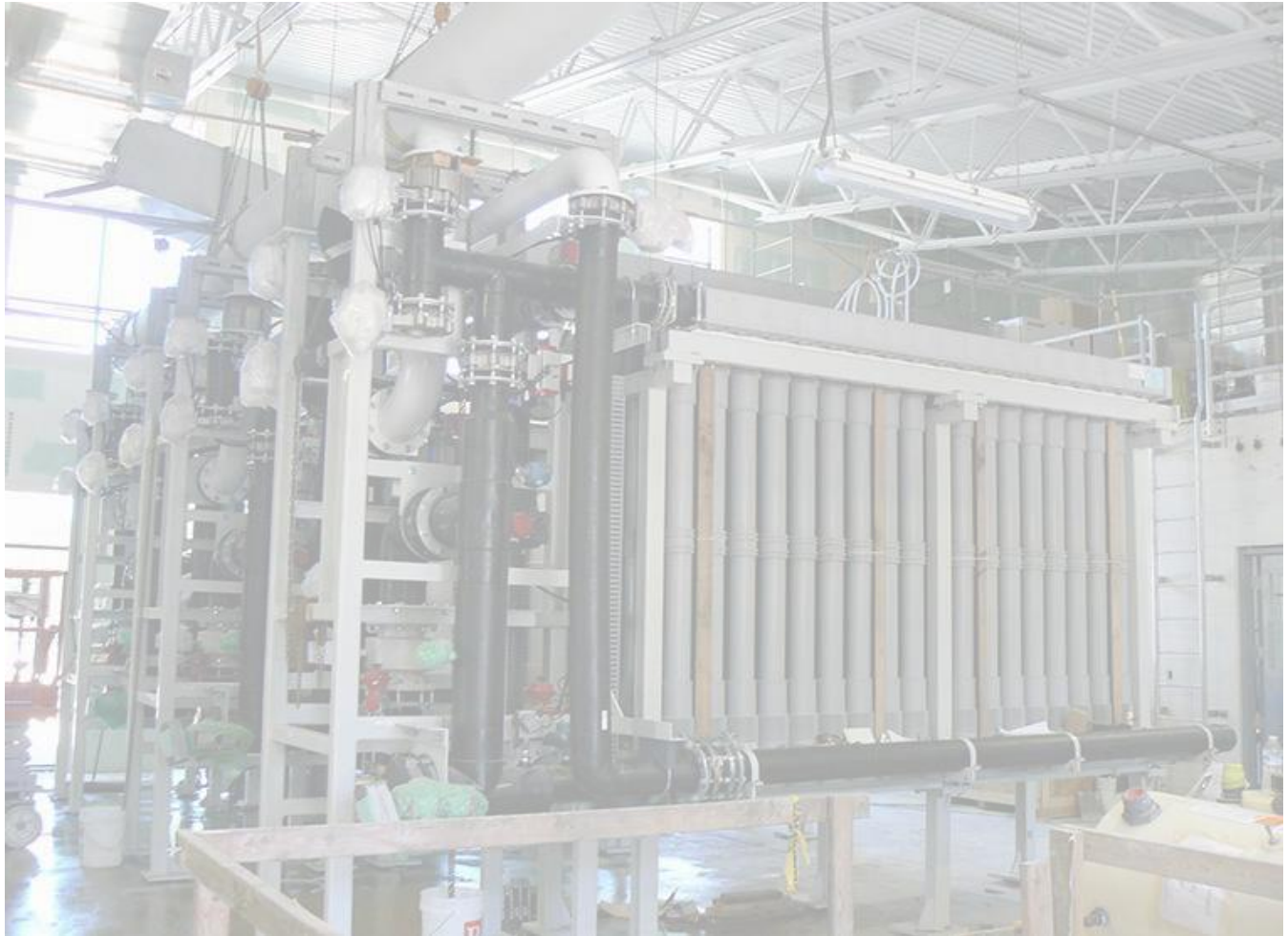


WASHINGTON STATE DEPARTMENT OF HEALTH

Drinking Water State Revolving Fund Annual Report



State Fiscal Year 2025



DOH 331-737 • October 2025

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Background

Congress established the Drinking Water State Revolving Fund Program (DWSRF) when it reauthorized the Safe Drinking Water Act (SDWA) in 1996. The Environmental Protection Agency (EPA) manages DWSRF funds at the federal level and the Washington State Department of Health, Office of Drinking Water (ODW) administers the funds at the state level. ODW establishes program priorities, carries out oversight activities, manages all funding contracts, and administers the Public Water System Supervision (PWSS) program.

More than 6.1 million Washington residents, 87 percent of the state's population, get their drinking water from public water systems. During the last twenty years, DWSRF has provided over \$1.4 billion in construction loan funds for more than 825 projects. Over 450 public water systems benefited from these loans, which helped improve their drinking water infrastructure and protect public health.

Washington has been a longtime national leader in using DWSRF capitalization and set-aside funding. Washington DWSRF staff are active in resolving unliquidated obligations, maximizing our loan fund use rate, and looking for new strategic opportunities to meet the needs and expectations of our over 4,000 federally regulated drinking water utilities.

In the 2021 Drinking Water Infrastructure Need Survey and Assessment, a \$16.3 billion need was projected for drinking water infrastructure improvements over the next twenty years. ODW staff work closely with all infrastructure-funding partners to coordinate strategies to address these long-term funding needs. We are currently working to undertake the Eighth Drinking Water Infrastructure Needs Survey and Assessment to understand the infrastructure challenges water system will face over the next several years. It is anticipated that infrastructure needs will only increase as water systems face multifaceted challenges in addressing increasing operations and maintenance costs, customer affordability issues, emerging contaminants, and aging infrastructure.

Executive Summary

ODW is pleased to present its Annual DWSRF Report for State Fiscal Year 2025 (SFY 2025). The report covers DWSRF operations and finalized contracts from July 1, 2024, through June 30, 2025.

Washington State received the following grants.

- ◆ Base capitalization \$10,672,000.
- ◆ Bipartisan Infrastructure Law (BIL) supplemental \$48,214,000.
- ◆ BIL emerging contaminants \$17,610,000.
- ◆ BIL lead service line \$1,292,364.

The BIL supplemental funding reflects Year 2 (Federal Fiscal Year (FFY) 2023) of the BIL funding, as ODW delayed a year in applying for the BIL grants. The report includes contracts from the Consolidation Feasibility Study grants and Planning and Engineering (pre-construction) loans signed during SFY 2025.

In addition to providing infrastructure financing, ODW also reserved 31 percent of the capitalization grant and 31 percent of the BIL supplemental grant from EPA during SFY 2025 for authorized set-aside activities. These activities include program administration, small system technical assistance (TA), and capacity development.

This report describes our activities to reach the goals and objectives in SFY 2024 Intended Use Plan (IUP) submitted to EPA. It includes:

- ◆ Progress toward meeting long- and short-term goals.
- ◆ Sources and uses of funds.
- ◆ The financial status of DWSRF.
- ◆ Compliance with federal DWSRF requirements.

Section 1 Program History

This section discusses program progress and recent changes.

Program History

The DWSRF program was created in 1996 through amendments to the SDWA. DWSRF is a financing program that funds infrastructure improvements to drinking water and protects public health in Washington State. In 2018, the program moved from a partnership with the Public Works Board for loan contract administration, to complete management within ODW. We continue to maintain a sustainable revolving-loan program that provides low-interest loans to public water systems for needed drinking water infrastructure improvements.

DWSRF funding comes from EPA capitalization grants, BIL supplemental grants, state match, loan fees, loan repayments, and interest earned on loans and balances held at the State Treasurer's Office. We continuously work to improve the program.

A summary of the history of our DWSRF awards is below.

Table 1: Summary of Washington Subsidy Awards

Summary of Washington Subsidy Awards							
SRF/SFY Year	Cap/BIL Grant Amount	Subsidy Required	Subsidy Awarded	% Subsidy Awarded	Subsidy Expended	% Subsidy Expended	Notes
14/2011	\$34,650,000	30%	\$11,502,685	33%	\$11,406,799*	33%	Subsidy Met
15/2012	\$24,044,000	30%	\$7,508,737	31%	\$6,926,805	30%	Subsidy Met
16/2013	\$22,914,000	20-30%	\$6,147,175	27%	\$6,147,175	27%	Subsidy Met
17/2014	\$21,499,000	20-30%	\$4,381,590	20%	\$4,381,590*	20%	Subsidy Met
18/2015	\$19,741,000	20-30%	\$3,849,645	20%	\$3,849,645	20%	Subsidy Met
19/2016	\$19,600,000	20-30%	\$3,973,237	20%	\$3,920,633	20%	Subsidy Met
20/2017	\$18,233,000	20-50%	\$3,764,308	21%	\$3,629,174	20%	Subsidy Met
21/2018	\$18,233,000	20-50%	\$4,446,769	24%	\$4,497,388	25%	Subsidy Met
22/2019	\$24,815,000	20-50%	\$5,878,205	24%	\$4,555,138	18%	Subsidy Met
23/2020	\$24,583,000	26-56%	\$5,855,400	24%	\$4,119,065	17%	Subsidy Met
24/2021	\$24,598,000	20-50%	\$5,776,940	23%	\$2,720,564	11%	0 Projects Open, Still Drawing
25/2022	\$24,576,000	20-50%	\$5,560,651	23%	\$783,363	1%	4 Projects Open, Still Drawing
26/2023	\$15,655,000	26-49%	\$6,160,371	39%	\$0.0	0%	6 Projects Open
27/2024	\$68,466,000 ¹	26-49%	\$24,260,490	49%	\$0.0	0%	9 Projects Open
28/2025	\$77,788,364 ¹	26-49%	\$46,163,918	49%	\$0.0	0%	12 Projects Open/All contracts executed.
Total	\$439,391,364		\$145,230,121				

*NOTE: We are aware of subsidy shortfalls in SRF Years 11 and 14. We corrected these shortfalls through transfers in Project Benefits Reporting.

¹ Includes the DWSRF base, the BIL supplemental, BIL emerging contaminants, and the BIL lead service line replacement capitalization grants.

Loan Assistance Status

Since the DWSRF Program began, the state has completed over 825 project loan contracts totaling over \$1.4 billion. Funded projects range in size from \$13,600 to \$15,000,000.

DWSRF Subsidy Requirements

In 2009, Congress and EPA determined that even low-interest rates are not affordable for some systems. Updates to the SDWA that were included in the BIL, required DWSRF to provide additional loan subsidies to disadvantaged communities. Washington assists disadvantaged communities through reduced interest rates and principal forgiveness.

We continue to update the definition of “disadvantaged community” in state law to ensure disadvantaged and overburdened communities are eligible for loan forgiveness and reduced interest rates. We will use information gathered during upcoming application cycles to refine the indicators we used to ensure we continue to prioritize funding for disadvantaged communities.

On August 30, 2023, ODW adopted a new emergency rule definition for disadvantaged communities that consider indicators including affordability index rankings, the average rank of the community on Washington Tracking Network Information by Location (IBL) mapping tool using the Environmental Health Disparities map, and the Social Vulnerability Index map. The Environmental Health Disparities map considers indicators such as environmental exposures, environmental effects, and sensitive population. The Social Vulnerability Index map includes the rankings for household composition and disability, housing type and transportation, and socioeconomic determinants. Residents of some of these areas were found to often suffer higher rates of health problems and have limited access to medical care, placing them disproportionately at harm to chemical contaminants like PFAS in their drinking water.

The updated emergency rule was reflected in Washington Administrative Code (WAC) 246-296-020(9), as follows:

"Disadvantaged community" means a qualifying service area of a project serving residential connections within a public water system that is disproportionately impacted by economic, health, and environmental burdens. Potential qualifying areas will be assessed by indicators established in state guidance including population served, social vulnerability, environmental health disparities, and affordability of average annual water charges.

This emergency rule was used to determine if water systems were disadvantaged communities and if they were eligible for loan subsidy for loans executed during SFY 2025. On August 31, 2024, ODW's permanent rule changes to chapter 246-296-020(8) WAC became effective. This amended the definition of disadvantaged community and amended the terms to allow for partial or full loan forgiveness. This updated rule was used to determine water system eligible for subsidy on the SFY 2025 IUP for loans that will be executed in SFY 2026.

The final rule in WAC 246-296-020(8), states:

“Disadvantaged community” means a qualifying service area of a project serving residential connections within a public water system that is disproportionately impacted by disproportionately impacted by economic,

health, and environmental burdens. Potential qualifying areas will be assessed by indicators established in state guidance including population served, social vulnerability, environmental health disparities, and economic hardship. A service area of a project serving residential connections within a public water system owned and operated by a federally recognized tribe is considered a disadvantaged community.

The emergency rule allowed up to 100 percent subsidy for water systems that qualified as disadvantaged communities. Subsidy was provided based on qualification as a disadvantaged community under the emergency rule, starting with the highest ranked projects as determined using the prioritization criteria established in Appendix A of the DWSRF Construction and Lead Service Line Project Funding Guidelines and moving down the project list until the available subsidy was exhausted. Subsidy was calculated based on a maximum loan of \$12 million for Construction Loan and Emerging Contaminant projects executed during SFY25. Any loans issued for portions of projects more than the \$12 million cap were not used in the subsidy calculation.

Disadvantaged communities were awarded \$4,268,800 (40 percent) as subsidy from the base grant, \$23,624,860 (49 percent) as subsidy from the BIL supplemental grant, \$633,259 (49 percent) as subsidy from the BIL lead service line grant, and \$17,610,000 (100 percent) as subsidy from the BIL emerging contaminant grant. Final subsidy awards can be located by project in Appendices B, C, and D of the Washington State DWSRF FFY24/BIL FFY23 Intended Use Plan.

The applicable metrics for determining qualification as a disadvantaged community and for the determination of subsidy application were contained within Appendix B of the 2023 *DWSRF Construction and Lead Service Line Project Funding Guidelines* 331-196 (PDF). They included:

Affordability Index greater than 2 percent.

The Affordability Index is determined by evaluating the average monthly drinking water rate including the loan against the Median Household Income (MHI). The average annual water rates supplied in the loan application including current system population figures, and current rate structure. MHI is determined using census data from the most recent survey. Applicants may provide third-party income surveys to be used in the Affordability Index determination. If the Affordability Index is greater than 2 percent, the service area of the project qualifies as a disadvantaged community.

$$\text{Affordability Index} = (\text{Average Annual Water Rates} \div \text{Median Household Income}) \times 100$$

Average rank of Environmental Health Disparity (EHD) of 7 or more.

The EHD average rank is calculated using the Washington Tracking Network map. In the area where 50 percent or more of the project is located, the average rank of Environmental Exposures, Environmental Effects, and Sensitive Populations is determined. If the average EHD rank is 7 or more, the service area of the project qualifies as a disadvantaged community.

$$\text{EHD Average Rank} = (\text{Environmental Exposures} + \text{Environmental Effects} + \text{Sensitive Populations}) \div 3$$

Average rank of Social Vulnerability Index (SVI) of 7 or more.

The SVI average rank is calculated using the Washington Tracking Network Map. In the area where 50 percent or more of the project is located, the average rank of Household Composition and Disability, Housing Type and Transportation, and Socioeconomic Determinants is determined. If the average SVI rank is 7 or more, the service area of the project qualifies as a disadvantaged community.

$$\text{SVI Average Rank} = (\text{Household Composition and Disability} + \text{Housing Type and Transportation} + \text{Socioeconomic Determinates}) \div 3$$

We undertook significant outreach and community engagement activities in accordance with the state Healthy Environment for All (HEAL) Act of 2021 to ensure the engagement and participation of disadvantaged communities and the water systems that serve them during rule development. ODW committed to continuing outreach and activities under the HEAL Act to ensure that disadvantaged communities and their advocates continue to have the opportunity to help refine the use of the DWSRF programs and associated subsidies.

Reduced Interest Rates

We began offering reduced interest rate loans in 2009, when EPA issued affordability guidelines to states. For contracts executed during SFY25 (contracts signed prior to July 1, 2025), systems that met the definition of a disadvantaged community qualified for a reduced annual interest rate, lowered from 2.25 percent to 1.75 percent.

Principal Forgiveness

Principal forgiveness is offered to those communities that qualify as disadvantaged under the established criteria. Certain consolidation projects may also qualify for additional principal forgiveness. Principal forgiveness is awarded on a prioritized basis determined by project rank and, depending on funding availability, not all systems on the project list that qualify as disadvantaged community will receive principal forgiveness.

Since SFY 2011, DWSRF has awarded \$145,230,121 in principal forgiveness. EPA requires at least 26 percent of the FFY 2024 base capitalization grant, exactly 49 percent of the BIL supplemental grant, exactly 49 percent of the BIL lead service line grant, and 100 percent of the BIL emerging contaminants grant be awarded as principal forgiveness.

Recent Changes and Innovations

Interagency Coordination

State and federally funded agency staff continue to staff and operate the Maximizing Resources Group facilitated by Department of Commerce's (Commerce) Small Communities Initiative staff to coordinate strategies and decision-making on infrastructure project priority and funding sources. DWSRF staff members participate in ongoing quarterly meetings.

In addition, ODW staff participate in Sync, a multi-year, multi-agency effort to improve the use of infrastructure funding. Some of the activities Sync focuses on include value planning, asset management, affordability criteria, regionalization, and improved outreach and technical assistance provided to jurisdictions seeking funding for water, wastewater, energy, and

transportation infrastructure improvements. Sync met regularly this year and drafted reports to the Legislature updating the progress in interagency coordination efforts. Recent Sync discussions involved the development of tools to measure anticipated growth, plan for resiliency projects, regionalization, and improve coordination and planning for complex projects. The Sync group continues to strategize the most effective ways to target the right type of funding to the right project through coordinated review of project applications that overlap multiple funding sources.

National Historic Preservation Act

Washington State continues to streamline National Historic Preservation Act Section 106 project reviews, creating more efficient 106 project reviews and the ability for projects to proceed to construction in a timely manner. All DWSRF funded groundbreaking projects are required to undertake a cultural resource review.

Consolidation Feasibility Study Grant Program

Our DWSRF Consolidation Feasibility Study Grant Program promotes the reduction of the number of small public water systems with compliance issues and assists larger water systems with technical, managerial, and fiscal capacity working with interested, struggling, or failing systems. The grant provides funding to determine the feasibility of consolidation versus the efforts required to maintain the independent water system. Community public water systems are eligible to apply for this grant and must demonstrate that they are eliminating one or more public water systems serving fewer than 10,000 people. They can also use the funding for transferring ownership of privately owned systems to public ownership.

