



**DRINKING WATER
STATE REVOLVING FUND**

2018 DWSRF OVERVIEW

Webinar

August 2018



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Revolving Fund Program



Office of Drinking Water Mission

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

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Background and Purpose

- Increase public health protection and compliance with drinking water regulations.
- Reimbursements through low-interest loans.
- Funded through the U.S. Environmental Protection Agency and loan repayments.

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Funding Opportunities

- **Construction loans:**
 - October 1 – November 30, 2018.
- **Emergency loans:**
 - Open year-round.



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Construction Loans

- Application available October 1 to November 30, 2018.
- About \$20 million available.
- \$3,000,000 limit per jurisdiction.
- 2.25 percent interest rate, 20-year loan term if no subsidy.

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Construction Loans

- Up to 50 percent subsidy based on affordability index or for a consolidation project.
- Affordability index is ratio of average monthly water rate to monthly median household income
- If affordability index greater than 2.0 percent, can receive subsidy

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General Requirements

- Submit each project separately.
- Meet Water System Plan submittal and approval deadlines. Planning documents must valid (not expired) until November 30 for 2018 applications.
- Install service meters if not already totally metered.
- Cultural and environmental reviews

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Construction Loans

• Eligible Applicants:

- Group A community systems.
- Group A nonprofit noncommunity systems.
- Group B systems converting to Group A.
- Tribal systems not receiving SRF tribal set asides.

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Construction Loans

• Eligible Projects:

- Projects that address a public health risk.
- Projects that upgrade deteriorated facilities.



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Construction Loans

● Ineligible Applicants:

- Group B systems **not** converting to Group A.
- Group A noncommunity, for-profit systems.
- Federally and state-owned systems.

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Construction Loans

● Ineligible Projects:

- Operations and maintenance.
- Future growth or fire flow.
- No construction component.

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Construction Loans

- Twenty-year loan repayment term.
- Projects receiving subsidy can have up to 30 years for repayment.
- Construction must be completed within 48 months.
- Lower interest rate for projects completed in 24 months if not already receiving subsidy.

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Construction Loans

- Timeline of funding.
 - Applications received: October 1 to November 30.
 - Applications reviewed: December 1 to January 31.
 - Applicants notified on funding status: February 2019.
 - Scopes developed: March to May 2019.
 - Contracts executed and money available: July 2019.

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WHAT IS NEW THIS YEAR?



Construction Loan

- One percent loan fee. For non-subsidy projects, collected at loan execution.
- 1.75 percent for projects receiving subsidy, 2.25 percent for all other projects.



Construction Loans

- Water System Acquisition and Rehabilitation Program (WSARP) grant funding
- Approximately \$5 million available for consolidation, restructuring, and receivership projects
- Up to \$500,000 grant available per jurisdiction, based on affordability index of system being consolidated
- Must be a construction project

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Construction Loans

- Lead service line (LSL) and gooseneck replacement:
 - Document presence of lead through historic records, age of homes.
 - All work within 500 feet of LSL or gooseneck removal/replacement eligible for reimbursement.
 - Can reimburse for entire service line replacement from main to meter.
 - Easements are not required.

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PROJECT SCORING



Construction Loans

- All projects scored and ranked based on health risk being addressed.
- Five risk categories.
- Can also receive bonus points for asset inventory, approval of plans and specifications, completion of cultural or environmental review.

Construction Loans

- See Appendix A of the guidelines for scoring information.
 - Guidelines available online at doh.wa.gov/DWSRF.



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Construction Loans

- Based on project score and ranking, the highest scoring projects are funded until all funds have been exhausted.
- Subsidy is awarded based on the score and ranking until subsidy has been exhausted.
 - Required to award 20 percent of EPA grant award as subsidy.

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Construction Loans: Risk Category 1

- Up to 120 points awarded in this risk category.
- 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.

