



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 Funding Overview

DWAG

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Drinking Water State Revolving Fund Program

Agenda

- Background
- Standard program & BIL funding
- Preconstruction Loans
- Construction Loans
- Consolidation Grants

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.
- Current information about our program is located at www.doh.wa.gov/DWSRF—we regularly update the webpage.

DWSRF Story Map

● <https://storymaps.arcgis.com/stories/006c62fdd13b44248934c8474c4d2a54>



Improving Washington's Drinking Water, One Loan At A Time



City of Bellingham (Whatcom County)

City of Bellingham gets its drinking water from Lake Whatcom, which has consistently high algae bloom and suspended organic matter in the water...



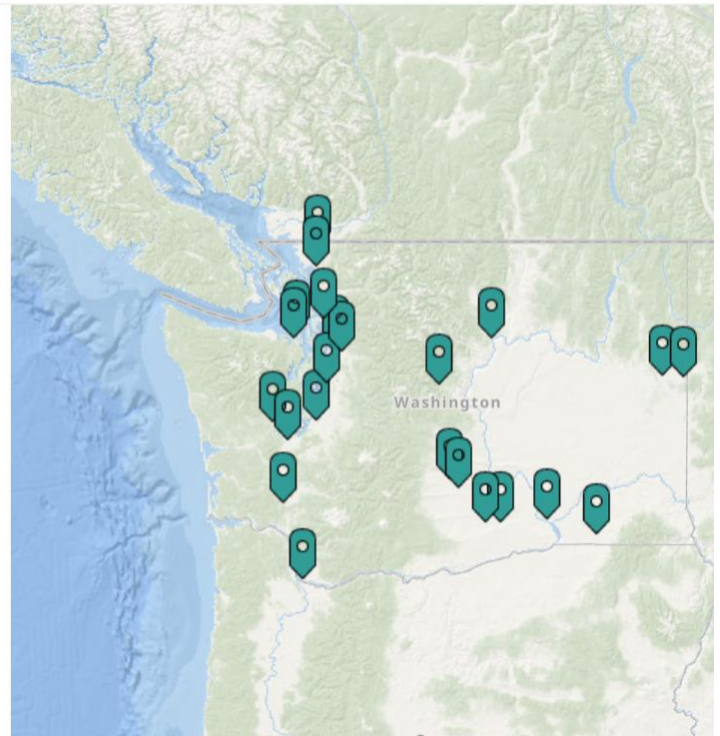
Clark Public Utilities (Clark County)

Clark Public Utilities worked on a multi-phase Paradise Point Water Supply System project. They received funding for the design and...



City of College Place—Christ Community Fellowship Co...

Christ Community Fellowship serves the College Place community as both a school and place of worship. Nitrate levels in the well were almost twice...



Standard Program Funding

- Capitalization Grant ~24.6 million
 - Requires 20% match
 - Intended Use plan demonstrates use of the entire cap grant and match.
 - Includes all funded lists and set-aside workplans
- Best practices
 - One year to get construction projects into contracts
 - Two years to spend set-aside funding

Bipartisan Infrastructure Law (BIL)(formally IIJA)

Three new authorizations of funding in addition to the regular cap grant (which is also authorized to increase).

- Stimulus—standard program
- Lead service line replacement
- Unregulated contaminant

Bipartisan Infrastructure Law (BIL)

- DWSRF BIL Stimulus: 49% will be provided to communities as grants or principal forgiveness loans. 51% of funding available to communities for low interest loans.
- Lead Service Line Replacement Grant: 49% will be provided to communities as grants or principal forgiveness loans. 51% of funding available to communities for low interest loans.
- Emerging Contaminants mitigation through the DWRF: 100% will be provided to communities as grants or 100% principal forgiveness loans.
- DWSRF regular Cap Grant: 38% will be provided to communities as grants or principal forgiveness loans. 62% of funding available to communities for low interest loans.

Funding available

Washington's anticipated allocation annual amounts

Amounts in Millions	SFY 23	SFY 24	SFY 25	SFY 26	SFY 27	Total
Stimulus DWSRF Grant						
Grant Amount	40.1	46.9	51.2	55.5	55.5	242.9
DWSRF Lead Service Line Replacement						
Grant Amount	63.2	63.8	63.8	63.8	63.8	318.4
DWSRF Emerging Contaminants (PFAS)						
Grant Amount	16.8	17.0	17.0	17.0	17.0	84.8
Base DWSRF Grant						
Grant Amount	57.3	64.9	70.4	75.8	75.8	244.3

Conditions

- Build America Buy America Act (BABA).
- Expands on existing American Iron and Steel Provision (AIS).
- Davis Bacon Act: projects will be required to pay the higher of state or federal prevailing wages for construction.
- Subsidy requirement.