The Consolidation Feasibility Grant Program accepts applications year-round and awards contracts in May and December of each year. We make available \$800,000 in funding per biennium from the DWSRF loan fee account; the maximum grant amount is \$50,000. We funded nine (9) projects during SFY25 at a total funding amount of \$450,000. The projects are listed in Table 4 below.

Planning and Engineering Loan Program

The Planning and Engineering Loan Program accepts applications on a year-round basis to assist water systems with system planning and increase the number of shovel-ready water system projects that apply for construction loans. The loan terms for the program are:

- ◆ Ten-year repayment period.
- ◆ Project completion within two years.
- ◆ Maximum amount of \$500,000 per jurisdiction per fiscal year.
- ◆ Zero percent annual interest rate.
- ◆ Two percent loan origination fee.

During SFY 2025, we awarded contracts for eleven (11) projects at a total amount of \$2,807,650. Individual project details can be found in Table 4. Four (4) projects were found to be ineligible for funding or bypassed for fiscal concerns. Individual project details and the reasons for not funding them are in Table 5.

Drinking Water System Rehabilitation and Consolidation

DWSRF received \$5 million from the Washington State legislature for the 2023-2025 Biennium to augment existing federal resources to address the rehabilitation and consolidation of struggling and failing utilities through the Drinking Water System Rehabilitation and Consolidation (DWSRC)

program. Almost half of the funding was dedicated to a single intertie project identified in proviso, with the remainder available for other rehabilitation and consolidation activities. Guidelines for program implementation were finalized in December 2023. To date, we focused efforts on coordinating with local governments identified as receivers of last resort to develop projects and enhance their capacity to assume failed systems. We funded three (3) consolidation projects totaling over \$2.5 million. Our DWSRF staff continue to coordinate with ODW engineering and planning staff, constituent groups, interested water systems, and local governments to identify rehabilitation and consolidation opportunities. It is anticipated that the reassessment rule under development by EPA may enhance the state's ability to assess, rehabilitate, or consolidate struggling and failing systems, or those systems looking to be consolidated into larger and more viable public water systems.

Emergency Loan Program

We developed an emergency loan program for publicly and privately owned nonprofit community and non-community water systems serving fewer than 10,000 people that suffer damage from unforeseen events like flooding, drought, fire, earthquake, or extreme PFAS contamination. The emergency program follows all our general administrative program policies and DWSRF loan guidelines. We made recent modifications to the emergency loan program to align with the Department of Ecology's Clean Water SRF emergency loan program.

The loan terms are:

- ◆ Ten-year repayment period.
- ◆ Project completion within two years.
- ◆ Maximum amount of \$500,000 per entity.
- ◆ Zero percent annual interest rate.
- ◆ One and a half percent loan origination fee.

We did not award any Emergency Loans in SFY 2025. Two applications were received and denied due to lack of a prevailing event that constituted an emergency. Continued outreach and education for interested systems is ongoing regarding the availability of emergency funding. We are looking for opportunities to work with federal and state emergency management agencies to identify more efficient and responsive methods to get funding to impacted systems after a declared emergency.

Section II: Program Goals

As part of the DWSRF IUP, the SDWA requires us to identify DWSRF goals and objectives. ODW's mission is to work with others to protect the health of the people of Washington by ensuring safe and reliable drinking water. Our DWSRF Program supports that mission by providing:

- ◆ Low-interest loans to improve drinking water system infrastructure, targeting small and disadvantaged communities.
- ◆ Technical assistance to improve drinking water system operational, technical, managerial, and financial (TMF) capacity.

DWSRF Mission

The DWSRF program helps water systems by providing affordable financing to eligible entities for planning, designing, and constructing public water facilities that provide safe and reliable drinking water.

Vision

ODW supports our communities to address competing water challenges, such as climate change, water resources, and aging infrastructure. We ensure and promote the value of safe and reliable drinking water to all people of Washington, now and for generations to come.

Goals

People of Washington State have equitable access to safe, reliable, sustainable water, and water is affordable for all citizens.

Philosophy

The overall philosophy of Washington State DWSRF program staff is to maximize the availability of DWSRF funds for project construction and to provide vital technical assistance and targeted project funding to small and disadvantaged communities.

Short-Term Goals

1. Use existing national EPA contracts to assess Washington's workforce needs to implement the Safe Drinking Water Act, provide technical assistance to increase water system's technical, managerial, and financial capacity and to implement the DWSRF program.
2. Reassess and improve WALT to improve program efficiencies, increase constituent and applicant utilization, and collect and use applicant and project data to better serve internal and external needs. DWSRF currently has proposed using \$600,000 in set-aside funds to implement the reassessment and program improvement.
3. Continue to complete the DWSRF annual audit and report within EPA timelines. We met the timeline for the 2024 annual audit and report.
4. Assess our fund management system for improvement opportunities.
 - a. Finalize the in-house predictive cash flow model for future planning.
 - b. Monitor our lending rate policy closely and adjust interest rates for long-term inflation.
 - c. Continue monitoring effects of recently implemented loan repayment changes.

5. Continue to encourage applicants and work with regional staff and third-party contractors to improve outreach and technical assistance to water systems to improve project development and scopes of work, readiness-to-proceed, and the efficient use of construction money awarded.
6. Continue to allow applicants to access WALT for project submittal year-round to enable longer timeframes for project and Statement of Work (SOW) development prior to the end of the annual application cycle.
7. Use the DWSRF external assistance portal to provide start-to-finish technical assistance to public water systems to assist in meeting TMF requirements and utilizing assistance to drive planning and construction project development.
8. Award bonus points on construction loan applications for applicants that completed preconstruction activities, such as design and cultural review work.
9. Use planning and engineering loans and technical assistance to develop projects more fully prior to application for construction funding.
 - a. Convert construction loans to a planning and engineering loan to allow the entity to continue with preconstruction activities when unforeseen challenges arise.
 - b. Conduct an annual review of readiness-to-proceed criteria for construction loans and improve the criteria to better identify “shovel-ready” applicants.
 - c. Meet with prospective borrowers that struggle to meet contract performance deadlines on open loans prior to issuing a new funding agreement. The meeting allows DWSRF staff to assess the borrower’s ability to undertake and properly manage a new project.
10. Coordinate with water systems, interested constituents, community groups, and federal and state technical assistance providers to expand support and ensure funding eligibility for disadvantaged communities.
11. Continue to work with technical assistance providers to develop in-person and online training series on how to develop a small water system management program and to streamline existing small water system management program requirements.
12. Undertake an outreach campaign and in-person on-the-ground interactive gatherings to allow DWSRF to educate underserved communities about the DWSRF loan program and technical assistance available to support their infrastructure needs.
13. Ensure that at least 40 percent of the base grant, 49 percent of the BIL supplemental grant, 25 percent of the BIL emerging contaminant grant, and 49 percent of the BIL lead service line grant funds are provided as subsidy to provide financial assistance to disadvantaged communities.
14. Continue to implement dedicated programs to assist public water systems in completing their Lead Service Line Inventories as required by federal law.
15. Provide financial and technical assistance to help public water systems increase technical, financial, and managerial capacity.
 - a. Continue to provide technical assistance and increase funding through third-party contracts with the Rural Community Assistance Corporation (RCAC), Small Community Initiatives (SCI), and Evergreen Rural Water of Washington (ERWOW). These technical providers assist systems with board training, funding applications, rate setting, and asset management.
 - b. Continue using additional TA contracts to support operator training, engineering, and planning services, and competitive bidding process.

- c. Continue to collaborate with other funding partners on small system training for infrastructure funding.
16. Review and implement process improvement efficiencies.
- a. Provide training and resources on DWSRF online application (WALT) to internal and external partners.
 - b. Expand pre-construction site visits and inspections during construction.
 - c. Expand construction inspections post project completion.
 - d. Continue providing contract training with each applicant approved for a construction loan, and one-on-one training for those needing additional help.
 - e. Improve accounting office contact information and assess the implementation of electronic invoices.
 - f. Encourage funding applicants to coordinate water main replacement projects with other infrastructure projects, such as transportation improvement, fish passage barrier removal, or sewer line replacement projects. Applicants receive bonus points for combined infrastructure projects.
 - g. Continue to refine the state's disadvantaged community criteria for award of subsidy using data gathered during each application cycle.
 - h. Continued attainment of structural improvements to the SRF program through use of BIL funding set-asides. This includes hiring two project positions to gather data related to public water system rates and projects contained within adopted water system plans and small water system management programs. These improvements allow us to be more proactive in project identification; as well as interaction with public water systems to encourage project development and submittal under the DWSRF program.
17. Continue to promote asset management.
- a. Provide prioritization bonus points to DWSRF applicants that attend asset management training, have an asset inventory, and have developed an asset management program.
 - b. Incentivize DWSRF funding recipients to develop an asset management program. DWSRF applicants that do not have an existing asset management program must develop an asset inventory, including expected life of assets, and replacement costs for each asset as part of project implementation. Applicants with an existing asset management program are given the ability to improve their asset management program.

Long-Term Goals

1. Strengthen the fiscal integrity of the fund.
 - a. Solid and complete financial analysis is required to understand the implications of any specific DWSRF financial policy choice. A solid fiscal management plan protects the financial future of DWSRF, using all relevant operating assumptions for the program.
 - b. Expand loan availability above capitalization grants to spend down repayment account to target fund balance.
2. Acknowledge and address household affordability constraints.
 - a. Continue to evaluate programs to address household affordability issues.

- b. Coordinate with other agency staff, interagency groups, and community groups to examine rebate program opportunities to alleviate disproportionate impacts to individuals experiencing economic hardship.
 - c. Continue to evaluate and address household affordability and how to capture disadvantaged communities within a public water system service area that does not meet the current affordability criteria. Activities include the examination of low-income household assistance, consolidation impacts, and aggregation of existing rates.
3. Continuously improve the DWSRF program so we are more efficient and better able to serve our customers.
 - a. Improve and simplify the WALT application process.
 - b. Develop electronic invoicing and increase use of electronic payments.
 - c. Maintain emergency funding to assist systems affected by unforeseen events and to ensure they continue to maintain public health protection. Work with fiscal and contracts staff to identify ways to streamline contracting process to ensure we can provide funding in a timely and efficient manner to ensure continued access to safe and reliable drinking water.
 - d. Maintain ability to award additional funding for existing DWSRF loans to address escalating construction costs that exceed funding amount and allow project completion.
 - e. Continue to offer Planning and Engineering loans and grants year-round to allow systems to better prepare for infrastructure improvements.
 4. Continue to offer Consolidation Feasibility Study Grant funding, including the use of federal set-asides to supplement state funding sources available for funding connection fees to support consolidation projects.
 - a. Expand the ability to incentivize projects resulting in the consolidation of struggling and failing systems into larger well managed systems through a variety of funding and regulatory mechanisms.
 5. Continue to coordinate project applications, fiscal mechanisms, and technical assistance with the Public Works Board and within the SYNC interagency group to minimize perceived competition between funding sources and increase effectiveness in identifying multifaceted projects that can be jointly funded and implemented to provide enhanced benefit to the citizens served.

Environmental Results Goals

Washington's DWSRF project loan funds and set-aside work plans support EPA's strategic planning Pillar 1: Clean Air, Land, and Water for Every American by protecting public health from the risk of exposure to regulated and emerging contaminants in drinking and source waters by improving the reliability, accessibility, and resilience of the nation's water infrastructure to reduce impacts of extreme weather events, structural deterioration, and cyber threats. The DWSRF program provides funding to help achieve this federal performance standard. We intend to meet or exceed EPA's annual performance targets.

We will use these performance measures to ensure the loan program attains federal standards.

- ◆ Annual percentage of assistance agreements to bring water systems into compliance.

- ◆ Fund utilization rate (cumulative loan agreement dollars compared with the cumulative funds available for projects) for the DWSRF loan fund. This rate is calculated at the end of each state fiscal year. The rate for SFY 2025 is 103.9 percent. This continues to exceed national performance (91 percent) targets and is the highest in Region 10 (R10 average 96 percent).

Section III: Sources and Uses of DWSRF Funds During SFY 2025

This section discusses DWSRF assistance activities during SFY 2025. Details include:

- ◆ Sources of program funding and use.
- ◆ Status of loan and grant activities.
- ◆ Status of set-asides, binding commitments, and water system capacity activities.

Uses of DWSRF Funds in SFY 2025

We continue to allow year-round submittals for the Consolidation Feasibility Study Grant. This resulted in nine applications for a total request of \$450,000.

We received applications for Planning and Engineering loans totaling requests of over \$2.5 million during the 2024 application cycle, as reflected in the Washington State DWSRF FFY24/BIL FFY23 Intended Use Plan. Two projects declined, one was found to be ineligible, and one was converted into a state appropriation. The remaining six applications were awarded funding. Five projects from the 2025 application cycle were also funded during SFY25. Total funding for the eleven projects was \$2,807,650.

In November 2023, we received, reviewed, and ranked forty construction loan applications with a total request of over \$142 million. Twelve applications were withdrawn, and four projects were deemed ineligible for funding. Seven of the forty applications were funded under the BIL emerging contaminant funding for a total of \$17,610,000. We awarded the remaining projects utilizing the DWSRF base capitalization and BIL supplemental grants for a total of approximately \$100 million.

In November 2023, we received, reviewed, and ranked seven lead service line applications with a total request of over \$1.2 million. The applications included three of the April 2023 applications that we pushed to the November 2023 funding cycle to see if they would qualify for subsidy under the revised emergency rule for disadvantaged communities. Two of the applications ultimately were withdrawn and five were funded at a total amount of \$868,417.

Figures and tables below reflect the expenditures and contracts executed for the July 1, 2024, through June 30, 2025, timeframe.

Table 2: DWSRF Facts—Construction and Lead Service Line Funding, Planning and Engineering Loans, and Consolidation Feasibility Study Grants Funded in SFY 2025

Approved Projects	Projects Funded in SFY 2025
New Construction Projects	51 Applications received, 40 Projects Awarded, 37 Contracts Executed
New Lead Service Line Projects	7 Projects Awarded, 5 Contracts Executed
New Planning and Engineering Projects	10 applications received (2024); 6 contracts executed from applications received during 2024; 5 contracts executed from 2025
New Consolidation Feasibility Studies	9 contracts executed
Project Funding (including loan fees)	\$107,379,882
Total Population Served	1,354,343
Standard Interest Rate	2.25% For Construction Loans 1.75% For Construction Loans for Qualifying Disadvantaged Communities 0% For Lead Service Line Loans and Planning and Engineering Loans
Repayment Period for Standard Loans	20 Years for Construction Loans 10 Years for Lead Service Line Loans and Planning and Engineering Loans
Set-Aside Assistance	\$18,254,660

Table 3: Demographics of Total Construction Funding Applicants

Ownership Type	Project Applications	Projects Funded
Cities/Towns	15	8
Counties	0	0
Water Districts	13	7
Public Utility Districts	13	11
Private/Non-Profit	6	2
Private/For Profit	0	0
Port District	2	2
Tribes	2	0
System Size	Population	Projects Funded
Large Systems	> 100,000	2
Medium Systems	<100,000 and >=10,000	2
Small Systems	<10,000	33

Figure 1: SFY25 DWSRF Allocation of Available Funds

Consolidation Feasibility Grants, Planning and Engineering Loans, and Set-Asides

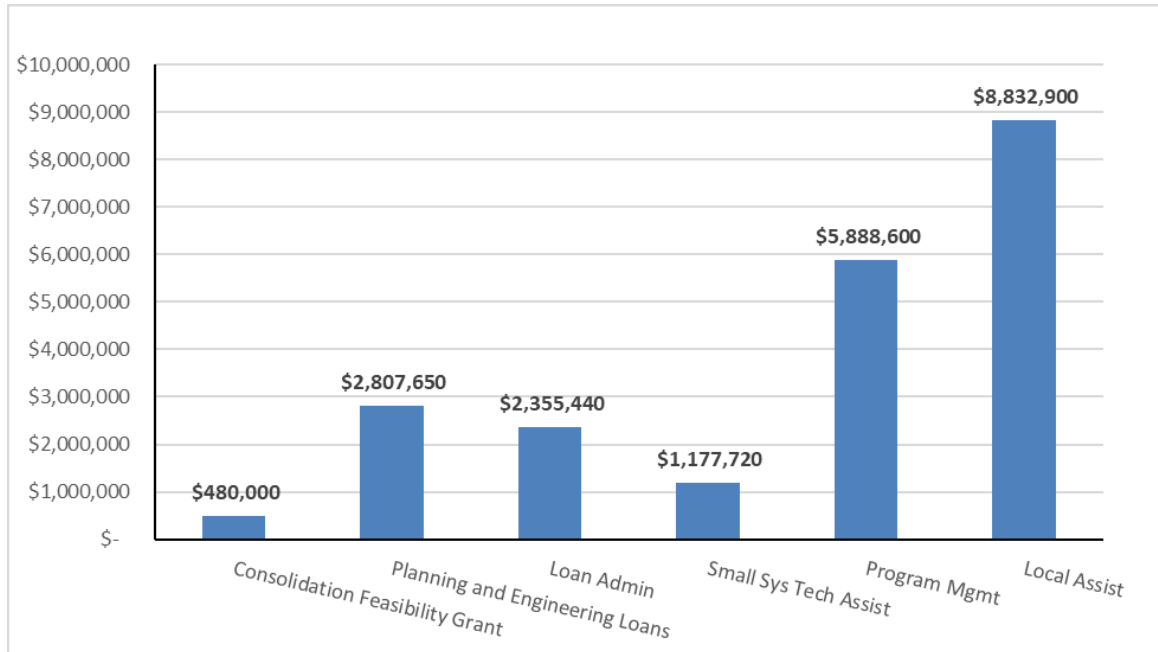


Table 4: Consolidation Feasibility Study Grants, Planning and Engineering Loans, Lead Service Line Loans, and Construction Loans Projects Funded in SFY 2025

