



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
OFFICE OF DRINKING WATER

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February 1, 2025

**TO:** House Capital Budget  
Senate Capital Budget  
Myra Baldini, Office of Financial Management

**FROM:** Holly Myers, Director  
Office of Drinking Water  
Department of Health

**SUBJECT:** Summary of State Fiscal Year 25 Drinking Water State Revolving Fund Loan Funding Cycle

The Department of Health’s Drinking Water State Revolving Fund (DWSRF) program accepted construction loan applications last year during the normal annual cycle that closed November 30, 2024. Planning and Engineering loan applications are also accepted year-round and awards are made in May and November of each year. The DWSRF program has approximately \$150 million to award and the maximum award per jurisdiction is \$15 million, unless additional funding is available and approved by our DWSRF leadership team. The standard interest rate for loans for construction projects is 2.25 percent with a 1.0 percent loan service fee and twenty-year loan term. Standard interest rate for lead service line inventories and planning and engineering loans are 0 percent interest with a 2.0 percent loan service fee and ten-year loan term. Loan fees are waived for projects receiving subsidy as a disadvantaged community or as required by law for projects addressing lead service lines or emerging contaminants.

To be eligible for funding, all DWSRF construction and emerging contaminant loan applicants must have an approved Water System Plan (WSP), a Small Water System Management Program (SWSMP), or plan amendment containing the proposed DWSRF project (WAC 246-296-100).

We are currently awarding subsidy for up to 75 percent of the total project cost to water systems that meet the definition of “disadvantaged communities” in [WAC 246-296-020](#). The rule and accompanying guidance found in the [DWSRF Construction Loan Guidance](#) ensure that Washington can leverage the total amount of federal funding available. Current federal rules additionally allow for the provision of 100 percent subsidy for projects addressing emerging contaminants under the Bipartisan Infrastructure Law (BIL).

Twenty-three (23) project applications qualified for potential subsidy as disadvantaged communities. Final subsidy amounts are pending the acceptance of awards, the federal budget, and allotment of the DWSRF base grant but will likely exceed 40 percent for most projects awarded. Subsidy for the emerging contaminant funding under the Bipartisan Infrastructure Law Emerging Contaminants (BIL-EC) is 100 percent for the three projects that qualified and ranked highest in project priority.

We received 43 construction loan applications with a total funding request of over \$250 million, including \$72.7 million in applications for projects addressing emerging contaminants. We are funding the three highest ranking projects addressing emerging contaminants with the \$17.5 million available in BIL-EC funding and offering contracts for the remaining projects under the regular construction loan framework or through other federal funding sources. Additionally, we received one lead service line project for \$250,000, which is being proposed for funding under traditional construction loan funding as the water system did not qualify as a disadvantaged community. We reviewed all projects for eligibility, scored based on the health risk addressed by the proposed project, and assessed for financial viability by our underwriter.

Two projects totaling over \$10 million were withdrawn or determined to be ineligible for funding. One was found to be ineligible due to the project being primarily focused on future growth in the community, which is ineligible for funding under the Safe Drinking Water Act and associated regulations. The other project was found to be ineligible as the proposed project was mischaracterized as a consolidation project. The duplicate project proposed by the water system as a construction project is being proposed for funding.

We also received \$21.3 million in Planning and Engineering project applications for the completion of engineering needs leading to construction of vital water delivery projects.

Following is the list of projects we will fund, as well as those that were withdrawn or deemed ineligible for funding, based on the information available to date. The list indicates the current point at which the \$150 million available for award would be exceeded. All loans are pending underwriting and contract acceptance by the applicant, and the final projects list will be included in the Intended Use Plan submitted to the Environmental Protection Agency (EPA) as part of the annual DWSRF grant applications.

