



DRINKING WATER STATE REVOLVING FUND

Office of Drinking Water

Construction and Lead Service Line Loans

Updates and Changes

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Learning Expectations

- Post questions in the chat.
- There will be future training that covers more details about the loan cycle.
 - September 18
 - Question and Answer Session October 16
 - Various conferences including ERWOW end of August and IACC in October
- Current information about the DWSRF program is located at www.doh.wa.gov/DWSRF - we regularly update the webpage.

Agenda

- Highlights
- Changes
- WALT
- Loan Terms
- Loan Eligibility
- Project Rating
- More Information
- Questions
- Contacts

Highlights



Two Separate Applications



Construction Loan

Standard construction projects – new or replacement sources, storage, treatment, or water mains

Emerging Contaminant projects such as PFAS or manganese treatment

Standard consolidations



Lead Service Line Loan

Service line inventories

Lead and galvanized* service line replacements.

*galvanized line must be downstream of known lead component.

Timeline

- WAC 246-296 permanent rule was published July 31, 2024.
- WAC 246-296 changes go into affect September 1, 2024.
- Guidelines located at www.doh.wa.gov/dwsrf.
- Guideline **comment period closes September 16, 2024.**
- Guidelines effective October 1, 2024.
- Construction and Lead Service Line application cycle **closes November 30, 2024.**

Timeline continued

- Applications scored – December 2024.
- Priority Project List published to webpage and sent to the Public Works Board and the Legislature by February 1, 2025.
- First offer letters with subsidy emailed out in late March 2025.
- Final offer letters with subsidy emailed out in April 2025.

Timeline continued

- Intended Use Plan (IUP) published to our webpage May 1, 2025.
- Comment period for IUP ends June 1, 2025.
- Funding agreements start going out **after July 1, 2025**.
- **Notice to Proceed** must be issued within **18 months** of signing the loan contract.
- **Complete the project** within **4 years** of signing the loan contract.

Applications

- Accepted year-round
- Must submit by **11:59 p.m. November 30, 2024**, to be scored and ranked in 2024
- Submit each project separately for scoring
 - One application for treatment project
 - One application for storage project unless the storage tank is required as part of the treatment system
 - One application for source
 - One application for water mains
 - One application for lead service line replacement

Eligible Applicants



Construction Loans

Group A Community
– not-for-profit and for-profit

Group A Noncommunity
– not-for-profit

Group A Tribal community
serving residential
connections

Group B systems becoming
Group A Community



Lead Service Line Loans

Group A Community
– not-for-profit and for-profit

Group A Noncommunity
– not-for-profit

Group A Tribal community
serving residential
connections

Planning Document for Eligibility

- **Approved and current** planning document.
Contact your Regional Planner
 - Either a Water System Plan or Small Water System Management Program
 - Project in the application must be identified in the planning document.
- For LSL loan projects, include planning document in scope of work if you do not have a current and approved document.

Regional Planner Contacts

Eastern Regional Office

Jamie.Clark@doh.wa.gov or 509-329-2137

Brenda.Smits@doh.wa.gov or 509-329-2122

Northwest Regional Office

Krista.Chavez@doh.wa.gov or 564-669-0757

Crystal.Nuno@doh.wa.gov or 253-395-6750

Southwest Regional Office

Meredith.Jones@doh.wa.gov or 564-233-1394

Benjamin.Majors@doh.wa.gov or 360-236-3030

Water Rights for Eligibility

- Water Right permit or certificate is required for the area to be served – contact Regional Ecology office. Water rights are required for:
 - Source projects (point of withdrawal)
 - Consolidations and Interties (point of use)
 - Infill projects increasing capacity within the service area (point of use)
- Area to be served must match service area map in the approved planning document.

How to be Eligible for a Loan

- Dedicated water fund to pay back the loan – separate rates and assessment from other funding.
- If the water system has an audit, there should be no findings. Not all audit findings make an entity ineligible.
- Governing body must approve the submittal of the application for the specific project and loan amount – submit signed meeting minutes.
- Cash flow must be POSITIVE and show you can pay off the loan.
- Be a legal entity with the state of [Washington Secretary of State](#).