Consolidation Projects					
DOH #	Applicant	Project Name	Population	Funded Amount	Project Description
2024-4371	City of Buckley	Buckley/Rainier School Water System	5,572	\$50,000	Study the feasibility of connecting the Rainier School Water System to the City of Buckley system.
2024-4322	City of Airway Heights	Water System Extension Feasibility Study for West Prairie Village Water System	8,697	\$50,000	Investigate alternatives to extend water infrastructure from Airway Heights to consolidate West Prairie
2024-4303	Fisherman Bay Water Association	Consolidation Feasibility Study	245	\$50,000	Study to investigate the feasibility of consolidating several small systems into Fisherman Bay. Focus on consolidation of Milagra Water System.
2024-4282	Silverdale Water District #16	Silverdale Water District/Crystal Creek Water System Consolidation	21,301	\$50,000	Facilitation of the payment of connection fees to consolidate Crystal Creek into the Silverdale Water District
2024-4277	City of Republic	City of Republic and Ferry County Fairgrounds Feasibility Study and Water System Plan	1,198	\$50,000	Investigate the potential consolidation of the fairgrounds into the municipal water system and update the city's water system plan
2024-4267	Stevens PUD	Arden Hills Water Association Consolidation Study	80	\$50,000	Feasibility study of the consolidation of a failing water system into the PUD
2024-4261	Wahkiakum County PUD #1	Skamokawa Water System Connection Fees	78	\$50,000	Facilitation of the payment of connection fees to consolidate several properties with failing private wells into the PUD's Skamokawa water system
2024-4259	Stevens PUD	Loon Lake & Clayton Water System Consolidation Feasibility Study	451	\$50,000	Feasibility study of the consolidation of two small water systems owned and managed by the PUD into a single water system
2024-4258	Yakima Health District	East Selah PWS Feasibility Study	8,365	\$50,000	Feasibility study to investigate the options for consolidation to address PFAS contamination in several wells in the East Selah area
Total			45,987	\$450,000	
Planning and Engineering Projects					
2024-4316	Sierra Country Club	Engineering Plan for New Water Treatment Facility	400	\$271,830	Engineering planning and design for a new water treatment facility
2024-4290	Livingston Bay Community Association	Livingston Bay Community Association Water System Improvement	120	\$107,100	Planning documents and engineering design for system upgrades

2024-4271	Mill-A Water Company	Mill-A Water Company Reservoir Replacement	178	\$161,980	Planning and design for a replacement reservoir for the community
2024-4262	City of Rock Island	Engineering for Well Pump House and Infrastructure	1,980	\$233,580	Engineering design for upgrades to the municipal well pump house and associated infrastructure
2024-4256	North Perry Avenue Water District	Perry Avenue Well Manganese Treatment System	20,613	\$342,210	Design documents for manganese treatment
2023-4255	Clallam County PUD No. 1	PUD No. 1 of Clallam County 2026 Water System Plan Update	521	\$209,610	Updates to the PUD water system plan
2023-4254	Clallam County PUD No. 1	Port Angeles Composite/City Of Port Angeles Intertie Project	7,416	\$300,390	Engineering design to replace the existing intertie between the PUD's Port Angeles Composite water system and the City of Port Angeles
2023-4253	City of Sprague	Water System Plan Update	451	\$60,000	Updates to the city's water system plan
2023-4252	Town of Wilbur	Wilbur Small Water System Management Plan Update & Knox/Cole Water Line Replacement	914	\$100,950	Updates to the town's planning document and design documents for distribution system replacement projects
2023-4188	City of Ridgefield	Eastside Elevated Water Reservoir	15,790	\$510,000	Design documents for the construction of an elevated reservoir to address pressure issues in the City
2023-4186	City of Port Orchard	Well 7 Treatment and Pumping Station Pre-Construction	9,428	\$510,000	Engineering design documents for new treatment and pumping station
Total			57,811	\$2,807,650	
Lead Service Line Project					
2023-4249	Coulee Dam	Lead Service Line Inventory	494	\$153,360	Service line inventory for the water system in the area of potential lead service lines and develop Small Water System Management Program.
2023-4246	Town of Lone	Lead Service Line Inventory	395	\$98,410	Service line inventory for the water system in the area of potential lead service lines and develop Small Water System Management Program.
2023-4245	Town of LaCrosse	Lead Service Line Inventory	297	\$85,377	Service line inventory for the water system in the area of potential lead service lines and develop Small Water System Management Program.
2023-4154	City of Ilwaco	Lead Service Line Inventory and Water System Plan Update	1,412	\$140,270	Service line inventory for the water system in the area of potential lead service lines and update Water System Plan
2023-4150	North Perry Avenue Water District	Lead Service Line Inventory	20,613	\$391,000	Service line inventory for the water system in the area of potential lead service lines.
Total			23,211	\$868,417	

Construction Projects					
2023-4428	Port of Allyn	Allyn Carey Well Acquisition	220	\$125,038	Acquisition of existing system adjacent to Port of Allyn
2023-4256	City of Seattle	Bitter Lake Reservoir Improvements	825,774	\$3,030,000	Replacement of the existing reservoir with a new 21-million-gallon circular partially buried reservoir
2023-4242	Thurston PUD	Tanglewilde Thompson Place 600 PFAS Remediation	4,900	\$3,531,219	Construction of water treatment facilities to address PFAS in the existing system
2023-4238	Thurston PUD	Whiskey Hollow 670 PFAS Remediation	45	\$452,895	Construction of water treatment facilities to address PFAS in the existing system
2023-4236	Thurston PUD	Burnsville 676 PFAS Remediation	183	\$400,929	Construction of water treatment facilities to address PFAS in the existing system
2023-4235	Thurston PUD	Cooperfield 678 PFAS Remediation	38	\$414,094	Construction of water treatment facilities to address PFAS in the existing system
2023-4235A	Thurston PUD	Cooperfield 678 PFAS Remediation	38	\$35,455	Construction of water treatment facilities to address PFAS in the existing system (NOTE: this project was split into two contracts based on funding sources)
2023-4233	Camano Cooperative Water & Power Company	Camano View Project Line Replacement	958	\$1,733,716	Rehabilitation of 3,100 ft of 8-inch AC distribution line that is currently suffering significant leakage.
2023-4232	City of Seattle	Bitter Lake Reservoir Improvements	825,774	\$12,000,000	Replacement of the existing reservoir with a new 21-million-gallon circular partially buried reservoir (NOTE: this project was split into 2 contracts as subsidy was only provided up to \$12 million in project costs)
2023-4229	City of Vancouver	Water Station 4 PFAS Improvements	272,000	\$3,030,000	Construction of PFAS Treatment Systems at Water Station 4 where testing results have shown that the source water is in exceedance of the State Action Levels for both PFOA and PFOS. Construction will include backwash tank and pad.
2023-4228	City of Pasco	West Pasco Water Treatment Plant Improvements	79,221	\$1,173,943	Phases 3 and 4 of a project to upgrade the West Pasco Water Treatment Plant to improve resiliency, redundancy, treatment and water conservation. (NOTE: This project was broken into two contracts as subsidy was not provided for any project amounts over \$12 million.)
2023-4227	Hannah Heights Owners Association	Hannah Heights Distribution System Replacement	50	\$1,360,385	The project provides for the rehabilitation and replacement of existing AC distribution system infrastructure.
2023-4226	City of Pasco	West Pasco Water Treatment Plant Improvements (2)	79,221	\$12,000,000	Phases 3 and 4 of a project to upgrade the West Pasco Water Treatment Plant to improve resiliency, redundancy, treatment and water conservation. (NOTE: This project was broken

					into two contracts as subsidy was not provided for any project amounts over \$12 million.)
2023-4225	Boistfort Valley Water	Project D-2 Replace Watermain on Curtis Hill Road South of Sleepy Hollow Reservoir	2,289	\$2,786,320	Replacement of 12,000 ft of existing AC water main
2023-4223	Boistfort Valley Water	Project WT-2 Wildwood WTP Improvements	2,289	\$1,978,750	Replacement of aging infrastructure, SCADA improvements, rehabilitation of an existing clarifier and filtration unit, and add a second treatment train (clarifier and filtration).
2023-4220	Thurston PUD	East Olympia 684 PFAS Remediation	60	\$295,261	Installation of PFAS treatment at two well sites
2023-4219	Boistfort Valley Water	Chehalis River Surface Water Intake, Transmission Main and Adna WTP relocation	2,289	\$2,471,500	Complete construction of a new water treatment plant outside the existing flood plain. Additional funding for a project previously funded by DWSRF Construction loan.
2023-4215	Thurston PUD	Lazy Acres PFAS Remediation	267	\$515,602	Installation of PFAS treatment
2023-4214	Kittitas County Water District #7	Well 6 Improvements	380	\$2,928,000	Construction and equipping of a new well to provide backup sources and redundancy.
2023-4212	City of College Place	Well No. 8	8,032	\$2,000,000	Construction of a new groundwater source for source redundancy. (NOTE: the funding was split into two contracts due to differing funding sources.)
2023-4212A	City of College Place	Well No. 8	8,032	\$2,182,000	Construction of a new groundwater source for source redundancy. (NOTE: the funding was split into two contracts due to differing funding sources).
2023-4211	City of College Place	Reservoir No. 4	8,032	\$10,100,000	Construction of a potable water storage tank and transmission line connecting the tank to the water pressure Zone 1.
2023-4209	City of Mattawa	Mattawa Wells, Telemetry and Pressure Zone Improvements	3,535	\$7,140,000	Rehabilitation of Well 2, construction of new Well 5, adding a second pressure zone and upgrading the water telemetry system.
2023-4208	Klickitat County PUD No. 1	Red Cedar Pipeline Replacement	328	\$590,563	Replace existing failing water main.
2023-4206	Camano Cooperative Water and Power Company	New Well – Brennick Site	958	\$510,050	Drill a new well, construct a well house, install a well pump along with electrical, controls, and telemetry, and connect to existing water main. Install a standby generator and security fencing.
2023-4203	Western Ranchettes	Water Main and Component Replacement	250	\$448,557	Replacement of the existing distribution system to address significant leakage.
2023-4202	Port of Walla Walla	Burbank Business Park Reservoir Improvements	1,983	\$1,500,000	Expansion of existing water storage, construct a new storage tank, and add a high flow pump to provide water system resiliency and

					redundancy.
2023-4201	Thurston PUD	Prairie Ridge Consolidation	250	\$1,463,813	Replacement of existing distribution infrastructure, construction of an additional booster pump, service meter replacement, installation of disinfection and installation of new telemetry to consolidate three water systems.
2023-4197	Lake Meridian Water District	1400 Reservoir	22,999	\$10,900,930	Construction of a new reservoir to increase resilience and correct existing storage deficiencies for the water system.
2023-4194	O-Zi-Ya Community Club	Reservoir Replacement	120	\$396,000	Replacement of an existing reservoir that was at the end of its useful life and suffering extensive leakage
2023-4193	City of Pomeroy	High Pressure Zone Booster Station	1,395	\$1,204,578	Installation of booster pump improvements to pull from excessive storage in one area of the system and offset supply deficiencies in other areas of the system.
2023-4191	City of Vancouver	Water Station 4 PFAS Treatment	272,000	\$12,000,000	Site improvements and treatment to address PFAS contamination at Water Station 4. (NOTE: the funding was split into two contracts due to differing funding sources.)
2023-4189	Dockton Water Association	Sandy Shores PRV Relocation and Main Improvements	927	\$399,960	Replacement of the existing PRV and installation of new water main
2023-4184	Onamac Maintenance Association	Iron and Manganese Treatment	172	\$257,110	Iron and manganese treatment to address MCL exceedances
2023-4183	Onamac Maintenance Association	New Groundwater Well	172	\$162,381	Construction of a new groundwater well to provide higher quality water sources and system redundancy
2023-4182	Onamac Maintenance Association	Booster Pump Replacement and Controls Upgrade	172	\$211,490	System upgrades to promote better system management and replacement of 50+ year old system components
2023-4181	Onamac Maintenance Association	Water Main Replacement	172	\$1,523,276	System upgrades to promote better system management and replacement of 50+ year old system components
Total			1,227,334	\$103,153,815	
Grand Total			1,354,343	\$107,279,882	

Table 5: Ineligible, Not Funded, or Withdrawn Lead Service Line Loan, Planning and Engineering Loan, or Construction Loan Projects in SFY 2025

DOH#	Applicant	Project Name	Population	Request	Reason
Lead Service Line Projects					
2023-4247	City of Harrington	Lead Service Line Inventory	649	\$73,440	Applicant offered loan and declined.
2023-4153	Cashmere Water Department	Lead Service Line Inventory	3,165	\$346,800	Project withdrawn by applicant.
2024-4260	Belfair Water District No. 1	Lead Service line Inventory	3,385	\$66,300	Project withdrawn by applicant.
Total			7,199	\$486,540	
Planning and Engineering Projects					
2023-4139	Coxville Water Assn No 1	CRA – Corrective Action Plan (nitrates)	32	\$178,500	Applicant ineligible as the system is in receivership to Benton County.
2023-4173	City of Chehalis	Market St. 11th- 21st Pinch Point (replace 8-inch with 12-inch to address pressure issues)	11,026	\$510,000	The project proposed to Replace existing 8" cast iron pipe with 12" cast iron pipe to increase water capacity to address pressure deficiencies in the south end UGA. The project was declined due to fiscal concerns.
2023-4251	Wahkiakum County PUD #1	Puget Island Test Well	920	\$306,000	Preliminary Engineering Report for a new groundwater well plus drilling and testing the well. Withdrawn by applicant.
2023-4196	Hannah Heights Owners Association	New Well Source Exploration	66	\$122,400	Engineering design for a new well to be drilled, pump test, water quality testing, and Project Report for source approval including design to connect well to existing water system. This project was not funded by DWSRF federal funding but was encapsulated into a state appropriation project.
Total			12,044	\$1,116,900	
Construction Projects					
2023-4224	Hannah Heights Owners Assn	New Source Construction	66	\$995,984	Project ineligible due to lack of water rights. Eventually was funded through a state appropriation.
2023-4239	Iona Water Department	Cedar Creek Water Main Relocation	2,395	\$1,289,265	Relocate water main currently attached to Cedar Creek Bridge for fish passage project. The applicant was ineligible because planning document is expired.
2023-4200	City of Airway Heights	Water Storage Reservoir and Booster System Upgrade	9,489	\$7,809,320	The project was found to be ineligible because the proposed reservoir was primarily focused on growth.
2023-4205	Nob Hill Water Association	Westbrook Reservoirs Improvements Project	35,784	\$3,010,255	Repair interior of two concrete reservoirs, replace access hatches, exterior ladders, vents, overflow pipes, and improvements to overflow pipes, inlet/outlet piping.

DOH#	Applicant	Project Name	Population	Request	Reason
Lead Service Line Projects					
					Replace roof-topping slab and repair concrete-stiffener-beams of Reservoir 2. The applicant is ineligible because planning document is not approved.
2023-4250	City of Wenatchee	No Project Name	31,045	\$0	Project withdrawn by applicant
2023-4222	Thurston PUD	Horsfall 608 PFAS Remediation	165	\$526,497	Install PFAS treatment at one well site. Project withdrawn by applicant.
2023-4243	Thurston PUD	Sandra Ave 627 PFAS Remediation	30	\$361,825	Install PFAS treatment at one well site. Project withdrawn by applicant.
2023-4240	Thurston PUD	Crescent Park 355 PFAS Remediation	550	\$1,103,423	Install PFAS treatment at one well site. Project withdrawn by applicant.
2023-4241	Thurston PUD	Spanaway 192nd 669 PFAS Remediation	183	\$912,519	Install PFAS treatment at one well site. Project withdrawn by applicant.
2023-4230	Swinomish Tribal Indian Community	Smokehouse Road Connection	60	\$1,038,376	Extend existing community water system water main to existing Group B water systems and private wells experiencing seawater intrusion. Project withdrawn by applicant.
2023-4218	Swinomish Tribal Indian Community	Swinomish New Reservoir	3,249	\$2,381,543	Construct a 316,000-gallon reservoir and connect to the existing water system, and repairs to exterior and interior of existing reservoir. Project withdrawn by applicant.
2023-4234	Camano Cooperative Water and Power Company	Sea Mist Lane Loop Line Replacement	1,046	\$381,073	Distribution system replacement project. Project was withdrawn by the applicant.
2023-4207	Camano Cooperative Water and Power	Chapman Creek Line Replacement	1,046	\$141,000	Distribution system replacement project. Project was withdrawn by the applicant.
2023-4244	City of Richland	Tri-City Estates Water System Consolidation	300	\$3,604,690	Build a new drinking water distribution system and converting existing distribution mains to irrigation only mains. Connect to existing 102 residences. Application withdrawn.
2023-4217	Carrols Water Association	Main Line Replacement Project	449	\$896,591	Replace water main on Isaacson, Old Pacific Highway, Vision Dr, and Hilltop. Replace service meters along the route. Application withdrawn.
2023-4216	City of Kittitas	Well 2 Design and Construction	2,247	\$3,621,355	Drill and develop a redundant groundwater well, connect to existing water system, and upgrade telemetry and controls. This project was not funded due to fiscal concerns with the applicant.
Total			87,058	\$28,073,716	
Grand Total			106,058	\$29,677,156	

The following figures detail how DWSRF capitalization and BIL supplemental grant dollars were spent by population served and project type.

