
- Nonpoint source activities

# Preconstruction



- Examples:
  - Feasibility studies
  - Comprehensive sewer/stormwater planning
  - Site-specific facility planning
  - Value planning
  - Environmental review
  - Value engineering
  - Pre-design reports and design plans and specs
- CWSRF set-aside and potential subsidy
- **Criteria for hardship:**
  - $\leq 25,000$  population
  - Median household income (MHI)  $\leq 80\%$  state MHI
- **Hardship subsidy:**
  - 50% forgivable loan

# Wastewater Facilities

- Eligible for CWSRF and Centennial (hardship-only)

## Examples:

- Preconstruction such as planning and design
- Construction
  - Upgrades, expansion, new
  - Collection sewers and pump stations
  - Infiltration and inflow (I&I) correction
  - Combined sewer overflow (CSO) abatement
  - Large onsite sewage systems (LOSS)
  - Reclaimed water facilities
- Land acquisition to site a facility or for land treatment





# Wastewater Construction Hardship Criteria

- For wastewater construction in smaller, financially challenged communities
- Criteria:
  - $\leq 25,000$  people
  - Sewer fee for existing residential ratepayers  $\geq 2\%$  of median household income (MHI) without subsidy



# Wastewater Construction Hardship Basis

- Basis of construction hardship
  - Current costs for system + project costs
  - Examine the impact on sewer fee for existing residential ratepayers
    - Assumes no growth
    - Assumes all Ecology funding requested is covered with a standard, 30-year loan



# Wastewater Construction Hardship Subsidy



- Subsidy options:
  - Centennial grant
  - Forgivable loan
  - Further reduced interest rates—potentially 0%
- Subsidy is only for existing residential need
  - Not for growth
  - Not for commercial customers
- Limit of \$5,000,000 grant/forgivable loan per project



# Stormwater Facilities

- Eligible for CWSRF and SFAP

- Examples:

- Planning, design, and construction of facilities to treat water from existing hard surfaces—Retrofit
- Planning, design, and construction of facilities to treat water from new development or redevelopment



# Stormwater Activities

- Eligible for CWSRF, SFAP, and Centennial
- Examples:
  - Legacy pollutant source identification, tracing, and removal
  - Development of new source control programs
    - Local business inspections
    - Privately-owned stormwater inspections
  - Enhanced maintenance programs
    - High efficiency vacuum sweepers with a plan
  - Outreach and education
    - Fundable by CWSRF whether required by permit or not
    - Fundable by Centennial only if not required by permit



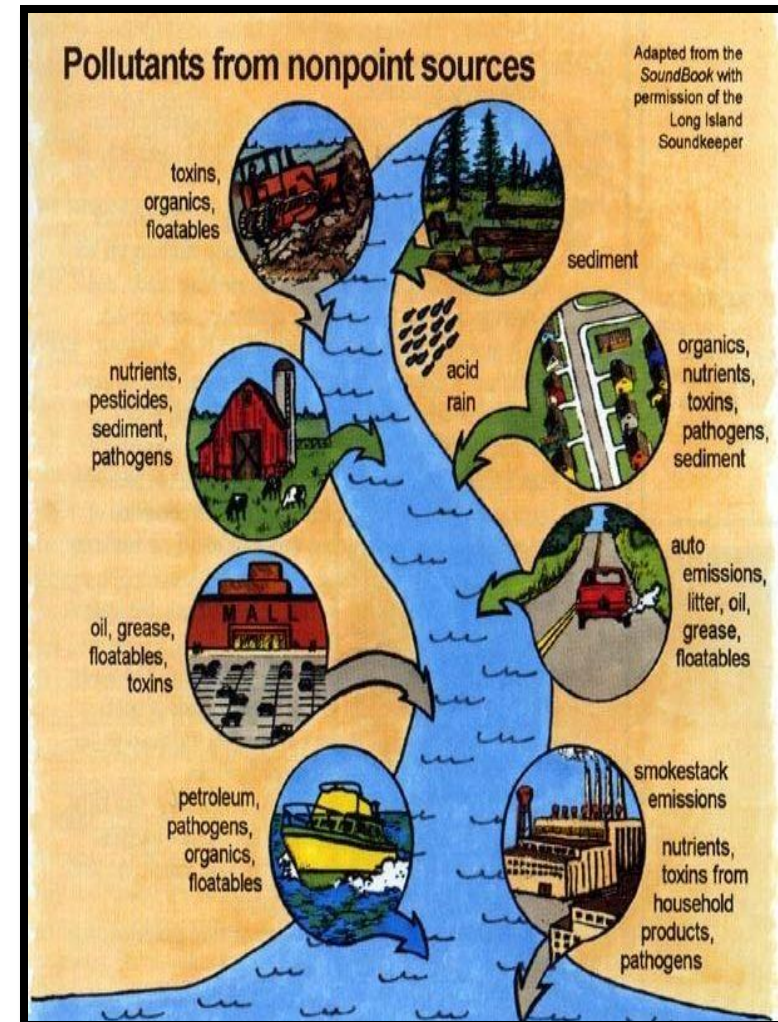
# SFAP Hardship

- Criteria:
  - Population  $\leq 25,000$
  - MHI  $\leq 80\%$  state MHI
- Subsidy:
  - Match reduced from 25% to 15%



# Nonpoint Source Activities

- Eligible for CWSRF, Centennial, and Section 319
- Examples:
  - Public outreach and education
  - Implementation of approved best management practices (BMPs)
  - Riparian areas and wetlands restoration
  - Total Maximum Daily Load (TMDL) support