How to be Eligible for a Loan

- Have control of the property – obtain ownership, lease, or easement for the life of the infrastructure for a construction loan.
- Signed construction agreement with property owner for lead service line replacement or potholing.

Changes



Retirements and Hirings

- Sara Herrera retired in May – the WALT guru
- Inquiries about funding go to DWSRF@doh.wa.gov
- We are in the process of hiring her replacement.
- Dennis Hewitt retired in July – Contract Manager
- Rachel.Paris@doh.wa.gov was hired as a Contract Manager as of August 1. Copy Michael.Copeland@doh.wa.gov on emails to her for now.

Changes

- Maximum award is **\$15 million per jurisdiction.**
- Disadvantaged community (DAC) permanent rule effective September 1, 2024.
- Updated DAC criteria.
- Small Water System Management Programs must be approved **after** November 30, 2019.
- PFAS must exceed the new EPA maximum contaminant levels (MCL). Sample must be confirmed.

Risk Category Changes

Risk Category 2

- PFAS must exceed the new EPA maximum contaminant levels (MCL). Sample must be confirmed.
- Water shortages across the state are now eligible. Must include a water shortage response plan in the scope of work. And must submit aquifer measurements with the application.

Risk Category 4

- Climate change response projects included.

Readiness to Proceed Scoring Changes

- Bid Documents separate from Construction Documents.
 - For water main replacements, construction documents are typically bid documents.
 - All other projects require Project Report and Construction Documents approval and Bid Documents approval.
 - Please allow **30 days for review** and comments of bid documents. From submittal to approval can be several months.
 - Construction Documents approval is 2 points.
 - Bid Documents approval is 5 points.

Readiness to Proceed Scoring Changes

- **Four points** given for completing a previous Lead Service Line Replacement Loan to complete the service line replacement project.
- **Ten points** given for completing a Consolidation Feasibility Study Grant for consolidation/restructuring projects.
- **Two points** given for completing a Lead Service Line Inventory Loan to complete the service line replacement project.

Bonus Points Scoring Changes

- More bonus points for consolidations and restructuring. **Ten points for each water system eliminated or ownership change.**
- Asset management training must be attended between September 1, 2021, and November 30, 2024.
- [Asset inventory spreadsheet](#) updated by RCAC and up to 6 points available. Link on our webpage under Asset Management.

Disadvantaged Community (DAC) Criteria

- See Appendix B for more details.
- Community water system is owned or operated by a federally-recognized tribe serving residential connections, or
- 50 percent of a project location is within census tract(s) that **meet at least one** of the following criteria:
 - Rank 7 or more on the federal funding friendly* Environmental Health Disparities (EHD) or,
 - Ranking 7 or more for the federal funding friendly* Social Vulnerability Index (SVI) or,
 - More than 30 percent of the population is below 185 percent of the federal poverty level.

*"federal funding friendly" removes race and ethnicity

Disadvantaged Community (DAC) Criteria

- Affordability Index will be considered during the underwriting process.
 - Affordability Index compares water rates to the median household income (MHI).

Disadvantaged Community (DAC) Scoring

DAC Criteria	Points
Meet 3 criteria or a federally-recognized tribal community	10
Meets 2 criteria	6
Meets 1 criteria	3

Washington Loan Tracker (WALT)



WALT

1. Applications accepted in WALT until 11:59 pm November 30, 2024.
2. Applicants must contact DWSRF@doh.wa.gov to get preregistered with WALT or you will not be able to access WALT successfully.
3. Register with [Secure Access Washington](#) (SAW) with the **same email address** as you gave for the WALT preregistration.
4. A complete application includes all attachments.
5. **Submit** the application.
6. Applicants will receive a confirmation email if the application is fully submitted. If you do not receive the e-mail within 24 hours, **contact Scott Kugel at 360-480-7617.**

Washington Loan Tracking (WALT) External User Guide

Drinking Water State Revolving Fund (DWSRF)