FIGURE 2: Percentage of Construction Loan Dollars by Population Served

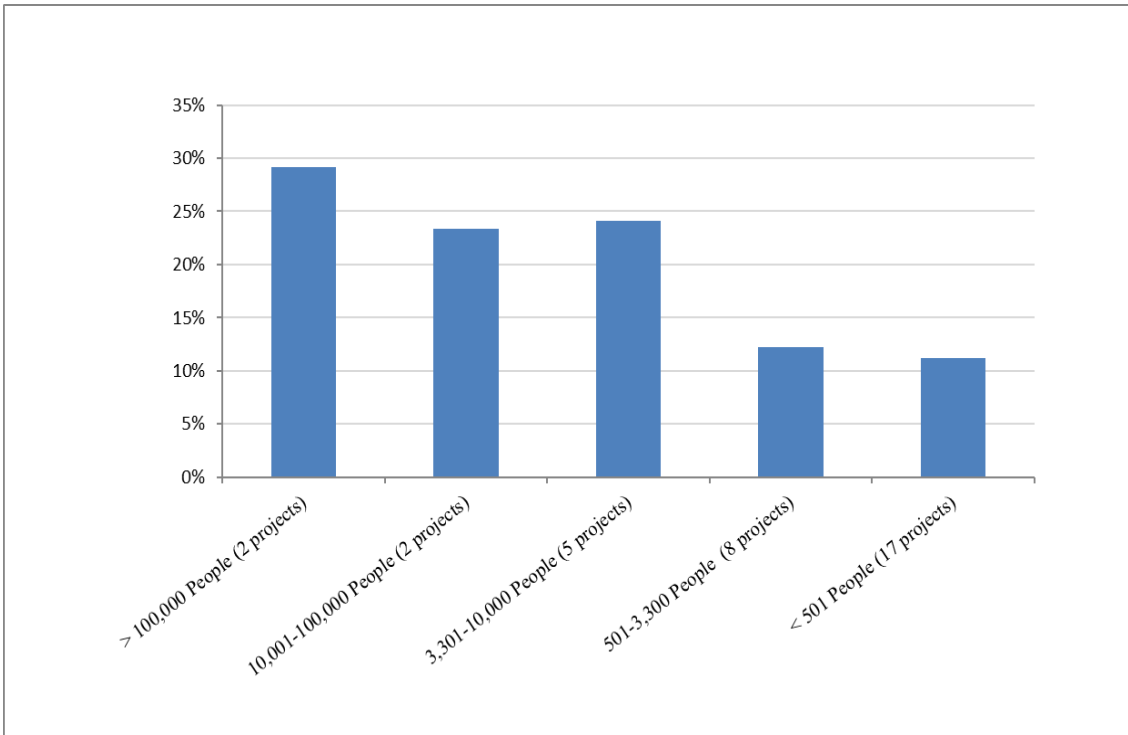


FIGURE 3: Distribution of Construction Loan Dollars by Project Type

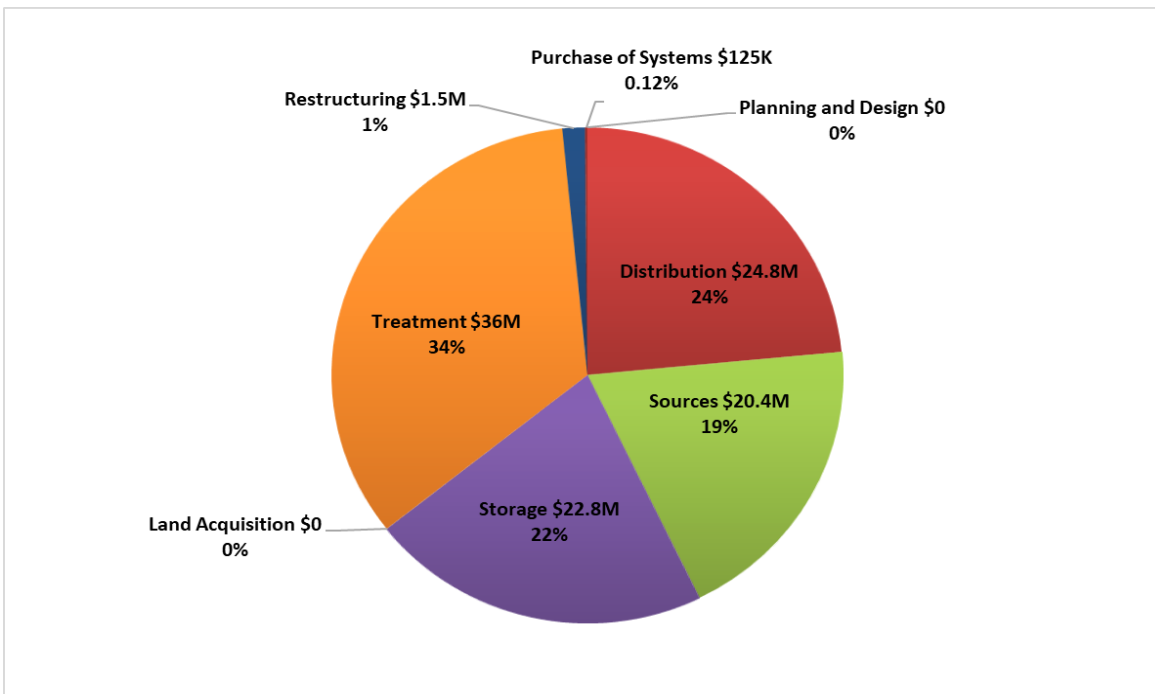


Table 6: Total DWSRF Funds Received and Earned (2025 Actuals)

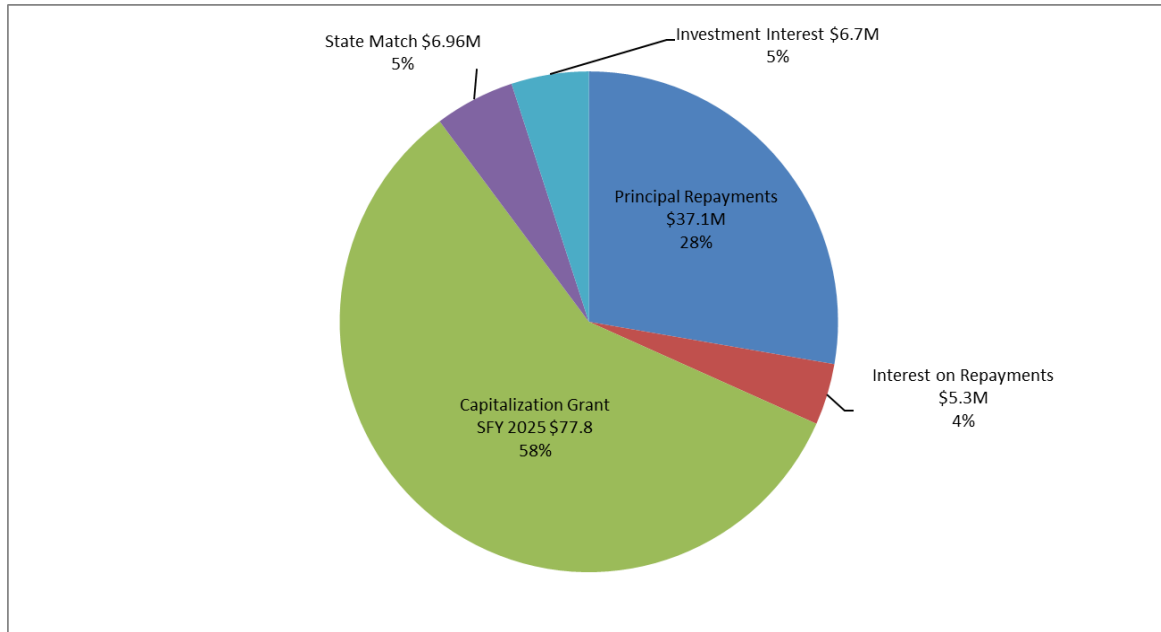
Fund Source	SFY 1998–2024	SFY 2025	Total
Capitalization Grant	\$671,603,224	\$77,788,364	\$749,391,588
State Match (transfers from PWA account)	\$116,542,277	\$6,955,800	\$123,498,077
Interest earning used for State Match *	\$942,447	\$0	\$942,447
Investment Interest Earnings	\$29,671,387	\$6,731,037	\$36,402,424
Used as State Match (years 1-4 only) *	-\$942,447	\$0	-\$942,447
Balance of Investment Interest Earnings	\$28,728,940	\$6,731,037	\$35,459,977
Principal Repayments	\$427,727,048	\$37,098,839	\$464,825,887
Interest on Principal	\$79,769,331	\$5,312,584	\$85,081,915
Total Actual Funds Received and Earned	\$1,325,313,266	\$133,886,624	\$1,459,199,891
Fund Source	1998–2024	SFY 2025	Total
DWSRF Loan Account **			
Executed Loans for Systems 10,000 + Population	\$636,675,639	\$54,134,873	\$690,810,512
Executed Loans for Systems < 10,000 Population	\$512,535,775	\$49,018,942	\$561,554,717
De-obligations***	-\$5,475,649	-\$2,258,017	-\$7,733,666
Preconstruction Loan****	0	0	0
Emergency Loans****	0	0	0
Set-Aside Commitments			
State Program Management (10%)	\$63,421,621	\$5,888,600	\$670,137,421
Technical Assistance (2%)	\$12,530,248	\$1,177,720	\$13,873,408
Local Assistance (15%)	\$73,945,848	\$8,832,900	\$81,226,998
Loan Administration (4%)	\$25,985,613	\$2,355,440	\$28,671,933
Total Set-Aside	\$175,883,330	\$18,254,600	\$193,909,760

*\$942,477 of investment earnings applied toward the 20 percent state match requirement for the first four capitalization grants. EPA approved using these excess investment earnings as a one-time exception.
 **Loan amendments not included in amount of executed loans.
 ***De-obligations are previously obligated funds that become available for new commitments. For example, infrastructure projects that came in under budget or funds committed to projects that did not move forward.
 ****Preconstruction and Emergency loans are funded through the loan repayment account and are not reported.

DWSRF Funds Received and Earned

Figure 4: Total DWSRF Funds Received and Earned (2025 Actuals).

This shows the breakdown of the total actual funding sources received and earned in SFY 2025.



Total Binding Commitments during SFY 2024

Disbursements

From 1997 through June 30, 2025, the state disbursed \$957,851,006 to DWSRF capital projects.

SFY 2024 Federal Funding Accountability and Transparency Act (FFATA) Reporting

For SFY 2025 Capitalization and BIL Grants, the program used 14 loans totaling \$67,989,000 for the Federal Funding Accountability and Transparency Act reporting list.

Table 7: SFY 2025 SRF Year 28 Capitalization and BIL Grants

State Fiscal Year 2025 State Revolving Fund Year 28 Capitalization and BIL Grant Federal Funding Accountability and Transparency Act Reporting Lists					
Total Federal Capitalization Grants (BIL and Base Grant funding)		\$84,744,164			
Projects Used for FFATA Reporting		\$60,424,342			
Application ID	Applicant	Type of Project	County	Total Amount Requested	FFATA Reportable
2023-4219	Boistfort Valley Water	Chehalis River Surface Water Intake, Transmission Main and Adna WTP	Lewis	\$2,471,500	\$2,471,500
2023-4223	Boistfort Valley Water	Project WT-2 Wildwood WTP Improvements	Lewis	\$1,978,750	\$1,978,750
2023-4244	City of Richland	Tri-City Estates Water System Consolidation	Benton	\$ 3,569,000	\$3,569,000
2023-4231	Town of Lind	Lind Well No. 10 Construction	Adams	\$1,722,772	\$1,722,772
2023-4191	City of Vancouver	Water Station 4 PFAS Treatment System	Clark	\$3,000,000	\$3,000,000
2023-4232	Seattle Public Utilities	Bitter Lake Reservoir	King	\$15,000,000	\$15,000,000
2023-4201	Thurston PUD	Prairie Ridge Consolidation	Thurston	\$1,449,320	\$1,449,320
2023-4182	Onamac Water System	Booster Pump Replacement and Controls Upgrade	Island	\$123,344	\$123,344
2023-4215	Thurston PUD	Lazy Acres PFAS Remediation	Thurston	\$515,601.86	\$515,601.86
2023-4242	Thurston PUD	Tanglewilde Thompson Place 600 PFAS Remediation	Thurston	\$3,531,219	\$3,531,219
2023-4235	Thurston PUD	Cooperfield 678 PFAS Remediation	Thurston	\$400,929	\$400,929
2023-4220	Thurston PUD	East Olympia 684 PFAS Remediation	Thurston	\$295,261.42	\$295,261.42
2023-4238	Thurston PUD	Whisky Hollow 670 PFAS Remediation	Thurston	\$452,895	\$452,895
2023-4211	City of College Place	WS4 PFAS Treatment System	Walla Walla	\$5,000,000	\$5,000,000
2023-4209	City of Mattawa	Mattawa Wells, Telemetry, and Pressure Zone Improvements	Grant	\$3,462,900	\$3,462,900
2023-4225	Boistfort Valley Water	Project D-2 Replace Watermain on Curtis Hill Road South of Sleepy Hollow Reservoir	Lewis	\$1,351,365	\$1,351,365
2023-4211	City of College Place	Reservoir No. 4	Walla Walla	\$10,000,000	\$10,000,000
2023-4214	Kittitas County Water District #7	Well 6 Improvements	Kittitas	\$2,928,000	\$2,928,000
2023-4212	City of College Place	Well No. 7	Walla Walla	\$3,171,485	\$3,171,485
Total Projects to Report				\$60,424,342	\$60,424,342

Set-Aside Activities

The DWSRF Program is structured to provide direct program assistance in the form of grants, technical assistance to small systems, and other types of expenditures through a separate mechanism known as the DWSRF set asides. We utilize four types of set-asides in the DWSRF program, including:

- ◆ Program administration.
- ◆ Technical assistance to small systems.
- ◆ State program management support.
- ◆ Local assistance and support for other state programs.

Administration and Technical Assistance

Washington State reserves 4 percent of each capitalization grant for administrative expenses and direct technical assistance for loan recipients. We use this set-aside to administer the DWSRF program.

Administration of the program includes:

- ◆ Managing loan portfolios.
- ◆ Preparing annual capitalization grant applications.
- ◆ Meeting with potential borrowers to discuss the status of a loan application.
- ◆ Managing DWSRF loan contracts.

Rural Communities Assistance Corporation (RCAC)

We contract with RCAC to provide training and outreach that helps dozens of small community water systems develop TMF capacity each year. This program helps build small system capacity through services including training, rate studies, managerial assistance, and asset management planning. RCAC has field staff in every region and works closely with ODW staff to help systems become self-reliant and knowledgeable about roles and responsibilities. These efforts are consistent with our Water System Capacity Development strategy and building working relationships with small water systems to help rural communities improve TMF capacity.

In SFY 2025, RCAC provided the following TMF capacity assistance.

Training. A total of 31 training sessions were offered statewide, providing continuing education opportunities for over 1,088 attendees including operators, managers, clerks, and board members. Training topics included asset management, small water system management programs, GIS technologies, utility board roles and responsibilities, board succession planning, QuickBooks, financial management, cost-of-service analysis, and utility clerk skills.

Direct Technical Assistance. RCAC provided direct assistance to four water systems to provide cost of service analyses, asset management plans, rate studies, SWSMP updates, and DWSRF application assistance.

Small Communities Initiative (SCI)

We continue to support SCI through a contract with Commerce. Since 1999 SCI has been assisting small, rural cities and towns, unincorporated communities and counties, utility districts, and water associations in developing more focused projects, making strategic investments, and identifying and accessing appropriate funding sources. More than 85 communities have secured over \$296 million in state and federal funding for their respective projects, resulting in safer drinking water, environmental protection, and infrastructure to serve community and economic development activities. The most

helpful aspects of the SCI Program as reported by community leaders over the years include assistance with:

- ◆ Defining the problem, then articulating and prioritizing goals for the community.
- ◆ Developing action plans and sticking to them.
- ◆ Convening and facilitating meetings, focusing on priorities.
- ◆ Creating an environment in which everyone can participate in the discussion.
- ◆ Helping to understand and complete regulatory and funding program requirements and processes.
- ◆ Introducing/connecting local elected officials and staff with appropriate agency staff and creating networking opportunities.
- ◆ Helping put a “face” on government.

We funded 1.5 full-time equivalent (FTE) positions this fiscal year in support of increasing technical assistance requests. SCI staff worked closely with eighteen water systems to provide technical expertise to prepare for, apply for, or obtain funding and manage infrastructure projects. These water systems often have TMF challenges and would likely be ineligible for financial programs without the assistance of SCI. Direct technical assistance provided by SCI includes:

- ◆ Identifying appropriate funds for water system projects.
- ◆ Creating and implementing action plans with communities.
- ◆ Assisting with funding applications.
- ◆ Aiding in procurement documents and processes.
- ◆ Meeting other requirements such as contract management.
- ◆ Facilitating and documenting meetings.

Additionally, SCI provided limited assistance to seventeen water systems discussing potential funding options for infrastructure improvement and connecting them to other resources.

Evergreen Rural Water of Washington (ERWoW)

We use DWSRF set asides in a limited technical assistance agreement with ERWoW to provide targeted and individualized short-term technical assistance to increase small or disadvantaged water system capacity to plan for and operate financially viable water systems, and address infrastructure maintenance needs, funding capacity, and regulatory compliance.

ERWoW is providing Small Water System Management Program (SWSMP) technical assistance for two water systems. However, ERWoW may provide the below technical assistance as assigned by DWSRF.

- ◆ Creating or updating SWSMP.
- ◆ Conducting a rate study, assessing cost of new connections, or establishing connection fees.
- ◆ Creating Capital Improvement Plans (may include design financing plans, project budgets, and utility water purchases).
- ◆ Submitting DWSRF loan or grant applications.
- ◆ Conducting income surveys.
- ◆ Facilitating budget analysis, asset inventories, and integrated asset management.
- ◆ Developing an operational budget (including utility revenue, expenses, and capital improvements).
- ◆ Assisting in utility board facilitation (board meetings, public forums, town halls, work sessions).

- ◆ Conducting vulnerability and needs assessments to determine water system needs for TA and funding.
- ◆ Policy development (such as standard operating procedures, review of local ordinances and resolutions).
- ◆ Leadership development, board training, management strategies, and planning.
- ◆ Operator recruitment, retention, and training.
- ◆ Community education and outreach (newsletters, memos, informational meetings).
- ◆ Regionalization activities (such as partnerships, consolidations, system restructuring, or facility sharing).
- ◆ LSLI and replacement project development.
- ◆ Emerging Contaminants assessment and development of short and long-term remediation.
- ◆ On-site technical assistance (emergency declarations, system repairs, leak detection).

This agreement was executed late into the fiscal year and while only two water systems have been assigned in SFY25, three more water systems have been assigned to this new technical assistance provider since the start of SFY26 bringing systems receiving active technical assistance from ERWoW to five.

Public Knowledge

Small or disadvantaged water systems demonstrate a need for technical assistance and technical aids in undertaking procurement activities to successfully implement projects funded under the DWSRF program. We use DWSRF set asides in a limited technical assistance agreement with Public Knowledge to provide water systems with bidding and procurement activities to meet the requirements of state and federal law. Activities are mandatory to meet the requirements of both state and federal laws and regulations regarding procurement, and many systems lack the managerial capacity to successfully achieve the requirements and maintenance needs, funding capacity, and regulatory compliance.