## Construction Funding

App. ID	Applicant or Water System Name	Project Name	PWSID	Final Score	Emerging Contaminant Request	Loan/Grant Request	Loan Fee	Loan/Grant Award	Subsidy Eligible (yes/no)
2024-4377	Mason County PUD No. 1	Big 5 Consolidation	36180	165	Mn	\$ 4,992,200.00	\$ 49,922.00	\$ 4,992,200.00	Y
2024-4350	Sierra Country Club	New Treatment and New Water Source Connections	78975	116		\$ 3,230,075.00	\$ 32,300.75	\$ 3,230,075.00	N
2024-4329	Thurston PUD	Sandra Ave 627 PFAS Remediation	54591	114	PFAS	\$ 369,500.00	\$ 3,695.00	\$ 369,500.00	Y
2024-4313	Clark Public Utilities	Yacolt Satellite System Consolidation	13333	114	PFAS	\$ 11,192,820.00	\$ 111,928.20	\$ 11,192,820.00	N
2024-4347	Roche Harbor Water Company	Clearwell & Booster Station	73230	111		\$ 1,746,500.00	\$ 17,465.00	\$ 1,746,500.00	N
2024-4326	City of Kennewick	PFAS Contamination Improvements	38100	110	PFAS	\$ 33,890,550.00	\$ 338,905.50	\$ 15,000,000.00	Y
2024-4384	Thurston PUD	Spanaway 192nd 669 PFAS Remediation	15531	107	PFAS	\$ 953,166.00	\$ 9,531.66	\$ 953,166.00	Y
2024-4351	City of Vancouver	Water Station 9 PFAS Treatment	91200	106	PFAS	\$ 12,000,000.00	\$ 120,000.00	\$ 12,000,000.00	Y
2024-4352	Madrona Beach Water Service	MBWS PFAS Filtration	49900	103	PFAS	\$ 296,997.00	\$ 2,969.97	\$ 296,997.00	N
2024-4300	City of Camas	PFAS Treatment at Well 13	10800	101	PFAS	\$ 9,891,500.00	\$ 98,915.00	\$ 9,891,500.00	N
2024-4380	City of Arlington	Lead Service Line Investigation & Replacement	02950	96	LSL	\$ 250,000.00	\$ 2,500.00	\$ 250,000.00	N
2024-4372	City of Pasco	Butterfield Water Treatment Plant Improvements - Phase 1 Early Works	66400	87		\$ 14,727,000.00	\$ 147,270.00	\$ 14,727,000.00	Y
2024-4298	Paradise Estates Water Dept Inc	Paradise Estates/Bavarian Retreat Water Consolidation	66090	85		\$ 594,000.00	\$ 5,940.00	\$ 594,000.00	N
2024-4386	Town of Friday Harbor	WTP Improvements Project	26595	79		\$ 4,500,000.00	\$ 45,000.00	\$ 4,500,000.00	Y
2024-4361	City of Selah	Well No. 9 Equipping	77400	71		\$ 1,574,100.00	\$ 15,741.00	\$ 1,574,100.00	Y
2024-4294	Nob Hill Water Association	Barrett Well Equipping	59700	69		\$ 1,214,000.00	\$ 12,140.00	\$ 1,214,000.00	N
2024-4320	City of Bremerton	Manganese Treatment Facilities (Eastside)	08200	69	Mn	\$ 7,594,445.00	\$ 75,944.45	\$ 7,594,445.00	Y
2024-4358	City of Royal City	Well No. 5	74700	68		\$ 2,970,297.03	\$ 29,702.97	\$ 2,970,297.03	Y
2024-4360	City of Sunnyside	Source Rehabilitation	85400	66		\$ 1,620,025.00	\$ 16,200.25	\$ 1,620,025.00	Y
2024-4287	City of Newport	Tank Rehabilitation Project	59350	62		\$ 844,421.00	\$ 8,444.21	\$ 844,421.00	Y
2024-4354	City of White Salmon	Transmission Main Phase 2B	96350	62		\$ 6,000,000.00	\$ 60,000.00	\$ 6,000,000.00	Y
2024-4353	City of White Salmon	Transmission Main Phase 2D	96350	62		\$ 445,840.00	\$ 4,458.40	\$ 445,840.00	Y
2024-4318	City of Quincy	Westside Reservoir Improvements	70450	62		\$ 26,840,440.00	\$ 268,404.40	\$ 15,000,000.00	Y
2024-4328	City of Spokane	Latah Valley Transmission Main	83100	60		\$ 4,800,000.00	\$ 48,000.00	\$ 4,800,000.00	Y
2024-4375	Mason County PUD No. 1	Viewcrest Beach Infrastructure Upgrade	91900	60	Mn	\$ 1,397,697.00	\$ 13,976.97	\$ 1,397,697.00	Y
2024-4295	Nob Hill Water Association	Westbrook Reservoirs Improvements Project	59700	59		\$ 3,508,900.00	\$ 35,089.00	\$ 3,508,900.00	N
2024-4378	City of Ridgefield	Eastside Elevated Reservoir	72400	54		\$ 15,000,000.00	\$ 150,000.00	\$ 15,000,000.00	N