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Construction Loans: Risk Category 1

- Hydraulically connected to surface water.
- EPA health advisories for microbials.
 - Legionella.
 - Cyanotoxins (blue-green algae)
 - 0.3 micrograms per liter for microcystins.
 - 0.7 micrograms per liter for cylindrospermopsin.



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Construction Loans: Risk Category 2

- Up to 110 points awarded in this risk category.
- Documented primary inorganic contaminant MCL.
 - Nitrate or arsenic.
- Documented lead or copper action level violation.
- PFOS and PFOA combined above 70 ppt.

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Construction Loans: Risk Category 2

- Corrosion control projects for lead and copper.



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Construction Loans: Risk Category 3

- Up to 95 points awarded in this risk category.
- Other primary chemical risks include:
 - Radionuclides, disinfection byproducts, volatile and synthetic organic chemicals.
- Sanitary survey significant deficiencies:
 - Must also have a compliance order.
 - Example: Install disinfection due to threat within sanitary control area of the well.

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Construction 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.

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Construction Loans: Risk Category 3

- Required to install disinfection for activities not covered in risk Category 1.
 - Example: Unsatisfactory coliform samples for groundwater system.
- EPA health advisory for chemicals.
 - Manganese: 0.3 milligrams per liter (secondary MCL is 0.05 milligrams per liter).

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Construction Loans: Risk Category 4

- Up to 60 points awarded in this risk category.
- Secondary MCLs.
 - Iron or manganese.
- Seawater intrusion.



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Construction 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.



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Construction 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 and receive bonus points for number of systems consolidated.

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Construction Loans: Risk Category 5

- Up to 40 points awarded in this risk category.
- Projects not captured in previous risk categories:
 - New reservoir or pipe replacement.
 - New pump station.



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Additional Funding for Construction



Construction Loan

- Entities can receive up to \$300,000 in additional funding.
 - Award under the same terms per loan contract, however may not have subsidy.
 - Project must be within same scope as in the loan contract.
 - Provide bid tabs and reason for bids being higher than budgeted.
- Three million dollars budgeted this year and funds awarded on a first-come basis.

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Emergency Loan



Emergency Loan Program

- Open: Year-round.
- Limit: \$200,000 per entity.
- Pays for: Recovery from drought, wind damage, floods, landslides, wildfires.
- Eligible entities: Group A publicly and privately owned not-for-profit community systems (up to 10,000 people) and noncommunity systems owned by nonprofits.

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Emergency Loan Program

- Eligible activities:
 - Construction, reconstruction, replacement or rehabilitation.
 - Temporary repair or improvement needed to continue or restore service.
 - Preconstruction activities.
- No minimum amount.
- Two-hundred thousand dollars maximum per occurrence.

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Emergency Loan Terms

- Interest rate: 1.75 to 2.25 percent.
- Forgiveness: Up to 75 percent.
- Loan Terms: Six years.
- Time of performance: Two years from contract execution to project completion.
- Repayment: Starts the first October after contract execution.

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For More Information



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DWSRF Cultural/Historical and Environmental Reviews



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Types of Reviews

- Environmental review
 - Complete State Environmental Review Process (SERP) for DWSRF Program (NEPA-like process)
 - Comply with State Environmental Policy Act (SEPA)+
- Cultural/historical review
 - Comply with National Historic Preservation Act, Section 106

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Projects that Require Review

- All projects with a federal nexus
 - Permit, license, and approval
 - Federal lands
 - Funding (in whole or part)
- All DWSRF projects with
 - Construction
 - Ground disturbance
 - Potential impact to historic structures
 - Potential to impact the environment

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Environmental Review

- Complete SERP
 - Complete SEPA
 - Publish for public comment
 - Start Immediately

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Complete SEPA

- Complete SEPA at local level
 - Permits, funds and activities
 - Local entity is the lead agency
- Send SEPA determination and supporting documents to DWSRF Coordinator
 - ecology.wa.gov/regulations-permits/SEPA-environmental-review