Public Knowledge is developing resources catered for small or disadvantaged water systems including:

- ◆ Visual road map.
- ◆ Process checklist.
- ◆ Procurement 101 training.
- ◆ Request for Proposal (RFP) templates.
- ◆ RFP scoring template.
- ◆ RFP notice template.

Public Knowledge expects to publish final drafts in quarter three of 2025 (quarter one of SFY26) and to provide direct technical assistance to water systems in late 2025.

IT and Audit Contracting

We continue contracting with eTranservices for ongoing licensing, hosting, maintenance costs, and a Single-User Software Escrow Agreement for WALT.

We contract with Clifton Larson Allen to provide services related to the DWSRF debt transactions (including short-term financing, notes, loans, letters of credit, line of credit, and bonds).

Table 8: Administrative and Technical Assistance (4 Percent)

PGM Admin 4%	SFY1998 - 2024 *Includes ARRA	SFY 2025	Total
Grant Amount	\$25,985,613	\$2,355,440	\$28,341,053
Health Expended	\$16,178,511	\$1,003,722	\$17,182,232
Commerce Expended	\$8,144,738	\$0	\$8,144,738
Balance	\$1,662,364	\$1,351,718	\$3,014,083

Small System Technical Assistance (2 Percent)

Due to lack of technical, financial, or managerial capacity, many small systems are unable or ineligible to apply for loan assistance through DWSRF. We can use DWSRF set-asides to provide extra technical assistance to help these systems achieve the compliance level required for an SRF loan. Technical assistance activities can include completing a feasibility study to highlight operational areas for improvement, helping to complete an environmental review, developing cost estimates during the planning process, or helping to complete an application for DWSRF funds.

Additionally, in SFY25, we funded a portion of two staff positions that provide direct technical assistance to water system operators to increase technical capacity and help troubleshoot treatment and distribution water quality issues.

Table 9: Technical Assistance (2 Percent)

Tech Asst 2%	SFY1998—2024 *Includes ARRA	SFY 2025	Total
Grant Amount	\$12,530,248	\$1,177,720	\$13,707,968
Expended	\$10,760,478	\$126,639	\$10,887,117
Balance	\$1,769,770	\$1,051,081	\$2,820,851

State Program Management (10 Percent)

We reserved 10 percent of the federal capitalization grant for:

- ◆ Administrative assistance to the Public Water System Supervision (PWSS) Program.
- ◆ Monitoring water quality.
- ◆ Maintaining information about water systems.
- ◆ Improving water system infrastructure.
- ◆ Assisting with capacity development initiatives and regulatory requirements.
- ◆ Helping water systems respond to emergencies.

This set-aside also includes the administration, management, and technical support we require to meet our obligations and role as the state agency responsible for implementing and managing the SDWA.

Table 10: State Program Management (10 Percent)

PGM MGMT 10%	SFY1998 – 2024 *includes ARRA	SFY 2025	Total
Grant Amount	\$63,421,621	\$5,888,600	\$69,310,221
Expended	\$59,563,865	\$4,044,179	\$63,608,044
Balance	\$3,857,756	\$1,844,421	\$5,702,177

Local Assistance and Other State Programs (15 Percent)

This set-aside allows DWSRF project assistance grants to drinking water systems, expenditures for technical assistance, or other types of program support. During SFY 2025, we used the 15 percent set-aside to support several activities.

- ◆ Providing direct engineering technical assistance to water systems by:
 - Responding to drinking water emergencies and customer complaints.
 - Consulting on possible treatment alternatives and providing engineering expertise to solve distribution system problems.
 - Helping water systems establish timelines and potential financial and technical resources to mitigate the issues.
 - Evaluating the results of third-party sanitary surveyors of smaller water systems.
 - Consulting directly with the water system to resolve any deficiencies found during an inspection.
- ◆ Conducting sanitary surveys, which included:
 - Training for third-party sanitary surveyors, expanded to include source water protection fundamentals.
 - Communicating with each water system before and after each survey.
 - Providing water systems with technical assistance to prepare for and follow-up after sanitary surveys.
 - Supporting regional enforcement staff in addressing technical assistance for sanitary survey compliance issues.
 - Training and technical assistance to 31 local health jurisdictions that conduct sanitary surveys.
 - Maintaining our sanitary survey database.
 - Assigning a surveyor to each water system in need of a survey each year.
 - Recording significant deficiencies and tracking water utility progress toward addressing them.
- ◆ Providing third-party contractors and local health jurisdictions with:
 - Sanitary survey assignments.
 - Approval and financial assistance for direct technical assistance work.
 - Financial assistance with ODW-sponsored training costs.
- ◆ As part of the water system plan approval process, we review source-specific information on source water protection and susceptibility provided by individual water systems. They also work

with water systems, state agencies, local governments, and technical assistance providers to increase substantial implementation of source water protection.

- Maintain and enhance a public geographic information system (GIS) mapping database that includes source water protection areas, potential contaminant sources, water system service area boundaries, and other key information.
- Make grants available for water systems to improve their source water protection, particularly emphasizing upgrading wellhead protection area delineation from calculated fixed radius to modeling, in order to improve potential contaminant predictability.

Celerity Consulting Group, LLC

We entered into a limited technical assistance agreement with Celerity Consulting Group, LLC (Celerity) to help small public water systems across the state submit Lead Service Line Inventories (LSLI) in compliance with EPA’s Lead and Copper Rule Revision (LCRR). Celerity helps systems conduct extensive record reviews of system service lines and uses county GIS/parcel data and all other available documentation to complete a draft inventory document for the water system to submit.

The deadline for LSLI submittal was October 16, 2024; however, several water systems did not complete their LSLI, and we continue to rely on Celerity to help water systems complete this requirement. In 2023, Celerity drafted six LSLIs, fifty-two by the end of 2024, and ten so far in 2025.

Table 11: Local Assistance (15 Percent)

Local Asst 15%	SFY1998 - 2024	SFY 2025	Total
Grant Amount	\$73,945,848	\$8,832,900	\$82,778,748
Expended	\$68,763,712	\$2,289,982	\$71,053,694
Balance	\$5,182,136	\$6,542,918	\$11,725,054

See [Appendix B](#) for more information on set-aside work plans and contracts.

System Capacity for Water Systems

The SDWA requires states to develop and implement programs to ensure public water systems have adequate system capacity and certified system operators. If ODW fails to comply with these federal requirements by specified deadlines, EPA could withhold or withdraw 20 percent of the state’s future DWSRF capitalization grants.

Capacity Development Program Highlights

In Washington, the Capacity Development Strategy for existing systems integrates capacity development across all programs to help existing systems attain the TMF capabilities they need to provide safe and reliable drinking water now and into the future. The information gathered by us, and relationships maintained through our programs, helps assess the capacity challenges of small water systems and focus our efforts on their needs.

- ◆ Maintain a robust planning program that requires all water systems to have a planning document.

- ◆ Maintain the established compliance strategy that focuses on the highest public health risks first, working with water systems to help them return to compliance through technical assistance, and when needed, formal enforcement.
- ◆ Continue to conduct sanitary surveys, review management and operations of the system, and document any deficiencies and establish timelines to address deficiencies.
- ◆ Continue to contract with local health and third-party surveyors to ensure surveys are completed on schedule.
- ◆ Track, store, and share public water system data with systems and the public.
- ◆ Work with water systems and others to plan, prevent, and prepare to respond to security breaches and emergencies, including emerging cybersecurity threats.
- ◆ Continue to provide technical assistance to small water systems across the state to help them plan for and finance their infrastructure needs.
- ◆ Continue to contract with RCAC and other third-party providers to allow them to provide training and technical assistance to water systems.

Please see the current [2024 Capacity Development Report 331-733 \(PDF\)](#) for more information. Please review the Source Water Protection and Operator Certification portions of this report for additional efforts that support our capacity development efforts.

Source Water Protection Program Highlights

The Source Water Protection Program (SWPP) continues to implement its work through existing state programs and regulations. Examples of those regulations include water system planning documents, local critical aquifer recharge area (CARA) regulations, and state water quality regulations. Source protection depends on partners in local, state, and federal agencies with permitting or other water quality oversight. Although some of our largest water purveyors own their watersheds or have specific controls, most water systems throughout the state do not own or control the source water protection areas associated with their wells or surface water intakes. Therefore, information in water systems' protection plans needs to be incorporated into local and state regulations for the systems to achieve source protection. Washington State has a strong framework for implementing these regulations when local governments coordinate. We continue to use tools and partnerships to enhance local implementation of SWPP, including:

- ◆ Providing direct consultation on CARA provisions in local ordinances, including up-front technical assistance, outreach and education via Commerce, and reviewing and commenting on proposed amendments and updates.
- ◆ Engaging in statewide planning related to local ordinances and compliance.
- ◆ Maintaining and improving SWPP data, available through our online Source Water Assessment Program web tool.
- ◆ Providing local assistance grants to help enhance SWP, better understand risk, and inform decision makers. In SFY 2025, we allocated more funding to SWPP projects than ever before, allowing grant recipients to better protect sources of drinking water. We are working on updating our grant guidelines to ensure project funding is prioritized to projects with the most impact and benefit to communities.
- ◆ Providing direct technical assistance to water systems on wellhead and watershed protection programs.

- ◆ Participating in virtual and in-person speaking opportunities to train water systems on SWPP planning requirements and encourage local governments to coordinate their growth management plans and land-use regulations with SWPP, including wellhead protection areas and watershed control areas.
- ◆ Maintaining and enhancing working relationships with other state agencies on rules, guidance, permits, and practices related to SWPP.
- ◆ Participating in and contributing to regional and national workgroups and committees.
- ◆ Collaborating with internal and external professionals on white papers and other informational products about the SWPP aspect of emerging contaminants, weather related impacts, and other contemporary challenges.
- ◆ Continuing to participate in the Drinking Water Providers Partnership to support planning and implementation of and leverage funding for projects that benefit drinking water sources and fish habitat.
- ◆ Enhanced review of watershed control programs in coordination with ODW planning staff. With the addition of the Watershed Protection Program Coordinator in SFY 2024, the SWPP has been able to provide direct assistance in plan review, encouraging stronger source protection at the utility level. In SFY 2025, SWPP provided extensive feedback on eight watershed control programs. These planning documents cumulatively cover approximately 267,000 people served by these systems.

Please see the 2025 Source Water Protection Annual Report to the EPA for more information.

Operator Certification Program

Our certified waterworks operators represent the foundation on which we build our state's economic, social, and environmental vitality. An aging infrastructure, increased water system demands, declining aquifers, workforce challenges, advancing technologies, and inadequate funding make the job of the certified operator more challenging and important than ever. The Operator Certification and Training (OC&T) section leads our office to:

- ◆ Receive, process, and assist candidates with waterworks certification exam applications.
- ◆ Track, assist, and enforce annual certification renewal and tri-annual continuing education requirements.
- ◆ Receive, process, assist, and provide practical exams for Backflow Assembly Tester candidates.
- ◆ Review training for relevancy toward operator continuing education requirements.
- ◆ Evaluate, provide, track, and enforce temporary certifications.
- ◆ Identify, assist, and enforce water system operator requirements.
- ◆ Work with data management staff to ensure certified operator information remains relevant and easily accessible.
- ◆ Provide technical assistance on water system operational issues.
- ◆ Receive, investigate, and prosecute complaints against operators.
- ◆ Work with our external partners through our Operator Certification Advisory Committee and Training and Technical Assistance Providers Group.
- ◆ Provide innovation in workforce development, succession planning, inter (and intra) agency coordination, rule and policy revision, and maintaining a national perspective.

Please see the current [SFY 2025 Waterworks Operator Certification Program Annual Report](#) to EPA for more information. Contact Bill Bernier, Operator Certification and Training Section Manager, at 360-236-3562 or email william.bernier@doh.wa.gov if you have any questions.

Section IV: Financial Summary

This section is an overview of financial management activities since the DWSRF Program's inception.

Status of Loans

In SFY 2025, DWSRF recipients completed twelve projects totaling \$5,032,843 and paid off thirty-seven loans.

Loan Disbursements or Cash Draw Proportionality

Loan disbursements are paid first with the state 20 percent state-match contribution and then with DWSRF grant dollars. After these two sources are exhausted subsequent disbursements are paid with state repayment dollars. The state disbursed \$957,851,006 of the \$1,324,784,751 committed to loans since the program's inception. Total disbursements consist of federal capitalization grants, ARRA funding, state match, and DWSRF repayments.

As of June 30, 2025, we spent \$593,675,718 in DWSRF federal grant funding not including ARRA funding, and \$124,440,524 as state match to those capitalization grants, for an overall ratio of 80 percent federal and 20 percent state match. ARRA funding is not included as no match was required.

Set-aside Disbursements

DWSRF disbursed \$170,871,583 in set-aside funds since the program's inception—including ARRA.

Annual Repayment or Aging of Accounts

Through June 30, 2025, the DWSRF Program collected \$549,907,801 in payments. Of this:

- ◆ Principal: \$468,825,887.
- ◆ Interest \$85,081,914.

Loan Portfolio Analysis

We finance DWSRF projects solely through capitalization grants, state match, loan repayments, and loans and balances held at the Office of the State Treasurer (OST). Washington does not sell bonds to finance DWSRF projects.

We prevent loan defaults by using the loan underwriting process to screen out high-risk borrowers. The process to determine credit worthiness examines the applicant's TMF ability, financial strength, projected debt service coverage, authority to incur debt, and collateral. If we believe an applicant will have substantial problems repaying the loan, we will bypass the application for the current loan cycle and assist the applicant in preparing for a future application. For high-risk applicants approved for project funding, we include additional loan contract conditions to mitigate the risk of loan default.

Annual Reports on Credit Conditions of Borrowers

ODW staff conduct the following portfolio management activities.

- ◆ Send statements to each DWSRF borrower one month before the payment due date.
- ◆ Provide a one-month grace period for payments.
- ◆ Contact borrowers 30 days after the payment due date to check on status of payment.
- ◆ Assess a 12 percent penalty on payments more than 30 days late.

If a borrower has difficulty repaying the loan, we will work with them to find a solution, such as imposing interest-only payments for the year instead of a large annual principal and interest payment. Other solutions might involve renegotiating loan terms, such as extending the loan to thirty years, reducing interest rates, debt deferral, and in cases of extreme hardship, loan principal forgiveness for imminent default (if funding is available). If these methods fail, we work with appropriate agencies to change system ownership to a satellite management agency, water district, public utility district, or another local government entity. We experienced zero loan defaults from 1997 through June 30, 2025.

Investments

Washington State's OST manages investment of DWSRF funds, in compliance with state investment practices. All investment earnings remain within these accounts. From July 1, 2024, through June 30, 2025, the state earned \$6,731,037 in interest on the DWSRF funds. Management reports that document these investment earnings are on file with OST.

Financial Statements

We will provide unaudited financial statements separately.

Section V: Compliance with the Federal Capitalization Grant

Washington State has not entered into an operating agreement with EPA for the DWSRF Program. The state complied with the following program requirements and met the following conditions.

Compliance

- ◆ Established state instrumentality and authority.
- ◆ Reviewed TMF capacity (system capacity) of assistance recipients.
- ◆ Established DWSRF loan account, set-aside accounts, and loan fee accounts.
- ◆ Deposited all funds into appropriate accounts.
- ◆ Established capacity development authority.
- ◆ Implemented and maintained a system to minimize risk of waste, abuse, and fraud.
- ◆ Developed and submitted a project priority ranking system.
- ◆ Complied with all applicable state laws and procedures.
- ◆ Followed state accounting and auditing procedures.
- ◆ Required DWSRF loan recipient accounting and auditing procedures.
- ◆ Submitted an Intended Use Plan and used funds according to the plan.
- ◆ Complied with enforceable requirements of the Safe Drinking Water Act.

Conditions

Payments Based on Payment Schedule

The state receives payments according to the payment schedule submitted with each capitalization grant.

Providing a State Match

From 1997 through June 30, 2025, Washington State received \$713,526,224 in capitalization grants from EPA, including ARRA. The total amount of state match required for these funds is \$124,440,524. Washington has expended \$635,481,718 in federal grant funding including ARRA as of June 30, 2024. The state spent \$124,440,524 as match to these capitalization grants, for an overall ratio of 80 percent federal and 20 percent state.

Submit Annual Report and Audit

This DWSRF annual report fulfills the state's responsibility to submit an annual report. DWSRF is part of the state audit cycle performed under the Single Audit Act. In addition to the statewide Single Audit, we contracted with Clifton Larsen Allen, LLP, a private certified public accounting firm, to conduct a compliance audit of the DWSRF program for SFY 2025.

Ensure Borrowers Have a Dedicated Repayment Source

We conduct a credit evaluation for all applicants. This evaluation determines whether an applicant can repay a loan. For all public water systems, the expected revenue stream from user fees must be sufficient to repay the loan, cover operation and maintenance costs, and pay other necessary expenses.

Use Funds in a Timely and Expeditious Manner

As of June 30, 2025, the state expended 100 percent of required Base and Stimulus match funds used to provide loans to public water systems. In early SFY25 project funds were still tied to specific loans. This method of funding ended after the annual review with EPA. Funding is spent how it was historically, with match funds spent first, then the BIL grant, followed by the base grant, and finally with state funding.

- ◆ YR1 Stimulus Grant 4D2J45101, DA Funds remaining: \$8,306,729. YR2 Stimulus Grant 4D02J75601, DA Funds remaining: \$33,267,660.
- ◆ YR1 Emerging Contaminants Grant 4E02J44601, DA Funds remaining: \$14,297,947. YR2 Emerging Contaminants Grant 4E02J69901, DA Funds remaining: 17,610,000.
- ◆ YR2 Lead Service Line Grant 4L02J44801, Funds remaining: \$1,173,910.
- ◆ Base Grant FS99083923, DA Funds remaining: \$6,412,395. Base Grant FS99083924, DA Funds remaining: \$6,791,315.

Ensure Recipients Comply with Applicable Federal Cross-Cutting Authorities

The state and all our assistance recipients complied with all applicable federal cross-cutting authorities to the best of our ability. We followed all requirements and provided oversight and direction to help borrowers comply as well. Whenever we discovered a compliance issue, we corrected the problem, whether due to a change in federal policy or because we did not properly interpret a federal requirement. We are looking for a third-party contractor to provide dedicated procurement technical assistance to small and disadvantaged systems to improve recipient compliance with the applicable federal cross cutters.

