

DWSRF Preconstruction Loan Webinar



Thank you for joining us this morning. The webinar will start at 10:00.

All training materials are available at

doh.wa.gov/dwsrf



We work with others to protect the health of the people of Washington State by ensuring safe and reliable drinking water.



DRINKING WATER STATE REVOLVING FUND

Washington State Department of Health
Office of Drinking Water

DWSRF Preconstruction Loan Webinar

January 2021



Janet Cherry
Drinking Water State
Revolving Fund Program

DWSRF Background

- Provide low interest loans to increase public health protection and compliance with drinking water regulations



Preconstruction Loans

- Preconstruction loans allow water systems to prepare for eventual construction project while assuming small loan to cover preconstruction activities
- DWSRF program encourages water systems to be ready to proceed to construction when construction funding awarded
- EPA closely audits our fund utilization

Preconstruction Loans

- Applications accepted year-round
- Apply through on-line application
- Have approximately \$3 million available to award
- Projects awarded on a first-come basis



Preconstruction Loans

- Loan terms
 - Zero percent annual interest rate
 - Non-refundable 2 percent loan origination fee
 - Two-year time of performance, 10-year repayment period
 - \$500,000 maximum award
 - Can convert to a construction loan



Preconstruction Loans

- Eligible Applicants
 - Group A community systems
 - Group A nonprofit noncommunity systems
 - Tribal systems not receiving SRF tribal set asides
- State and Federally owned water systems are ineligible for this funding

Preconstruction Loans

- Eligible Projects

- Water system planning document
- Feasibility studies, design, and engineering
- Cultural and environmental reviews
- Asset management as part of an infrastructure project
- Value planning



Preconstruction Loans

- Water system planning document
 - Water System Plan or Small Water System Management Program
 - Approved planning document required to be eligible for DWSRF construction loan funding
 - Contact regional planner for pre-plan meeting prior to starting on your planning document

Preconstruction Loans

- Feasibility studies, design, and engineering
 - Assess costs for consolidation (change of ownership or connecting to nearby system)
 - Preliminary design of improvements and project report
 - Engineering and preparation of construction documents—can receive bonus points on DWSRF construction loan application

Preconstruction Loans

- Cultural and environmental reviews
 - All DWSRF construction loan projects require cultural and environmental reviews
 - Can receive bonus points on DWSRF construction loan application for completing cultural and environmental reviews



Preconstruction Loans

- Asset management as part of an infrastructure project
 - Identification of assets, age, condition, criticality, replacement costs
 - Can receive bonus points on DWSRF construction loan application for having asset management program

Preconstruction Loans

- Value planning
 - Identification of alternatives
 - Stakeholder outreach
 - Capital, operational and maintenance costs
 - Decision matrix to consider other project benefits or limitations
 - Identifying best project to address needs of your water system long-term

Preconstruction Loans

- Ineligible Projects

- Operations and maintenance
- Future growth or fire flow
- Purchase of land, easements, and infrastructure
- Construction activities

Preconstruction Loans

- Timeline of funding
 - Applications submitted year-round
 - Contracts executed approximately 90 days from receipt of completed application
 - Applicant has 60 days to return signed contract agreement for funding

Project Review and Scoring

Preconstruction Loans

- All applications reviewed for completeness and eligibility purposes
- Applications scored and ranked based on health risk being addressed
 - Five risk categories
 - Will use scoring criteria if needed if multiple applications received on the same day and funding is limited

Preconstruction Loans

- All applications reviewed for underwriting purposes
- Once application is approved for funding, the contract manager will contact funding recipient to develop scope of work
- Funding agreement generated with approved scope of work

Preconstruction Loans: Risk Category 1

- Forty-two points
- Documented microbial contamination
- Treatment technique violation for Total or Revised Total Coliform Rule, groundwater, or surface water treatment rules
- *E. coli* detected in a well



Preconstruction Loans: Risk Category 2

- Thirty-four points
- Documented primary inorganic contaminant MCL
 - Nitrate or arsenic
- Documented lead or copper action level violation
- PFOS and PFOA combined above 70 ppt

Preconstruction Loans: Risk Category 2

- Corrosion control projects for lead and copper
- Projects that address water shortages associated with a declining aquifer for the following communities
 - Connell, Ephrata, Kahlottus, Lind, Mesa, Moses Lake, Othello, Quincy, Ritzville, Washtucna



Preconstruction Loans: Risk Category 3

- Twenty-six points
- Other primary chemical risks include
 - Radionuclides, disinfection byproducts, volatile and synthetic organic chemicals
- Sanitary survey significant deficiencies
 - Must also have a compliance order
 - Example—Reservoir roof failing, allows entry of contaminants

Preconstruction Loans: Risk Category 3

- Removal and replacement of lead service lines and goosenecks
 - Provide documentation through historic records, age of house
 - All work eligible for reimbursement if done within 500 feet of lead service line or gooseneck replacement. Includes water mains, replacement of service line from main to meter, hydrants, valves.
- Receiverships

Preconstruction Loans: Risk Category 4

- Eighteen points
- Secondary MCLs
 - Iron or manganese
- Seawater intrusion



Preconstruction Loans: Risk Category 4

- **Resilience:** Ability of water infrastructure to withstand and recover from natural and man-made disturbances to their normal functioning.
 - Project must benefit 51 percent or more of population served
 - Examples: Seismic upgrades, intake upgrades for drought and flood conditions, intertie, and generators



Preconstruction Loans: Risk Category 4

- Sanitary survey significant finding
 - Must also be under a compliance order
 - Example: Spring or well at risk of physical damage and need to construct an enclosure
- Eighty percent of arsenic or nitrate MCL
 - Assist systems to proactively address public health issue
- Consolidation and restructuring projects
 - If project not captured in risk Category 1, 2, or 3, it will score in risk Category 4

Preconstruction Loans:

Risk Category 5

- Ten points
- Projects not captured in previous risk categories
 - New reservoir or pipe replacement
 - New pump station



DWSRF Funding Opportunities

- Emergency Loan funding available year-round
 - Limited to not-for-profit community water systems serving fewer than 10,000 people
- Water Main Replacement Loan- August 2021
 - Limited to not-for-profit community water systems serving fewer than 10,000 people



DWSRF Funding Opportunities

- Consolidation Feasibility Study Grants- August 2021
 - Allow interested water systems to study possible consolidation
- Construction Loan- October 1 to November 30, 2021
 - In 2020, had \$45 million to award and received request for \$108 million

Preconstruction Loans

- Preconstruction Loan Guidelines and information on other funding programs available online at doh.wa.gov/DWSRF



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Questions?