WALT Demonstration

Loan Terms



WAC 246-296-050

DWSRF loan terms. (1) The department may approve a DWSRF loan for a project that will not serve a disadvantaged community:

- a) *That partially or fully forgives the principal amount of the loan;*
or
- b) *At an interest rate at or below market interest rates for a maximum of 20 years from project completion.*

(2) The department may approve a DWSRF loan for a project that will serve a disadvantaged community:

- a) *That partially or fully forgives the principal amount of the loan;*
or
- b) *At an interest rate at or below market interest rates for up to 30 years, as long as the DWSRF loan does not exceed the useful life of the project.*

Loan Terms

- Standard interest rate is 2.25% for 20 years plus 1% loan fee.
- Reduced interest rate for those with affordability issues is 1.75% for up to 30 years, no loan fee.
- Loan principal forgiveness up to 100%
 - 1.75% interest rate on remaining loan portion for up to 30 years, no loan fee.
 - If receive 100% loan principal forgiveness, **must** make loan payments

Longer Loan Term

- To qualify for 30-year repayment period, design engineer must complete and sign the Engineering Certification in the loan contract.
- The certification form must state the infrastructure life span is 30 years or more.
- Length of the loan term **CANNOT** exceed the life of the infrastructure.

Loan Principal Forgiveness

- Underwriter determines who is eligible for subsidy (loan principal forgiveness)
- Applicant must pass underwriting
- If eligible for funding AND identified as DAC,
 - DWSRF leadership will determine how much, if any, subsidy is assigned to each DAC project.
- Subsidy may be
 - Up to 100 percent loan principal forgiveness OR
 - Partial loan principal forgiveness OR
 - Not offered

Loan Principal Forgiveness

- DWSRF Base Funding

- 12% to 35% as loan principal forgiveness to DAC
- 14% as loan principal forgiveness to any eligible DWSRF applicant – prioritize DAC

- BIL Stimulus Funding

- 49% as loan principal forgiveness to DAC

Loan Principal Forgiveness

- BIL Emerging Contaminant funding is 100% loan principal forgiveness.
- We have \$17 million total to give to PFAS projects.
- 25% must go to DAC **or** small communities serving less than 25,000 people.

Loan Eligibility



WAC 246-296-100 (2)

DWSRF loan eligibility and applications requirements. To be eligible for a DWSRF loan, an applicant shall:

- 2) *Except when applying for a DWSRF loan that addresses lead service line identification or lead service line replacement, the applicant shall* have a current department-approved WSP or SWSMP that:
 - a) Includes the proposed project; and
 - b) Addresses any difficulties with system capacity

Project Rating



WAC 246-296-130 (2)

Project priority rating and ranking criteria.

- 2) Additional points based on the type of project being proposed, if the project:
 - a) *Is ready to proceed to construction;*
 - b) *Completes projects previously funded by DWSRF grants or loans;*
 - c) *Is to consolidate or restructure a public water system;*
 - d) *Creates a sustainable regional public health benefit;*
 - e) *Is a water main replacement project that coincides with other infrastructure projects;*
 - f) *Qualifies as a green project; or*
 - g) *Has an affordability index equal to or greater than one percent.*