Implement Capacity Development Strategy

EPA approved the state's capacity development strategy for existing water systems in SFY 2024. Our annual capacity development reports to EPA show that the state program continues to comply with EPA's program guidelines.

Implement Operator Certification Program

We implement an operator certification program in accordance with chapter 246-292 WAC. All community and non-transient non-community (NTNC) public water systems must designate and report at least one certified operator in responsible charge of a water treatment plant and distribution system. Transient non-community (TNC) water systems are also required to designate an operator in responsible charge if they are required to have 4-log disinfection or violated requirements (significant noncomplier) that may create a significant health risk. We currently have 3,995 certified operators in Washington and 2,437 have more than one certification.

Conduct Environmental Reviews

The State Environmental Review Process (SERP) is required for all projects funded through DWSRF, ensuring that environmental impacts are adequately considered before construction begins. While SERP is mandated by federal law, states have flexibility in how they implement it, if the process is functionally equivalent to the federal National Environmental Policy Act. In Washington, we can use the Washington State Environmental Policy Act (SEPA) process to meet SERP requirements.

The SEPA process is a framework designed to ensure that environmental factors are considered during the decision-making process for projects and governmental actions. SEPA requires state and local agencies to identify and evaluate potential environmental impacts of proposed actions. The process typically begins with the submission of an environmental checklist by the project applicant to the lead agency (generally the local city or county the project takes place in) to help them determine whether the project is likely to have significant environmental impacts. Based on this review, the agency may issue a Determination of Nonsignificance (DNS), Mitigated Determination of Nonsignificance (MDNS), or require a more detailed Environmental Impact Statement (EIS).

State law includes a range of exemptions to SEPA requirements that are designed to streamline the review process for actions with unlikely significant environmental impact. These exemptions apply to specific types of projects or activities, such as minor construction, maintenance work, etc. often with set thresholds. It is important to note that even if a project is exempt from SEPA it may still need to comply with other environmental regulations or permitting requirements. Local jurisdictions have the authority to adjust exemption thresholds within limits, which means SEPA applicability can vary depending on local codes and ordinances.

Public involvement is a key component of both the SERP and the SEPA process. Agencies must provide opportunities for public comment and participation during environmental reviews. Ultimately neither SERP nor SEPA dictate specific outcomes but ensure that environmental values are considered alongside economic and technical factors when decisions are made. The process helps promote transparency, sustainability, and informed decision making for all DWSRF projects.

Appendix A

SFY 2025 Audited Financial Statements

We will provide the Unaudited Financial Statements in a separate document. We will provide the final audited financial statements once they are available in late 2025.

Appendix B

SFY 2025 Set-Aside Work Plans and Contracts

The following tables provide details on set-aside work plans in progress or initiated between July 1, 2024, and June 30, 2025. Several work plans reference reports as deliverables. All reports are maintained with each work plan and available on request. We recently updated the SFY25 set-aside work plans. The tables below reflect the updated deliverables that have been submitted concurrently to EPA.

Table 12: 2 Percent SRF Set-Aside Work Plan Deliverables

July 1, 2024 – June 30, 2025	
Task 1	Budget for this Task: \$1,160,316
Description and Objectives	ODW will provide in-kind engineering assistance through third-party contracts to assist small water systems in enhancing their technical capacity. Contracted consultants will assist in refining systems-level planning, engineering, and operational documents to meet state and federal requirements.
Specific Outputs and Outcomes	<p>Outputs</p> <ul style="list-style-type: none"> ◆ Increase technical and fiscal viability in small public water systems through the provision of engineering technical assistance. ◆ Provide assistance in evaluating the impacts of PFAS and other emerging contaminants and the development of effective mitigation outcomes. ◆ Provide assistance in the development of Water System Plans, Small Water System Management Programs, Lead Service Line Replacement Plans, Engineering Reports, Construction Documents, feasibility studies, preliminary design reports, and alternative analysis. ◆ Provide assistance in the incorporation of climate resiliency into project and system planning. ◆ Project development to provide design and engineering services to assist public water systems in utilizing the SRF funding program. <p>Outcome</p> <p>Support water systems in the monitoring and operations to ensure the delivery of safe and reliable drinking water.</p>
Approach	<ol style="list-style-type: none"> 1. Hire engineer consultants to support small water systems as assigned. 2. Technical Capacity – Provide engineering guidance to small water systems on plan and program development, resulting in the successful utilization of the DWSRF program. 3. Utilize engineering consultants to assist small water systems in the development of successful DWSRF projects from initiation to implementation.

	4. Provide engineering guidance and support in developing climate resilience in system planning as well as project development.
Deliverables	<p>Documented provision of engineering support to small water systems by system and type of assistance as assigned by DWSRF staff.</p> <p>Provision of TA in plan development, capital planning, resiliency planning, etc.</p> <p>Technical and project reports will be provided to the contract manager on a monthly basis in accordance with the provisions of the contract Statement of Work (SOW).</p> <p>Recommendation and development of projects for submittal and implementation through DWSRF and other funding programs.</p>

Table 13: Contracts for SRF 2 Percent Set-Asides

Active Contracts SRF
<p>Six planning and engineering contracts for this set-aside were finalized in SFY24 and were developed to ensure statewide coverage. We have developed an initial list of technical assistance needs to be assigned under the contracts.</p> <ul style="list-style-type: none"> Eastern Research Group, Inc. Frank Ryan, DBA New Water Engineering, LLC Gray & Osborne, Inc. J-U-B Engineers, Inc. Northwest Water Systems, Inc. Thomas Dean & Hoskins, Inc.
Completed Contracts
There are currently no completed contracts during this time for this set-aside.

Table 14: 10 Percent SRF Set-Aside Work Plan Deliverables

Task 1: Program Administration

July 1, 2024 – June 30, 2025	
Task 1 Program Administration Budget for this Task: \$5,007,769	
Description and Objectives	Program administration and management support capabilities are necessary to ensure that DOH continues to meet its obligations for administration of the PWSS program and as the state primacy agency for implementation and administration of the SDWA.
Specific Outputs and Outcomes	Increased protection of public health through a better-informed public, greater compliance with federal and state regulations, and trained operators and staff.
Approach	<p>DOH will fund staff for 12 months to accomplish the following.</p> <ol style="list-style-type: none"> 1. 2.0 FTEs for ODW's Deputy Director and direct reports. The Deputy Director is responsible for leading, managing, and coordinating the office's administrative and operational functions, and information technology (IT) development and priorities. 2. 2.0 FTEs in the ODW's fiscal office. The fiscal office supports ODW by providing contracting, budgeting, and grant reporting support. 3. 4.0 FTEs in the Capacity Development and Policy Section. Staff funded in this section oversee rule development, legislative session activities, emergency preparedness, policy development, and engineering and technical expertise. 4. 5.0 FTEs in Field Operations Section and Regional Offices to protect the health of Washington residents and visitors by assuring safe and reliable drinking water by helping water systems respond to emergencies, inspecting water systems, monitoring water quality, ensuring compliance with rules to protect public health, maintaining information about water systems, and improving water system infrastructure. 5. 0.82 FTEs in Health Technology Services (HTS) to maintain ODW systems, provide technical support, and application development. 6. 9.0 FTEs assist in scanning and administrative efforts to convert paper records into electronic form under established record management requirements. 7. 1.0 FTE to support toxicology staff who support ODW with evaluations of non-regulated contaminants and impacts to human health. 8. 1.0 FTE to support portions of three IT staff to support data management, third party contracts, IT support, and program transitions.
Deliverables	<ol style="list-style-type: none"> 1. Fund 23.82 FTEs for 12 months to provide quality management and administration for ODW. 2. Provide Health Advisory Annual Summary Matrix. 3. Track Revised Total Coliform Rule (RTCR) compliance, review Level 1 and Level 2 inspections and ensure sanitary defects are addressed.

Task 2: Safe Drinking Water Information System (SDWIS) Transition

July 1, 2024 – June 30, 2025	
Task 2	Budget for this Task: \$609,008
Description and Objectives	ODW has maintained an antiquated data system (Sentry) that is becoming obsolete and is unable to effectively comply with federal reporting requirements. In addition, the effort to continue to maintain the system is cost prohibitive. The objective of this task is to undertake the efforts necessary to upgrade existing data platforms and migrate existing data as part of the transition to SDWIS.
Specific Outputs and Outcomes	The task migrates existing data and transitions ODW from the existing Sentry data system into SDWIS.
Approach	ODW will contract with a third-party vendor to implement the SOW necessary to wind down the existing Sentry data system and ensure an effective and accurate data transition to SDWIS. DOH will fund 1.0 FTE in Health Technology Services (HTS) to support data transition and project management.
Deliverables	<ol style="list-style-type: none"> 1. Contract and detailed SOW and timeframes for transition from Sentry to SDWIS 2. Completion of the 3-year roadmap for migration completion. 3. Reduction in current data reporting errors and unanticipated compliance issues tied to extraction and transformation of data from Sentry to SDWIS once the migration to SDWIS is complete

Task 3: Department of Ecology Lab Accreditation Unit

July 1, 2024 – June 30, 2025	
Task 3	Budget for this Task: \$246,402
Description and Objectives	Due to unanticipated shortfalls in the state budget, ODW requires additional funding to support the Department of Ecology in implementation of the activities for their Lab Accreditation Unit (LAU). The LAU plays a vital role in providing accreditation for labs undertaking drinking water sampling and testing activities. The task provides the funding necessary to triennial lab audits occur at drinking water labs are required under the SDWA. More information can be found at Laboratory Accreditation—Washington State Department of Ecology
Specific Outputs and Outcomes	Continued support of the LAU provides necessary funding to ensure adequate staffing to conduct drinking water laboratory audits.
Approach	We will use this task to contract with the Department of Ecology to continue to provide laboratory accreditation services to those labs providing vital testing and analysis of drinking water samples to protect public health and the environment.
Deliverables	Report on the number of labs that have up-to-date drinking water audits.

Task 4: Sanitary Survey Training Workshop

July 1, 2024 – June 30, 2025

Task 4	Budget for this Task: \$25,420
Description and Objectives	Each year, between 850 and 1,000 sanitary surveys must be completed by ODW or ODW-trained third-party surveyors. Local health staff and private contractors are an integral part of our strategy to meet annual sanitary survey goals. Together they conduct over two-thirds of all surveys. In addition, these trained surveyors are available to provide targeted technical assistance to individual water systems either upon request by ODW, or upon request by the small water system purveyor. The objective of this task is to provide overarching training for beginner and non-beginner surveyors.
Specific Outputs and Outcomes	Hold statewide technical sanitary survey training for third-party surveyors. The training outcomes result in better trained surveyors with increased capacity to provide vital assistance and oversight to public water systems. Task funding will also support attendance for local health district representatives that require financial assistance in attending.
Approach	Funding of facility rental, travel support, and administration of sanitary survey training workshops. We will provide meals and light refreshments as part of the training to maintain efficiency and allow for networking between training participants and ODW staff.
Deliverables	Successful completion of the proposed workshops, including attendance lists and documented presentations.

Task 5: DWSRF Program and Disadvantaged Community Outreach

July 1, 2023 – June 30, 2024

Task 5	Budget for this Task: \$55,969
Description and Objectives	With the increase in SRF funding through the Bipartisan Infrastructure Law, ODW is expanding the provision of technical assistance and outreach to target small and disadvantaged systems to increase awareness and participation in the DWSRF program. The task provides opportunity to enhance outreach to interested water systems and community members through several statewide workshops and outreach opportunities.
Specific Outputs and Outcomes	This task funds staff time and travel expenses, as well as facility rental and refreshments for 6 venues. Eight staff will undertake the DWSRF program outreach with 4 additional staff undertaking the environmental justice coordination and community outreach. Outcomes include increased participation in the DWSRF program by small and disadvantaged water systems.
Approach	DWSRF staff will coordinate with regional staff and ODW leadership to determine venues and dates for outreach events. Each event will be advertised through several notification channels as well as announced at industry representative groups (WWUC, DWAG, etc.). The events will be scheduled and held at the various venues, with detailed participant lists and invites for water systems to access technical assistance and funding opportunities.
Deliverables	<ol style="list-style-type: none"> 1. Lists of venues and participant information for each of the outreach events. 2. A detailed survey of the events in the annual report. 3. Detailed receipts for any venue and refreshment costs. 4. A list of systems indicating interest in technical assistance or funding stemming from the events.

Table 15: Contracts for SRF 10 Percent Set-Asides

Active Contracts SRF
There are currently no active contracts during this time for this set-aside.
Completed Contracts
There are currently no completed contracts during this time for this set-aside.

Table 16: 15 Percent SRF Set-Aside Work Plan Deliverables

10 of the 15 Percent—Local Assistance

Task 1: Sanitary Surveys and Technical Investigations

July 1, 2024 – June 30, 2025	
Task 1	Budget for this Task: \$3,102,703
Description and Objectives	<p>Sanitary surveys are an essential element of achieving safe and reliable drinking water for the citizens of Washington State. Sanitary surveys allow for the identification and correction of significant deficiencies in water systems. Additionally, they offer a unique opportunity to develop and strengthen relationships with water system purveyors while providing direct and specifically targeted technical assistance to purveyors. Sanitary surveys are an integral part of the overall ODW capacity development strategy. Funding for this task ensures we achieve our survey program objectives by effective planning, development, and implementation of our sanitary survey program.</p> <p>This project funding supports sanitary survey program lead and engineering positions. Provides programmatic oversight to complete or contract with local health or private contractors to complete between 850 and 1,000 surveys each year, plus an unknown number of technical investigations (targeted surveys done to address particular issues, such as <i>E. coli</i> detection in source water; acute coliform maximum contaminant level (MCL) violation, chronic outage, low pressure complaints, and so forth). Their duties include:</p> <ul style="list-style-type: none"> • Conduct sanitary surveys themselves. • Conduct training for other sanitary surveyors. • Communicate with each purveyor prior to and after each survey. • Provide purveyors with technical assistance in preparing for and following up on sanitary surveys. • Support regional enforcement staff in addressing sanitary survey compliance issues. • Communicate and offer technical assistance to most of our 39 local health jurisdictions who participate in sanitary surveys. • Maintain sanitary survey database so the appropriate survey frequency (three or five years) is met for each of the approximately 4,100 Group A public water systems in Washington. • Facilitate assigning surveyors to water systems requiring a survey each year. • Record significant deficiencies and track water utility progress toward addressing them. <p>These positions also evaluate the survey results of third-party sanitary surveyors of smaller water systems to determine the level of potential health risk that might be present from deficiencies recorded in the reports. They consult directly with the utility to resolve any deficiencies found during an inspection. If mitigation involves a long-term approach, they</p>

	<p>often attend public meetings and act as facilitators with utilities, their decision-makers, and community members to offer technical assistance and establish a timeline for mitigation.</p> <p>This task additionally provides funding for staff positions responsible for the provision of direct engineering and planning technical assistance to water systems. These positions provide direct communication with water systems, their customers, and consultants concerning the status, capacity, and condition of the water systems. These positions respond to drinking water emergencies and customer complaints where they work directly with the utility and consultants representing the water systems to identify problems and assist the utilities to determine appropriate engineering solutions. They consult on possible treatment alternatives and provide engineering expertise to solve distribution system problems. They also help utilities establish timelines and potential financial and technical resources to mitigate the issues. These positions include staff directly responsible for technical assistance and outreach related to PFAS and emerging contaminants.</p> <p>The task also includes 2.0 FTE assisting in collecting data on planned water system projects from water system capital improvement plans and water system rates to better understand public water systems infrastructure needs and rate affordability to identify future capacity development needs.</p>
<p>Specific Outputs and Outcomes</p>	<ul style="list-style-type: none"> • Identify public water systems required to submit to a sanitary survey each year. • Conduct sanitary surveys or technical investigations and record results in our data system. • Identify significant deficiencies, track progress in addressing them, and support compliance actions needed to ensure the significant deficiency is appropriately addressed. • Improved technical, financial, and managerial capacity for small water systems. • Increased compliance and improved public health protection. • Evaluate and respond to third-party sanitary surveys. • Resolve deficiencies found during surveys that will provide protection of public health. • Respond to drinking water emergencies and customer complaints. • Resolve drinking water emergencies which could affect the public health. • Assist water systems with long-range planning
<p>Approach</p>	<p>Regional sanitary survey program leads will continue to identify which Group A public water systems are required to submit to a survey each year, communicate with utilities about survey requirements, assign a surveyor to each survey (ODW, local health, or private contractor), record the results of the survey, track any significant deficiencies, and conduct surveys themselves.</p> <p>Additional funded positions will create and maintain a direct line of technical assistance and communication to water systems and stakeholders. This ensures implementation of SDWA requirements, assist utilities to resolve technical issues as they are discovered, and assure reliable and safe drinking water. Positions include staff dedicated to PFAS evaluation and assistance.</p>
<p>Deliverables</p>	<ol style="list-style-type: none"> 1. Fund 17.6 FTE for 12 months. 2. For sanitary surveys conducted in the 12 months, we will provide the following information in tabular form:

- a. Number of water system sanitary surveys completed based on date of follow-up sanitary survey letter/report to the purveyor.
 - b. Number of completed water system sanitary surveys with no significant deficiencies identified.
 - c. Percent of completed water system sanitary surveys with no significant deficiencies identified.
 - d. Total number of significant deficiencies identified in all completed sanitary surveys.
 - e. Percent of significant deficiencies in sanitary surveys addressed during the year.
3. A complete list of Group A public water systems that underwent a sanitary survey will be provided upon request.
 4. A list of systems assisted with PFAS or other emerging contaminants challenges, the type of assistance provided, and expected outcomes.

Task 2: Sanitary Surveys and Tech Assistance Provided by LHJs

July 1, 2024 – June 30, 2025

Task 2

Budget for this Task: \$253,500

Description and Objectives

Task funding supports completion of sanitary surveys and provision of technical assistance to small Group A public water systems by third party sanitary surveyors (i.e., local health staff and private contractors).

Each year, sanitary surveys must be completed by ODW or ODW-trained third-party surveyors. Local health staff and private contractors are an integral part of our strategy to meet our annual sanitary survey goals. Together they conduct over two-thirds of all surveys. In addition, these trained surveyors are available to provide targeted technical assistance to individual water systems either upon request by ODW, or upon request by the small water system purveyor.