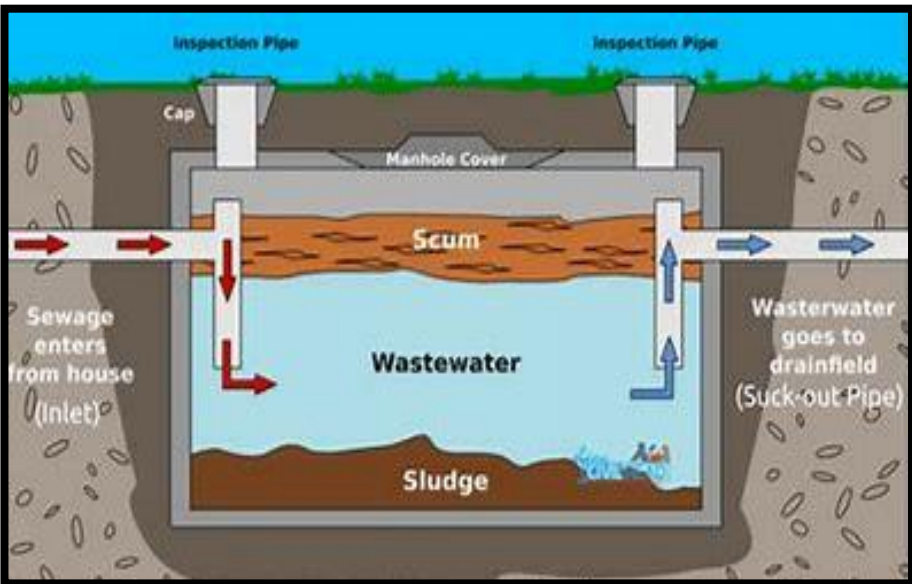
# Nonpoint Source Activities

- Examples—continued:
  - Groundwater, aquifer, wellhead protection
  - Water quality monitoring
  - Land acquisition for:
    - Wetland habitat protection
    - Riparian area and watershed protection
    - Drinking water source protection



# Onsite Sewage Systems (OSS)

- Eligible for CWSRF and Centennial
- Examples:
  - Surveys
  - Public education and outreach
  - Regional Loan Program (RLP)
  - **New** in SFY23: Composting Toilets
    - Must have a clear water quality benefit
    - Must meet Department of Health standards
    - Must include a maintenance plan



# Ineligible Projects

- Non clean water projects (e.g., roads, bridges, drinking water systems)
- Exclusively industrial projects, except:
  - Publicly-owned industrial wastewater treatment facility reducing the burden on a municipal wastewater treatment facility (CWSRF-only)
  - Publicly-owned industrial stormwater facility (SFAP-only)
- Water quantity
- Project solely for flood control
- Operation, maintenance, and repair costs



# SFY23 Estimated Funding

|                    |                      |
|--------------------|----------------------|
| <b>CWSRF</b>       | <b>\$220,000,000</b> |
| <b>SFAP</b>        | <b>\$35,000,000</b>  |
| <b>Centennial</b>  | <b>\$19,000,000</b>  |
| <b>Section 319</b> | <b>\$1,500,000</b>   |

# Match Requirements

|  |             |
|--|-------------|
| <b>CWSRF—Any project</b>                           | <b>none</b> |
| <b>SFAP Grants—Non-hardship</b>                    | <b>25%</b>  |
| <b>SFAP Grants—Hardship</b>                        | <b>15%</b>  |
| <b>Centennial—Nonpoint or Stormwater</b>           | <b>25%</b>  |
| <b>Centennial—OSS Regional Loan Program</b>        | <b>100%</b> |
| <b>Centennial—Wastewater construction hardship</b> | <b>none</b> |
| <b>Section 319—Any project</b>                     | <b>25%</b>  |

# SFY23 CWSRF Standard Interest Rates

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

|  |                            |
|--|----------------------------|
| Wastewater, Stormwater,<br>OSS Projects: | 5 year = 0.5% (30% of MR)  |
|  | 20 year = 1.1% (60% of MR) |
|  | 30 year = 1.4% (80% of MR) |
| Nonpoint Projects:                       | 5 year = 0.4% (20% of MR)  |
|  | 20 year = 0.7% (40% of MR) |
|  | 30 year = 1.1% (60% of MR) |

# Key Dates

- August: application opened
- October: applications due
- January : Draft Funding List published
- April: Supplemental Budget
- June: Final Funding List published
- January: agreements signed



# Rating Criteria and 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 Planning and Schedule                | 0–160            | —               |
| Water Quality and Public Health Improvements | 0–500            | 250             |
| Wastewater Construction Hardship             | 0 or 50          | —               |
| <b>Total</b>                                 | <b>0–1,000</b>   | <b>600</b>      |

# What steps can you take?

- **Engage:** Reach out to Ecology staff.
- **Communicate:** Early and Often.
- **Plan:** Develop a good project.

# For Additional Information

- <https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-Combined-Funding-Program>
- <https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-Combined-Funding-Program/WQC-funding-cycle>
- <https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans/General-resources>



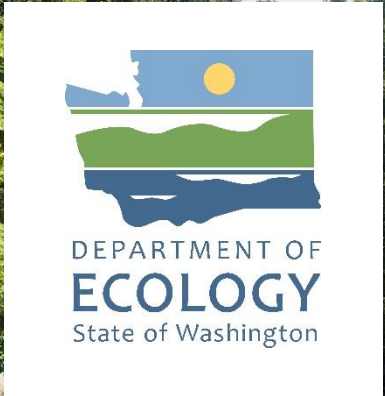
# Questions?

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# Thank You!