More Information



information

Online Training

September 18 at 10am: Overview Webinar 2

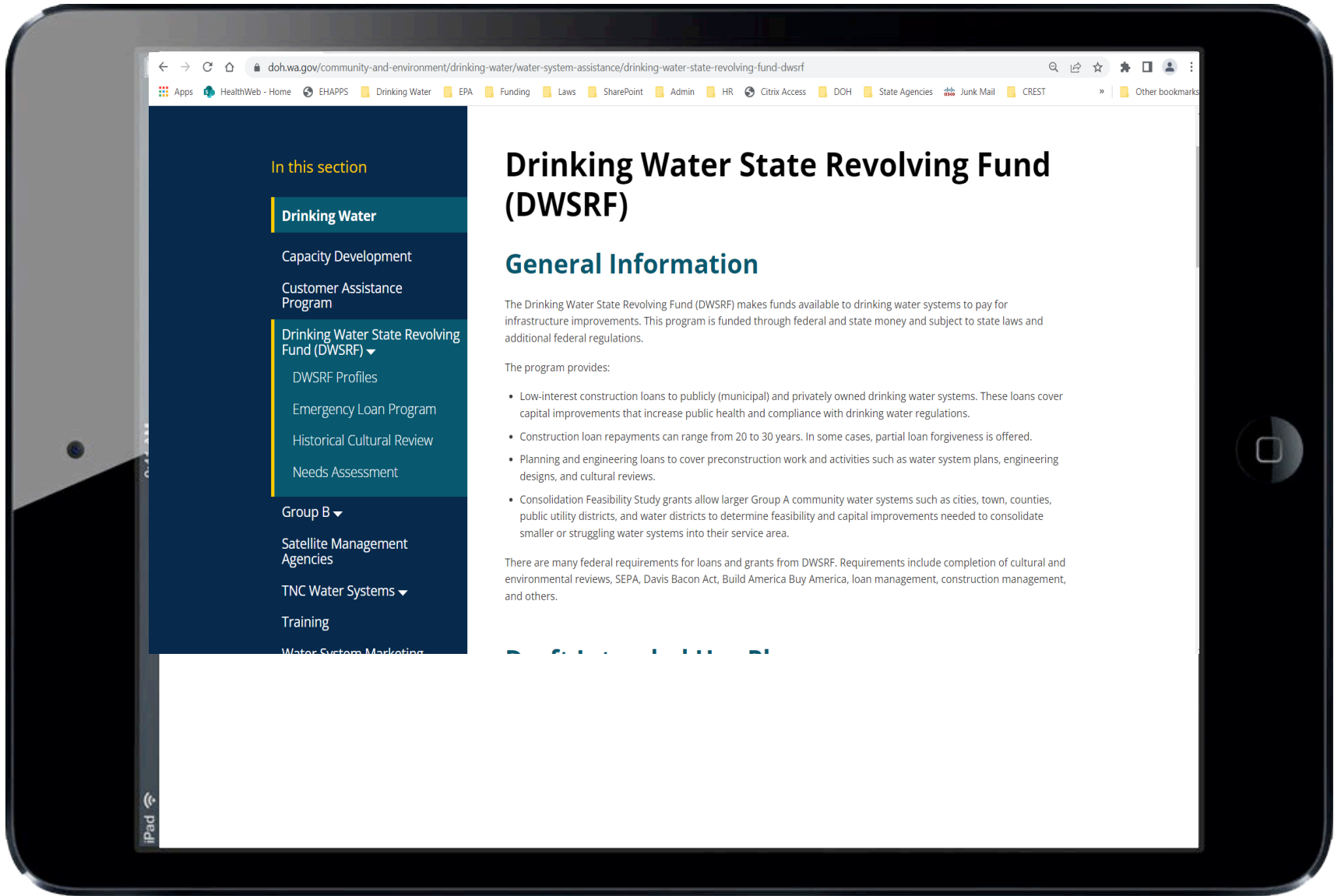
October 16 at 10am: Q&A Session

Webinar links are posted at

www.doh.wa.gov/dwsrf.

Meetings held on Microsoft Teams

Session slides will be posted online a week later.



Questions?

DWSRF Staff Contacts

Program Manager

Chris.Pettit@doh.wa.gov or 564-233-1408

Scope of Work, Funding Cycles, and Technical Questions

Jocelyne.Gray@doh.wa.gov or 564-669-4893

WALT Application and General Questions

at DWSRF@doh.wa.gov

Cultural, Historical, and Environmental Review

Scott.Kugel@doh.wa.gov or 360-480-7617

Technical Assistance Coordination

Chelsea.Cannard@doh.wa.gov or 564-233-1799

DWSRF Financial Services Contacts

Underwriting and For-Profit Eligibility (Mike)

Michael.Copeland@doh.wa.gov or 360-236-3083

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Contract Manager Brittany.Cody-Pinkney@doh.wa.gov or
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360-236-3166 or DWSRFInvoicing@doh.wa.gov



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