BIL Impacts

● Challenges

- Unclear when funding will be available
- Waiting on federal guidance for
 - Lead service line funding
 - Justice 40—requirements
 - Subsidy breakdown (per project/per funding pot)
 - BABA
- BABA availability/cost of materials
- Supply chain delays/availability

BIL Impacts

● Challenges

- To obtain the full funding available, we must demonstrate that we have 51% of the total in loans
- Available subsidy is proportionate of total dollars granted to the state from EPA
- Funding for technical assistance is also proportionate

Preconstruction Loan

- Preconstruction Loans (year-round cycle)
 - Planning, studies, design, asset management, cultural and environmental review, etc.
 - Can not be used for groundbreaking activities
 - \$3M cycle annually; first come first serve until funding is exhausted (funding allocated on state fiscal year of July 1)
 - \$500,000 per jurisdiction per fiscal year
 - 2% loan fee – 0% interest
 - Must complete scope of work activities within 24 months

Construction Loans

- We set our terms each year and publish out guidance 30 days in advance of the cycle.
Application accepted October 1–November 30 (typically)
- Anticipate 100+ million available
- \$10 million limit per jurisdiction
 - 10% of total available
- Percent interest rate is set Sept 30
- 20-year loan term



Construction Loans

- Eligible Applicants:
 - Group A community systems.
 - Group A nonprofit noncommunity systems.
 - Group B systems converting to Group A due to a consolidation project.
 - Tribal systems not receiving SRF tribal set asides.
- Ineligible Applicants:
 - Group B systems **not** converting to Group A.
 - Group A noncommunity, for-profit systems.
 - Federal and state-owned systems.

Construction Loans

- Submit each project separately.
- **Planning documents must be current and include proposed project.**
- Guidelines outlined in DOH publication 331-196 (published Sept 1 each year)



Construction Loans

- Must have all real property, easements or right-of-ways secured or ability to do so upon application.
- If project requires water rights, must have water rights (water rights are ineligible for SRF funding).
- No outstanding audit findings.
- Must include approved 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 Projects Broadly Include:
 - Projects that address a public health risk.
 - Projects that upgrade deteriorated facilities and infrastructure.
- Ineligible Projects:
 - Operations and maintenance.
 - Future growth or fire flow.
 - No construction component.

(see preconstruction guidelines for administrative projects)

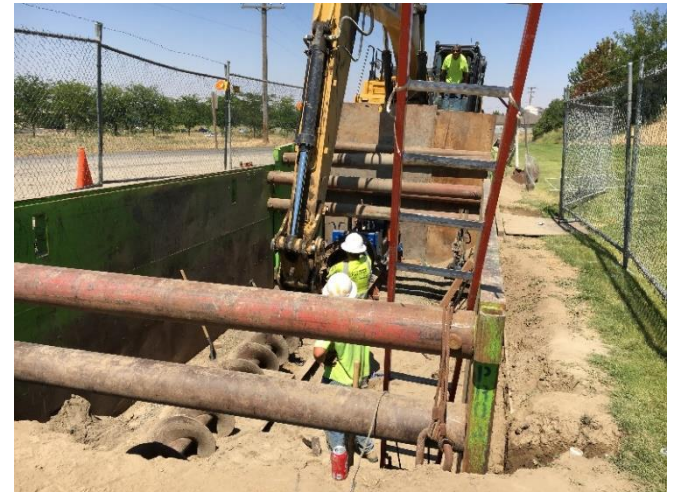


Construction Loans

- Construction must start within 18 months of funding agreement execution.
- Project must be completed within 48 months of funding agreement execution.
- Reduced interest rate of percent for projects completed within 24 months of funding agreement execution. (currently .5 less than standard rate).

Construction Loans

- ALL projects require:
 - Regional office approval of 100% design documents prior to bid.
 - Completed cultural and environmental reviews prior to any groundbreaking activities.



Construction Loans

- Consolidation projects ranked based on compliance issues within the past five years.
- Consolidation projects must provide signed transfer agreement at time of application.



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.
- Bonus points awarded if AM program exists

Project Scoring



Construction Loans : Scoring

- All projects are scored and ranked based on health risk being addressed.
- Category 1 - Documented microbial contamination.
- Category 2 - Documented primary inorganic* contaminant MCL.
- Category 3 - Primary chemical risks or sanitary survey significant deficiencies
- Category 4 - Secondary MCLs and Resiliency
- Category 5 - Projects not captured in previous risk categories: (new reservoir or pipe replacement or 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 (Smart Project).
- approval of plans and specifications, completion of cultural or environmental review, having other (non DWSRF) funding secured.

Construction Loans : Funding and Subsidy

- Funding is based on a project's overall ranking, with the highest ranked projects receiving funding until all funds have been exhausted.
 - If multiple projects are required, submit them separately.
- Subsidy is awarded based on the water rate affordability index and is awarded until the subsidy has been exhausted.
 - Subsidy ineligible: preconstruction, for profit water systems.

Applications

Applicants need to apply through WALT application portal.

All applicants that are new or have changes will need to preregister

We publish a user guide for WALT

We provide a paper application to help applicants gather information

Sara Herrera can provide assistance with any WALT related questions

Construction Loans

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

Consolidation Grants

- Planning for a June – July cycle
 - \$400,000 total available
 - Increase funding per project
 - Will publish guidelines in May – still drafting
 - Anticipate including:
 - Letter of agreement between both parties to actively participate in study (provide documents, hold community meeting, etc.)
 - an analysis of consolidation vs not consolidation (cost benefit as a part of preliminary engineering report)

Questions?





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