This project funding will:

1. Reimburse local health jurisdictions for conducting sanitary surveys of small community and non-community Group A water systems identified by DOH Regional Office staff.
2. Reimburse local health jurisdictions for staff attendance at DOH-sponsored or DOH-approved sanitary surveyor trainings and/or regional DOH-LHJ meetings.

Note: Private contractors must attend the appropriate sanitary survey training.

3. Reimburse local health jurisdictions that provide direct technical assistance to small community and non-community Group A water systems identified by Health Regional Office staff. Such direct technical assistance includes:
 - ◆ Technical investigations following up on *E. coli* detected in source water, acute coliform MCL violation, complaint follow-up, and so forth.
 - ◆ Follow-up visit after initial technical assistance or sanitary survey to confirm work and recommendations were addressed.
 - ◆ Assist water system operator through one-on-one training or technical assistance in completing work and recommendations requested by ODW to meet applicable drinking water regulations, such as completing a monitoring plan or management plan, training in source and distribution system sampling/monitoring, consulting on treatment reliability, assisting with public notification during a health advisory, and so forth.

Specific Outputs and Outcomes

1. Perform sanitary surveys, provide direct technical assistance, or attend training.
2. Continued participation in the Third-Party Sanitary Survey Program by third party surveyors.
3. Adequate number of third-party surveyors to meet ODW's obligation that all Group A water systems are surveyed at the frequency dictated by the Groundwater Rule.
4. Adequate number of third-party surveyors to provide technical assistance to water system operators and management personnel when needed.

	<p>5. Protect public health with increased compliance through knowledge gained from technical assistance.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Number of sanitary surveys completed each year. • Number of systems current with their sanitary survey.
Approach	<ol style="list-style-type: none"> 1. Third party sanitary surveyors will perform sanitary surveys as assigned by ODW. 2. Third party sanitary surveyors will provide direct technical assistance within the allowed funding as directed or approved by ODW. 3. Third party surveyors may use technical assistance funds to attend DOH-sponsored or DOH-approved training. 4. Third party sanitary surveyors must submit a report for each water system surveyed or to which they provided technical assistance to the DOH regional office. These reports must describe overall findings, significant deficiencies encountered, and technical assistance provided.
Deliverables	<p>Signed contracts with third party sanitary surveyors by March 31, 2025.</p> <p>Submit a report documenting the number of Group A public water systems:</p> <ul style="list-style-type: none"> • Surveyed by local health staff or private contractors during the 12 months. • That received targeted technical assistance by local health staff or private contractors during the 12 months.

Task 3: Water System Planning

July 1, 2024 – June 30, 2025

Task 3	
Budget for this Task: \$811,200	
Description and Objectives	This task provides funding for planning grants for water systems undertaking system planning and asset management activities resulting in the identification of projects for submittal for DWSRF funding or other funding programs. The objective of the task is to provide funding to assist water systems in developing resilient water system plans, enhance asset management planning, and identify projects for development and submittal under the DWSRF program.
Specific Outputs and Outcomes	<p>Provide direct funding to water systems for plan development.</p> <p>Identify projects for submittal under existing SRF programs.</p> <p>Create greater technical, managerial and fiscal capacity in water systems.</p> <p>Prioritize small and disadvantaged water systems for funding availability.</p>
Approach	<p>DWSRF will establish guidance for interested water systems to submit applications to qualify for assistance and grant funding to develop water system plans and small water system management programs that include asset management plans.</p> <p>Funding will be targeted at those systems struggling to meet planning requirements due to lack of technical or managerial capacity. DWSRF staff will coordinate with regional ODW staff and other technical assistance providers in implementation of the program.</p>
Deliverables	<p>Provide dedicated grant funding for water system plan development.</p> <p>Document the number of grants provided, systems assisted, and number of plans that are updated and approved.</p> <p>Identification of potential projects for submittal for SRF funding.</p>

Task 4: Bidding and Procurement Technical Assistance

July 1, 2024 – June 30, 2025

Task 4	
Budget for this Task: \$405,600	
Description and Objectives	Many small and disadvantaged systems have indicated a lack of capacity and training regarding their ability to comply with the bidding and procurement requirements associated with DWSRF funding, including the BABA, AIS and Davis Bacon requirements. This task provides funding for a third-party contract to develop training and technical assistance materials and to provide individually targeted technical assistance to water systems that require bidding and procurement assistance.
Specific Outputs and Outcomes	<ol style="list-style-type: none"> 1. Direct technical assistance to public water systems regarding the bidding and procurement requirements for DWSRF projects. 2. Development of training and direct assistance materials and workflows.
Approach	This task will fund a third-party contract to develop training and guidance materials and provide technical assistance to assigned water systems seeking to undertake projects utilizing DWSRF funding. The contract will be overseen by a DWSRF staff member and technical assistance provided will be coordinated with ODW regulatory staff.
Deliverables	<ol style="list-style-type: none"> 1. Annual report and associated data detailing technical assistance activities provided to water systems. 2. Regular updates will be provided in coordinated EPA TA and Region 10 DWSRF meetings. 3. Task progress will also be detailed in the DWSRF Annual Report.

Task 5: Consolidation Grants

July 1, 2024 – June 30, 2025

Task 5	Budget for this Task: \$406,000
Description and Objectives	ODW continues to look for opportunities to work with water systems to identify opportunities to consolidate smaller, struggling, and failing water systems into larger and more sophisticated systems to achieve economies of scale and greater efficiencies in providing safe and reliable drinking water. The objective of this task is to provide funding for systems that are looking to consolidate to support the payment of connection fees and other consolidation expenses that are not fully provided through existing state funding for consolidation efforts.
Specific Outputs and Outcomes	Funds will be provided to eligible systems through the existing consolidation feasibility grant process. Consolidation Feasibility Study Grant Guidelines 331-726 (PDF) . The set-aside funding will be utilized to supplement existing state funding sources for consolidation and to facilitate consolidation by alleviating the burden on consolidating systems and existing ratepayers through the payment of connection fees and other capacity development needs. The funding may also be used to support the Water System Rehabilitation and Consolidation program targeting the consolidation of struggling and failing water systems. Drinking Water System Rehabilitation and Consolidation Guidelines 331-742 (PDF) .
Approach	DWSRF will utilize technical assistance and regulatory compliance activities to identify water systems that are interested in consolidation or where consolidation may be desirable due to the technical, managerial, and financial status of the system to be consolidated, identification or regional water resource solutions, or other factors that make consolidation an effective outcome. Applications for funding will be accepted through the WALT application and contracts will be awarded every six months (May and November).
Deliverables	1. Consolidation projects funded through this task will be identified in the Annual Report submitted to EPA.

Task 6: Surface Water Treatment Assistance

July 1, 2024 – June 30, 2025

Task 6		Budget for this Task: \$304,200
Description and Objectives	This task provides funding to hire a third-party contractor for specialized focused training on EPA’s Composite Correction Program, primarily through Performance Based Training (PBT) and staff training for Comprehensive Performance Evaluations (CPE). WAC 246-290-010(46) defines a CPE as, “a thorough review and analysis of a treatment plant’s performance-based capabilities and associated administrative, operation and maintenance practices. It is conducted to identify factors that may be adversely limiting a plant’s capability to achieve compliance and emphasizes approaches that can be implemented without significant capital improvements.”	
Specific Outputs and Outcomes	Provide direct technical assistance and training to Group A public water systems with surface water treatment to help them become or remain in compliance with the Surface Water Rule.	
Approach	<p>CPEs are part of EPA’s Composite Correction Program (CCP) and are one of three specific types of evaluations that must be conducted following certain “triggering” events or circumstances based on Individual Filter Effluent (IFE) performance. PBT is part of the second component of the CCP and relates to Comprehensive Technical Assistance (CTA), which is used to improve performance of an existing plant by systematically addressing the factors limiting performance identified during the first phase, the CPE. Because a CTA involves one-on-one facilitation, performance is improved at only one plant during a 12-to-18-month effort. In order to develop a more cost effective and timely means to accomplish the same objective as a CTA, PBT was developed and is a variation on the CTA, utilizing the same priority setting and problem-solving skill transfer, but concurrently involving multiple facilities (e.g., six to eight).</p> <p>This task will provide funding for a third-party contract to undertake direct technical assistance to Group A public water systems that are subject to the requirements of the Surface Water Rule to provide training and guidance in meeting their legal obligations. The contract will be managed by ODW staff and assignments will be made in cooperation with and based on recommendations by regional staff. Assignments and technical assistance outcomes will be tracked as part of contract implementation.</p>	
Deliverables	<ol style="list-style-type: none"> 1. List of water systems assigned for technical assistance under the contract and tasks undertaken. 2. List of systems brought into compliance with the Surface Water Rule as a result of technical assistance provided. 3. Updates on contract implementation provided in the DWSRF Annual Report. 	

Task 7: PFAS Sampling

July 1, 2023 – June 30, 2024

Task 7	Budget for this Task: \$246,907
Description and Objectives	<p>Group A Community and NTNC water systems are required to monitor for PFAS beginning January 2023 through December 2025. PFAS sampling is now additionally required pursuant to EPA rulemaking under the SDWA. Each water system's Water Quality Monitoring Schedule lists the PFAS monitoring requirement starting in 2023. PFAS Monitoring and Follow Up Actions 331-668 (PDF) outlines the monitoring requirements in the revised rule.</p> <p>Systems must collect samples at the entry point to the distribution system and have them analyzed by EPA Method 537.1 or 533 by a lab accredited for these analytes in Washington State. This task will provide funding to support initial PFAS sampling to ensure systems are able to complete the initial sampling requirements in state and federal rules.</p>
Specific Outputs and Outcomes	DOH has a free-PFAS sample program for Community and NTNC systems that will continue through 2025. State certified labs are reimbursed for the cost of sample analysis. Systems that have samples exceeding established PFAS limits are then provided technical assistance and are eligible for project funding to address the PFAS contamination.
Approach	Communities request assistance through Department of Health, Office of Drinking Water PFAS Free Sampling Enrollment Form . Systems may also be identified through regional staff or third-party technical assistance providers. Communities that are identified or request sampling assistance are helped in sampling and assessment by state certified labs.
Deliverables	<ol style="list-style-type: none"> 1. Number of PFAS samples collected. 2. Number and percentage of water systems that have one or more sources that exceed a PFAS MCL.

Task 8: Certified Operator Apprenticeship Assistance

July 1, 2024 – June 30, 2025

Task 8		Budget for this Task: \$30,420
Description and Objectives	ERWOW operates apprenticeship programs to train new operators in response to the growing demand for skilled operators as more operators are reaching retirement age. We seek to contract with ERWOW to provide financial assistance to participants from disadvantaged communities that lack the financial capability to participate in the program otherwise.	
Specific Outputs and Outcomes	<ol style="list-style-type: none"> 1. Provide ten (10) \$3,000 subsidies for participants in the ERWOW apprenticeship program. 2. Provide apprenticeship training, including almost 300 hours of classroom instruction, to participants, resulting in graduation from the program. 3. Increase the number of trained operators available to provide services to public water systems, resulting in better management and the provision of safe drinking water to the population of the state. 	
Approach	This task will fund a contract with ERWOW to provide ten (10) \$3,000 subsidies for participants in the ERWOW apprenticeship programs.	
Deliverables	<ol style="list-style-type: none"> 1. Documentation detailing efforts to recruit participants in the program, as well as participating utility sponsors, specifically targeting disadvantaged communities and participants that otherwise would be precluded from undertaking the apprenticeship program. 2. A list of participants receiving the subsidy. 3. Documentation of attendance, class participation, course scores, and other measures of success for program participants. 4. A list of program participants receiving the subsidy that successfully complete the apprenticeship program and become certified operators. 	

Five of the 15 Percent

Task 1: Source Water Protection Implementation

July 1, 2023 – June 30, 2024	
Task 1	Budget for this Task: \$871,106
Description and Objectives	Provide staff funding equivalent to 3.55 FTEs distributed across six staff to implement the ODW source water protection program. In implementing the program, ODW staff works with water systems, state agencies, local governments, and technical assistance providers to increase the protection of drinking water sources. Program implementation includes the collection, maintenance, and presentation of collected data and GIS platforms to assist in meeting substantial implementation of source water protection and providing transparency to external constituents and stakeholders in articulating the outcomes of ODW program activities.
Specific Outputs and Outcomes	<ol style="list-style-type: none"> 1. Support implementation of source water protection-related activities and programs. 2. Enhance source water protection intranet and internet applications and data products. 3. Protect public health by incorporating data that helps identify source water protection technical assistance needs.
Approach	Staff work with water systems, state agencies, local governments, and technical assistance providers to increase source water protection. Maintain and update source specific information to meet substantial implementation of source water protection. The outreach and training components include workshops for interested stakeholders that include refreshments and meals to ensure consistency and efficiency in providing information and training to the relevant systems and agencies..
Deliverables	<ol style="list-style-type: none"> 1. Fund 3.55 FTEs for 12 months. 2. Annual Source Water Protection Report to EPA for activities accomplished with these funds in the 12-month period, including reporting annual initial and substantial source water protection implementation measures.

Task 2: Assistance for Source Water Protection High Priority Projects

July 1, 2024 – June 30, 2025

Task 2	
Budget for this Task: \$2,073,193	
Description and Objectives	<p>This set-aside provides assistance to public water systems, local governments, public utility districts, water sewer districts, and non-profit organizations to carry out source water protection projects to better protect public water system sources. Funding may be provided directly to implement projects or used to contract with third-party providers to assist with projects.</p> <p>Projects may include:</p> <ul style="list-style-type: none"> ◆ Source water protection investigations to better understand, delineate, and quantify contamination and water quantity threats to public water systems, and to determine potential solutions for addressing these impacts. ◆ Third-party facilitation of source water protection problems (such as lack of watershed control or persistent contamination) to arrive at mutually beneficial solutions. ◆ Implementation of locally identified source water protection plan priorities for which other funding is available but insufficient to realize success. ◆ Data collection and data improvement to address source water protection, such as water quality analysis of contaminants or concern or increased analysis beyond regulatory compliance for emerging and non-regulated contaminants.
Specific Outputs and Outcomes	<p>Projects funded under this set-aside should:</p> <ul style="list-style-type: none"> ◆ Use existing and collect new information/data to better understand conditions in a specific study area, analyze the information to understand public health impacts, and develop solutions and an action plan to implement solutions. ◆ Implement solutions to issues identified in a previous study, source water protection plan, sanitary survey, or other documentation. ◆ Create or build upon existing partnerships. ◆ Strengthen water system capacity to protect their sources. ◆ Produce clear deliverables that enable utilities, local governments, and ODW to take action to improve source water protection and public health (such as developing ordinances, protecting source watersheds, creating multi-entity agreements to achieve source water protection, creating GIS data). ◆ Establish an on-call contract with a certified laboratory to analyze water quality samples to confirm the existence of toxic algae.
Approach	<ul style="list-style-type: none"> ◆ ODW will provide funding to projects that: ◆ Address priority source water protection issue(s). ◆ Develop a plan to study or address the issue(s). ◆ Identify partners that can help support and be involved in the project. ◆ Identify source capacity issues that the project will help address. ◆ Result in clear deliverables that advance source water protection. ◆ Funding for each contract will be determined based on the needs of the project and ODW priorities. Contracts will be awarded once they have received concurrence from the ODW Field Operations Manager. The Source Water Protection

	<p>Program may target areas of interest and award contracts on a first-come-first-served basis or evaluate pending proposals on a quarterly basis.</p> <ul style="list-style-type: none"> ODW's surface water team will continue to use the lab contract to work directly with systems that have previously or are experiencing increased algae blooms, to help reduce the impacts on the system. <p>Funding recipients will:</p> <ul style="list-style-type: none"> Work closely with ODW to develop and submit a draft scope of work with specific deliverables and due dates that details how the project will be accomplished; and execute a contract for the project based on the negotiated scope of work. Budgetary information should be provided at the time of application, including quotes for work from contracted providers as appropriate. Submit to ODW written quarterly reports detailing project progress. Progress reports can be e-mailed to the ODW source water protection manager and can be a short description of what scope of work items have been addressed and/or completed during the reporting period. Submit to ODW all deliverables defined in the executed contract by the agreed upon due dates. ODW will partner with systems experiencing increased algae blooms to evaluate the situation and develop monitoring/surveillance strategies.
Deliverables	<ol style="list-style-type: none"> DOH will provide funding summaries as part of the required annual source water protection report. Funding will also be reported as part of the required DWSRF Annual Report.

Table 17: Contracts for SRF 15 Percent Set-Asides

Active Contracts 7/1/24 — 6/30/25				
Contract #	Contractor	Amount	Begin Date	End Date
Consolidated Contracts	Local Health Jurisdictions	\$287,850	7/1/2022	6/30/2026
PRV28881	Celerity	\$400,000	7/1/2023	12/31/2025
PRV29124	Evergreen Rural Water of Washington	\$30,000	7/1/2023	6/30/2026
PRV30868	Public Knowledge LLC	\$341,744	9/1/2024	6/30/2029
PRV28448	Anatech	\$163,441	4/17/2024	6/30/2028
PRV29329	Eurofins Eaton Analytical	\$179,139	5/9/2024	6/30/2028
Completed Contracts 7/1/24 — 6/30/25				
There are no completed contracts during this time for this 15 percent set-aside.				

Table 18: 4 Percent SRF Set-Aside Work Plan Deliverables

Task 1: Program Administration

July 1, 2024 – June 30, 2025	
Task 1	Budget for this Task: \$785,129
Description and Objectives	Many water systems are challenged to apply for loan assistance through DWSRF due to the lack of capacity, trouble completing the application, and understanding repayment requirements. ODW reserved four percent of the federal capitalization grant for extra technical assistance to help public water systems understand the application, contract, and fiscal requirements of a DWSRF loan.
Specific Outputs and Outcomes	<p>Outputs: Provide daily technical assistance through one-on-one interactions, group settings, conference trainings, and in multi-agency tech teams.</p> <p>Outcomes: Increased success in helping water utility fund needed infrastructure.</p>
Approach	ODW staff provide client interaction and technical assistance activities that can include highlighting operational areas for improvement, assistance in completing applications, determine rates, developing cost estimates during the planning process, manage contracts, and assist with invoicing to expedite repayments for DWSRF funds.
Deliverables	<ol style="list-style-type: none"> 1. Fund 4.6 FTEs for 12 months. 2. Provide summary of these efforts to assist small systems in the annual report.