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SEPA-Exempt Projects

- Still need documentation on how the project is exempt
- Consider the entire project, not just the pipe size
- Make sure it's truly exempt
- SEPA exemption must still be published
 - Template available
 - May be combined with Section 106 publication

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When Project Already Completed SEPA

- SEPA determinations do not expire
 - May be asked to amend, if needed
- Previous SEPA and/or NEPA determinations may be adopted by DWSRF program
- Send determinations and supporting documents to DOH

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Cultural/Historical Review

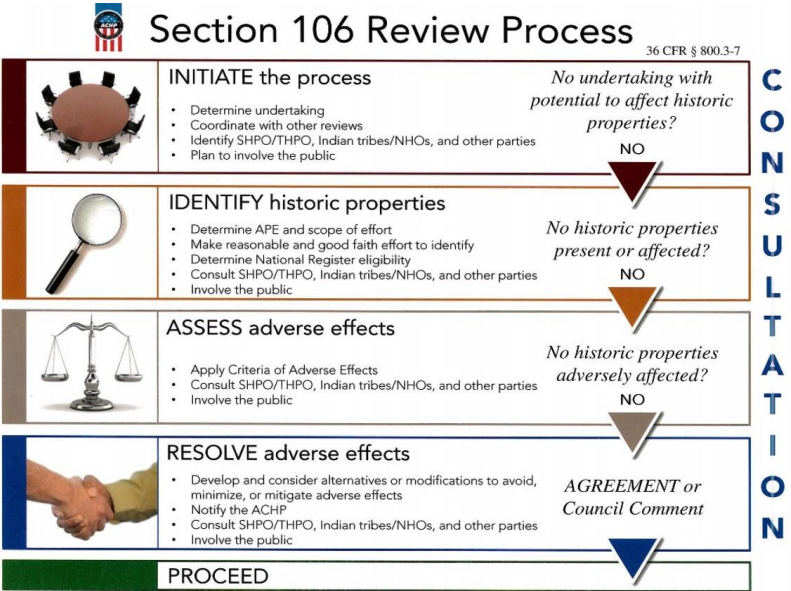
"...Congress established a comprehensive program to preserve the historical and cultural foundations. Section 106 of NHPA ... requires Federal agencies to consider the effects of their actions on historic properties and ... ensure preservation values are factored into planning and decisions."

- Section 106 National Historic Preservation Act (federal)
- It's a process, not outcome

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What Are the Steps?

- 1. Initiate the process
- 2. Identify historic properties
- 3. Assess adverse effects
- 4. Resolve adverse effects
- 5. Proceed



Consultation

- **State Historic Preservation Officer (SHPO)**
- **Indian tribes/Native Hawaiian groups**
 - Tribal Historic Preservation Officer (THPO)
 - Twenty-nine federally recognized Tribes in Washington State
 - Five federally recognized Tribes from bordering states
- **Other interested parties**
 - Local historic groups (boards, commissions, societies, museums)
 - Divers, bird watching, walking groups
 - Other tribal groups (non-federally recognized tribes)

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Already Completed Reviews?

- **Other reviews done through other agencies may be considered (send to DOH).**
- **May be able to adopt previous federal determinations.**
- **May not adopt GEO 05-05 determinations.**
- **Previous work may be considered to make a new DOH determination.**
- **Does previous work expire?**
 - Depends on scope, APE, location and type of work.

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When You're Done

- Project reaches compliance once DOH issues a written final completion notification letter
- If unsure, ask
- May lose funding if activities are not approved

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Things to Consider

- The earlier, the better
- Include IDP considerations in bidding process and documents
- Artifact ownership and curation costs
- Creative solutions for avoiding, minimizing, and mitigating adverse effects (available tools)
- Think about the "what if's" and alternatives

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Heather's #1 Tips

- Check in with funders early
- Get started on requirements early
- Communicate often

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Questions?