2024-4297	Debryshire Scenic Acres Water Association	Water Main Construction	19000	53		\$ 1,443,500.00	\$ 14,435.00	\$ 1,443,500.00	Y
2024-4278	Bayshore Terrace Water System	Distribution Line Replacement	04930	52		\$ 9,650,795.00	\$ 96,507.95	\$ 9,650,795.00	N
									<b>\$152,807,778</b>
2024-4387	City of Tacoma	Galvanized Distribution Main Replacements	86800	52		\$ 1,180,927.00	\$ 11,809.27	\$ 1,180,927.00	Y
2024-4346	Beverly Water District	Distribution System Improvements	06350	51		\$ 4,391,300.00	\$ 43,913.00	\$ 4,391,300.00	Y
2024-4319	Desert Aire Owners Association	Distribution System Improvements	19056	51		\$ 2,182,000.00	\$ 21,820.00	\$ 2,182,000.00	Y
2024-4342	City of Wenatchee	Crawford Water Main Canal Crossing	94350	50		\$ 842,720.00	\$ 8,427.20	\$ 842,720.00	N
2024-4327	City of Spokane	Ray Street Well Station Update	83100	50		\$ 7,575,000.00	\$ 75,750.00	\$ 7,575,000.00	N
2024-4359	Town of Cathlamet	Second Street and Butler Street Water Main Replacements	11850	49		\$ 808,600.00	\$ 8,086.00	\$ 808,600.00	N
2024-4383	City of Seattle	Water Main Rehabilitation Package 7 - South	77050	47		\$ 13,298,000.00	\$ 132,980.00	\$ 13,298,000.00	Y
2024-4379	City of Seattle	Water Main Rehabilitation Package 7 - North	77050	44		\$ 23,230,000.00	\$ 232,300.00	\$ 23,230,000.00	Y
2024-4310	Dana Passage Water System	Distribution Line Replacement	17794	41		\$ 2,265,384.00	\$ 22,653.84	\$ 2,265,384.00	N
2024-4311	Roche Harbor Water Company	2025 Roche Harbor Water Company	73230	40		\$ 1,535,200.00	\$ 15,352.00	\$ 1,535,200.00	N
					<b>Construction Funding</b>	<b>\$ 240,847,899.03</b>	<b>\$ 2,408,478.99</b>	<b>\$ 210,116,909.03</b>	

Projects Highlighted in gray are those projects outside of the \$150 million in available funds

## Planning and Engineering Funding

App. ID	Applicant or Water System Name	Project Name	PWSID	Final Score	Loan/Grant Request	Loan Fee	Loan/Grant Award
2024-4316	Sierra Country Club	P&E Engineering Plan for New Water Treatment Plant	78975	34	\$ 266,500.00	\$ 5,330.00	\$ 271,830.00
2024-4317	City of George	P&E WSP for Well 3 Improvements	27395	34	\$ 2,136,000.00	\$ 21,360.00	\$ 510,000.00
2024-4344	Desert Aire Owners Association	P&E Well 8 Improvements [site not selected]	19056	18	\$ 2,946,600.00	\$ 58,932.00	\$ 510,000.00
2024-4382	City of Newport	P&E Hydrogeologic Study	59350	18	\$ 70,000.00	\$ 1,400.00	\$ 71,400.00
2024-4290	Livingston Bay Community Association	P&E Water System Improvement	47628	10	\$ 105,000.00	\$ 2,100.00	\$ 107,100.00
2024-4330	City of Harrington	P&E WSP & Water Main Replacement Project	31450	10	\$ 8,464,800.00	\$ 84,648.00	\$ 510,000.00

2024-4341	City of Rock Island	P&E Water Storage Project	73401	10	\$ 6,400,000.00	\$ 64,000.00	\$ 510,000.00
2024-4367	Graham Hill Mutual Water Company Inc.	P&E WSP Update	28650	10	\$ 150,000.00	\$ 3,000.00	\$ 153,000.00
2024-4349	City of College Place	P&E SE 12th Street Reconstruction (College Ave to Myra Rd)	14050	10	\$ 501,000.00	\$ 10,020.00	\$ 510,000.00
2024-4366	Carrolls Water Association	P&E Carrolls Distribution System Design	11300	10	\$ 250,000.00	\$ 5,000.00	\$ 255,000.00
<b>Planning &amp; Engineering Total</b>					<b>\$ 21,289,900.00</b>	<b>\$ 255,790.00</b>	<b>\$ 3,408,330.00</b>

## Ineligible Projects

App. ID	Applicant or Water System Name	Project Name	PWSID	Final Score	Loan/Grant Request	Notes
2024-4355	Town of Cathlamet	CFSG: Second Street and Butler Street Water Main Replacements	11850	0	\$ 8,464,800.00	Ineligible - not a consolidation
2024-4356	City of Arlington	Construction: WTP Expansion Filter Units	02950	111	\$ 1,700,000.00	Ineligible project - growth