Task 2: Small Communities Initiative

July 1, 2024 – June 30, 2025

Task 2 **Budget for this Task: \$263,900**

Description and Objectives

The Small Communities Initiative is a collaborative effort between DOH, the Department of Ecology, and the Commerce. This initiative assists small, rural communities that are simultaneously struggling with economic vitality and compliance with health and environmental regulations. Program management staff identify and assign communities based on input from technical staff, community requests and anticipated need. The program will continue providing assistant to those communities currently being served, as well as new communities, during this phase of the Small Communities Initiative effort. We will identify additional communities and apply as program capacity is available and as previously assigned communities' issues are resolved.

In the selected communities, agency staff act as facilitators, technical advisors, and resource brokers to help local elected officials, city staff and citizens define, prioritize, and identify links between public health, environmental protection, and local development issues. When the issues faced by the community are identified and understood, pragmatic steps leading to regulatory compliance, long-term community sustainability, and economic vitality are identified and documented in a community action plan.

This funding allows Washington State to assist small, rural, and disadvantaged communities develop their technical, financial, and administrative governance capacity to successfully achieve and maintain compliance with drinking water regulations by helping them plan for needed capital and/or operational improvements.

In addition to technical assistance provided by regulatory agencies (DOH and Ecology), Commerce provides direct technical assistance to communities by facilitating community workgroups, providing project development technical assistance, and developing community action plans. Commerce staff are directly involved with communities.

- Specific Outputs and Outcomes**
- Outputs**
1. Provide technical assistance.
 2. Assist small communities that are simultaneously struggling with economic vitality and compliance with health and environmental regulations.
 3. Prioritize and identify links between public health, environmental protection, and local development issues.
 4. Develop realistic steps and a community action plan leading to regulatory compliance, long-term community sustainability, and economic vitality.
- Outcome** Increased compliance and greater protection of public health.

Approach	DOH will continue to implement the agreed provisions of the interagency agreement with Commerce to partially fund three Commerce staff positions. The remaining funding for staff will come from Ecology and Commerce. Commerce is responsible for providing workspace, travel, and training. DOH will manage the contract. An existing steering committee, consisting of representatives from DOH, Ecology, and Commerce will provide direction and oversight to the contractor through dedicated program management staff.
Deliverables-	<ol style="list-style-type: none">1. Provide an annual summary of which water systems SCI provided services, the activities completed, and the issues needing to be addressed.2. Regular updates will be provided to EPA as part of the scheduled Region 10 TA and SRF update meetings.

Task 3: Financial and Managerial Capacity Development Assistance and SRF Project Preparation

July 1, 2024 – June 30, 2025

Task 3	
Budget for this Task: \$263,900	
Description and Objectives	<p>This task continues funding a contract to assist small water systems in increasing their technical, financial, and administrative governance capacity consistent with the State of Washington Water System Capacity Development Strategy. Efforts focus on increasing small systems' capacity to plan for and operate financially viable water systems, as well as to efficiently identify and address emerging challenges related to deferred maintenance, funding capacity, increased regulation, and climate resiliency. Specific contract tasks include statewide or individualized board trainings, budget preparation, capital planning, asset management, rate-setting, and other tasks to improve financial capacity, as well as preparation to successfully apply for a DWSRF loan or other funding opportunities. The contractor will also work with the water system or multiple water systems, as appropriate, to determine if they are a candidate for restructuring, rehabilitation, or consolidation.</p>
Specific Outputs and Outcomes	<p>Outputs</p> <ul style="list-style-type: none"> • Establishment of action items and deliverables that enable DOH, utilities, and local entities to take action to improve small system capacity. • Small systems are better prepared to apply for DWSRF and other funding programs. <p>Outcomes</p> <ul style="list-style-type: none"> • Improved managerial and financial capacity for participating water systems. • Strengthened, more effective partnerships between utilities, regulators, and technical assistance providers.
Approach	<ol style="list-style-type: none"> 1. DOH staff will refer water systems in need of technical assistance to the contractor and determine the appropriate scope of services to be provided to the water system. 2. The contractor will provide individualized assistance to assigned water systems, including file review, site visits, records and agreement review and assistance, capacity assessment and development, development of a community work plan with specific time frames for task completion, planning document development, fiscal planning, and individualized training. 3. The contractor will provide statewide water system training on small water system governance, financial governance, cybersecurity, rate setting, water system planning, resiliency, and other topics agreed upon by DOH and the contractor. The contractor is required to: <ul style="list-style-type: none"> - Obtain approval from ODW for all trainings in advance. ODW may require a preview of any proposed trainings. - Oversee course registrations and cancel any training with less than five registered attendees.
Deliverables	<ul style="list-style-type: none"> • Provide an annual summary of which water systems the contractor supported, and the task completed. • Provide a list of the trainings provided and the number of attendees. • Regular updates will be provided to EPA as part of the scheduled Region 10 TA and SRF update meetings.

Task 4: Small and Disadvantaged Water Systems Assistance

July 1, 2024 – June 30, 2025

Task 4	Budget for this Task: \$304,500
Description and Objectives	This task will result in an additional technical assistance contract to help small rural water systems increase their technical, financial, and administrative governance capacity consistent with the State of Washington Water System Capacity Development Strategy. Efforts focus on increasing small systems' capacity to plan for and operate financially viable water systems, as well as to efficiently identify and address emerging challenges related to deferred maintenance, funding capacity, increased regulation, and climate resiliency. The contract will target individual assistance on specific short-term projects, often within an established community plan.
Specific Outputs and Outcomes	<p>Outputs</p> <ul style="list-style-type: none"> ◆ Targeted project deliverables that enable DOH, small and disadvantaged water systems, and local entities to take action to improve system technical, financial and administrative capacity. ◆ Successful project identification and application submittal for DWSRF and other funding programs. <p>Outcomes</p> <ul style="list-style-type: none"> ◆ Improved technical, managerial, and financial capacity for participating water systems. ◆ Strengthened, more effective partnerships between water systems, agency staff, and technical assistance providers to accomplish targeted projects on an expedited basis.
Approach	<p>ODW maintains a list of priority water systems that would benefit from technical assistance.</p> <ul style="list-style-type: none"> ◆ ODW staff will work with the contractor to review water system referrals and determine the scope of services to be provided to each water system assigned. ◆ The contractor will work with the water systems to review relevant files and records, undertake site visits, and assess the system's TMF capacity. The contractor will provide technical assistance, including, but not limited to: <ul style="list-style-type: none"> ○ Project formulation and implementation based on assignment from ODW staff. ○ Preparing the small water system to apply for funding from the DWSRF or other funding sources. ○ Working with the system to develop financial restructuring plans that would allow a financially struggling utility to revise its debt obligations. ○ Providing guidance on completing budgets, asset management plans, designing and setting rates, and other information needed for improving their financial capacity. ◆ The contractor will submit a written report to ODW on the results of each completed project. The report will include recommendations on the feasibility of a DWSRF loan or other funding source and follow-up opportunities within an established Community Work Plan or in collaboration with SRF staff and the applicable ODW regional office.

Deliverables

- Provide an annual summary of which water systems the contractor provided services, the activities completed, and the issues needing to be addressed.
- Regular updates will be provided to EPA as part of the scheduled Region 10 TA and SRF update meetings.

Task 5: WALT Loan Tracking Reassessment and Upgrade

July 1, 2024 – June 30, 2025

Task 5	Budget for this Task: \$612,250
Description and Objectives	The Washington Loan Tracking (WALT) software utilized by the Washington DWSRF to accept, process, and administer DWSRF loan applications, as well as other state and federal funding programs. The program originated when the DWSRF program was shifted from Commerce to DOH in 2018. The contract is set to expire in 2025 and DOH is required to go out for solicitation under state procurement law. This provides the opportunity to undertake a thorough assessment of the existing program, SRF program and data needs, the needs of fiscal staff, and a determination of how to integrate WALT or its successor into other DOH data management frameworks, as it is currently a standalone system. DOH will then solicit and secure a contractor to upgrade and improve the existing WALT program.
Specific Outputs and Outcomes	<p>Outputs</p> <ul style="list-style-type: none"> ◆ An assessment of the strengths and weaknesses of the existing WALT program. ◆ Recommendations for further program enhancement and integration into other ODW data management systems, including SDWIS. <p>Outcomes</p> <ul style="list-style-type: none"> ◆ A well defined scope of work and recommendations for WALT system improvement. ◆ A contract to undertake the required work to update or replace WALT.
Approach	<ul style="list-style-type: none"> ◆ ODW will coordinate with DOH fiscal and IT staff and system users to develop the business case for WALT reassessment and enhancement. ◆ DOH will solicit for interested contractors to provide proposals for WALT administration and enhancement. ◆ The contractor will then engage DOH staff from the DWSRF program, IT, and fiscal services to undertake the necessary upgrades or replacement.
Deliverables	<p>DOH will provide EPA with updates on the progress of program development, including:</p> <ul style="list-style-type: none"> ◆ Documented meetings and engagement to identify WALT needs. ◆ Training developed to ensure a smooth transition to any new program upgrades. ◆ Development of standard operating procedures for program utilization. ◆ Development of a quality assessment and control environment for testing future programmatic changes necessitated by changing program needs or regulatory/fiscal requirements. <p>We will provide project updates as part of the regular WA DWSRF meeting with EPA staff and final outcomes will be summarized in the Annual Report.</p>

Task 6: Washington Loan Tracking System (WALT)

July 1, 2024 – June 30, 2025	
Task 6	Budget for this Task: \$51,258
Description and Objectives	ODW acquired a comprehensive system with a technological component to track and manage all aspects of the DWSRF program. This system handles capital loan management and parallel tracking and administration of related grant programs. The system is in compliance with the DWSRF Program and includes flexibility to update based on changing state and federal needs and mandates.
Specific Outputs and Outcomes	The DWSRF system streamlines both grants and loans tracking that meets expectations for funding to qualified state water systems. Maintaining and updating this system allows successful management of the grant and loan programs.
Approach	Continue with contractors for ongoing licensing, hosting, maintenance costs and a Single-User Software Escrow Agreement for WALT.
Deliverables	DOH will provide updates to EPA regarding significant system upgrades that are undertaken to improve or adjust the project application process, as well as an explanation in the annual report as to how the upgrades and regular maintenance have improved project development, ranking, and implementation.

Task 7: Program Audit

July 1, 2024 – June 30, 2025	
Task 7	Budget for this Task: \$67,751
Description and Objectives	The SRF Program is required to undertake an annual audit of program implementation. This Task provides for the hiring of a third-party auditor to undertake the audit.
Specific Outputs and Outcomes	Successful completion of the audit and completion of actions tied to any audit findings.
Approach	Continue third-party contract for completion of the required audit.
Deliverables	DOH will provide annual audit report and financial statements to EPA. Any significant outcomes will be discussed in the annual report and at the annual review meeting with EPA staff.

Table 19: Contracts for SRF 4 Percent Set-Asides

Active Contracts 7/1/24 — 6/30/2425					
Work Plan	Contract #	Contractor	Amount	Begin Date	End Date
384-26-04-SC Task 3	CBO26522	Rural Community Assistance Corporation (RCAC)	\$1,000,000	07/01/2021	6/30/2026
384-26-04-SC Task 2	GVS22638	Department Of Commerce	\$2,322,494	07/01/2022	06/30/2027
384-26-04-SC Task 4	PRV31807	Evergreen Rural Water of Washington	\$250,000	01/09/2025	06/30/2026
384-26-04-SC Task 6	PRV21744	eTranservices Corp (Formerly The Innovation Network)	\$899,865	07/01/2022	9/30/2026
384-26-04-SC Task 6	PRV23351	Guard IT Corporation	\$8,000	03/28/2018	8/1/2028
384-26-04-SC Task 7	PRV28089	CliftonLarsonAllen LLP	\$267,650	6/01/2023	6/30/2027
Completed Contracts 7/1/24 — 6/30/25					
There were no completed contracts during SFY 2025.					

Appendix C

Project Profiles

The following sections detail success stories of a construction loan and a source water protection grant.

Drinking Water State Revolving Fund

South Bainbridge Water

Consolidation and Manganese Removal Project

The Bill Point water system served a community of 203 people in western Washington. The community-owned public water system was managed by a satellite management agency for many years. With aging infrastructure and increased nitrates in their wells, the community reached out to Kitsap Public Utility District (PUD). The PUD owned and managed the South Bainbridge water systems that served over 4,200 people.

To better serve Bill Point, the PUD chose to install treatment for iron and manganese at their Well 10 and construct three new reservoirs. This was in addition to replacing the entire distribution system of Bill Point including new service meters and running the water main to connect to the South Bainbridge water system. One loan for \$2,455,000 with 50 percent loan principal forgiveness was obtained in 2020 for Phase 1. Then another loan in 2021 was obtained for Phase 2 construction costs with 50 percent loan principal forgiveness of the \$2,410,350 loan. A third loan was obtained in 2021 due to high bids for \$505,000 with no subsidy.

Public Health and Environmental Benefits

South Bainbridge provides safe and reliable drinking water that meets Safe Drinking Water Act for manganese and iron for the 203 customers of Bill Point.



Concrete storage tanks to provide additional capacity for the customers.

Liberty Lake Sewer and Water District No. 1

Eastside Liberty Lake Consolidation Project

Liberty Lake Sewer and Water District No. 1 began consolidating East Side Liberty Lake Improvement Club (ESLLIC) in 2014 when they made improvements to the well sources during Phase 1 – installing a new well pump, replacing the well house, installing telemetry at the new well house, and demolishing the existing 20,000-gallon storage tank. Phases 2 through 4 were spent replacing water mains and service connections within the former ESLLIC service area. Many of the main lines had to be re-aligned within the road rights of way as the old lines traversed under homes and garages. Each service was updated with new meters and fire hydrants were installed along the main lines. One loan for \$1,007,800 with 50 percent loan principal forgiveness was obtained in 2014 for Phase 1. A second loan was obtained in 2018 for Phases 2 and 3 for \$2,660,500 with 83.5 percent loan principal forgiveness. A third loan for \$1,065,150 with 50 percent loan principal forgiveness was obtained in 2021. Due to cost overruns, a fourth loan was obtained in 2025 for Phase 4 for an additional \$384,406 with no subsidy.

Public Health and Environmental Benefits

Liberty Lake Sewer and Water District No. 1 provides safe and reliable drinking water that meets Safe Drinking Water Act for the 537 customers of the former East Side Liberty Lake Improvement Club.

Camano Vista Water District

Manganese Treatment Project

Camano Vista Water District installed manganese filtration and disinfection in a modified treatment plant. A backwash tank and discharge system were constructed. Three new booster pumps were installed. Telemetry connected the treatment plant to the rest of the telemetry system. The existing hydropneumatic tank was demolished and removed. One loan for \$274,468 with no subsidy was obtained in 2018. Due to cost overruns, an additional \$203,125 was added to the loan in 2021 for a total of \$477,593.

Public Health and Environmental Benefits

Camano Vista Water District now provides safe and reliable drinking water that meets Safe Drinking Water Act for its 591 customers.



Booster pumps and pressure tanks in the modified treatment plant.

Source Water Protection (SWP) Grant Fund

SWP Projects Funded by DWSRF 5 Percent of 15 Percent in FY 2025

Recipient	Project Description	Amount	FY2025 Type
Lower Elwha Klallam Tribe	In cooperation with the Drinking Water Providers Partnership, conduct vegetation restoration on the Elwha River, City of Port Angeles' source of drinking water after the former Mills and Aldwell reservoirs were removed.	\$28,663	New Award
Mason PUD #1	Expand and finalize the existing regional groundwater models to better forecast water supply and surface to groundwater interactions, informing and supporting the Union Regional Water System consolidation efforts.	\$96,000	New Award
Cascade Forest Conservancy	Instream restoration activities in the Salmon Creek Watershed to improve drinking water quality of two downstream surface water systems. Activities carried out according to the assessment and restoration plan established by the project with Lewis County Public Works (described below).	\$30,000	New Award
City of Langley	Phase 1 of building a numerical groundwater model and updating wellhead protection area delineations.	\$30,000	New Award
Lewis County Public Works	Assess the potential for aquatic and riparian restoration in the Salmon Creek watershed to improve water quality and benefit surface drinking water intakes. Completed during the current reporting period. This work is guiding Cascade Forest Conservancy's instream restoration activities described above. Project initiated in FY2024 and completed during the current reporting period.	\$48,145	Carryover Award

Lewis County Public Works

Water System Improvements

In FY 2024, Lewis County Public Works used \$48,145 in SWP funding to assess the potential for aquatic and riparian restoration in the Salmon Creek watershed to improve water quality and benefit surface drinking water intakes. The Lower Cowlitz River is a water source for the cities of Vader (920 full-time residents and 386 service connections) and Castle Rock (2,216 full-time residents and 1,151 service connections). There are water quality issues resulting from turbidity and impacts from both high and low flows, all of which can be addressed through instream restoration. Multiple habitat restoration measures listed in the Washington Lower Columbia Salmon Recovery and Fish and Wildlife Subbasin Plan for the Lower Cowlitz Subbasin promote the protection of water quality.

In FY 2025, the Cascade Forest Conservancy used \$30,000 to begin riparian restoration activities at the high-priority sites identified in the Salmon Creek watershed assessment and restoration plan. This work is expected to continue through FY 2027, and subsequent phases are likely as funding allows.

Public Health and Environmental Benefits

The Salmon Creek watershed is composed of 75 percent designated forest land. The negative consequences of agricultural activities, development, and timber harvests have led to poor water quality caused by excessive fine sediments and turbidity, embedded substrates, and altered stream flows. To mitigate these factors, the Subbasin Plan explicitly recommends protecting stream corridor structure and function, protecting hillslope processes, restoring riparian conditions, and restoring channel structure and stability to address water quality issues. Actions that could address these issues include placing stable woody debris to



enhance sediment sorting and/or planting riparian vegetation to increase bank stability. The outcome of this iterative restoration project will restore and reconnect floodplains and carry out activities that will help stabilize sediment and improve water quality, thus reducing water quality issues downstream where Vader and Castle Rock withdraw water.