



Ecology Funding for Small Community Wastewater Projects









2024 IACC Conference (S13)

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AGENDA

-  History
-  Tried & True- WQC Funding Program
-  Subsidy- what is it and how do we get it?
-  What the heck is SCPPL?
-  Other new things
-  Questions & feedback

Washington Wastewater Trivia!



1. Which came first- Ecology or EPA?

BONUS- how long between the establishment of the two agencies?

EXTRA Bonus- who was governor of Washington when Ecology was created?

2. When was the Clean Water Act passed?

3. Which came first- CWSRF or State Centennial Grant Program?

4. How much funding has Ecology provided since 1990 for water quality projects across the state?



35 Years of Funding in Washington

Ecology's Evolution in Water Quality Funding

Where we are going...

Where we are now...

Where we started...



EAGL

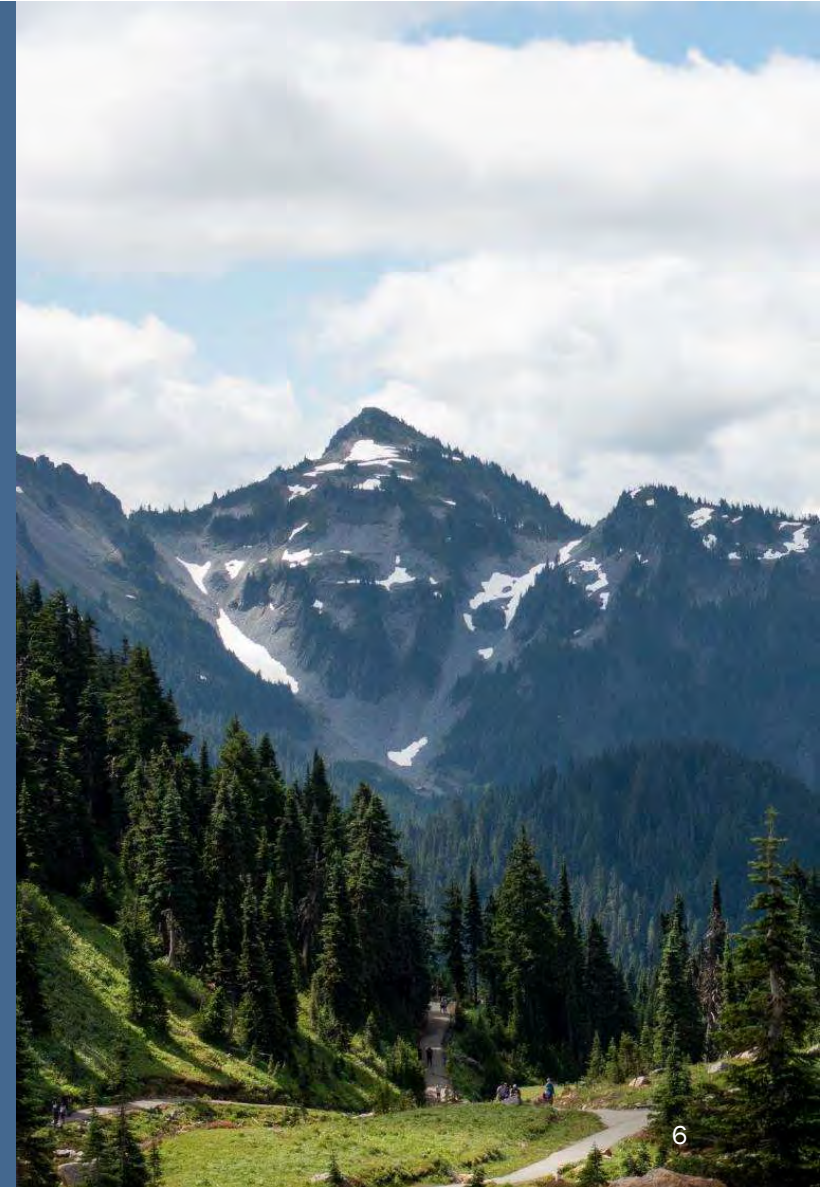


BEAGL?



Ecology's Water Quality Combined Funding Program

aka the Annual Funding Cycle



WHAT DOES ECOLOGY FUND: Eligible Wastewater Projects



Wastewater Treatment



Wastewater Conveyance



Infiltration and Inflow (I/I)



Reclaimed Water



Combined Sewer Overflows (CSO)



Large On-site Sewage Systems (LOSS)



On-site Sewage Systems



Public Outreach and Education

WHAT DOES ECOLOGY FUND:

Eligible Project Types

Step 1- Planning

General sewer plans

Engineering reports

Value planning or
engineering studies

Rate studies

Environmental and
cultural resources review

Step 2- Design

Engineering plans
and specifications

Environmental and
cultural resources
review

Step 3- Construction

Construction

Construction
management

Step 4- Design & Construction

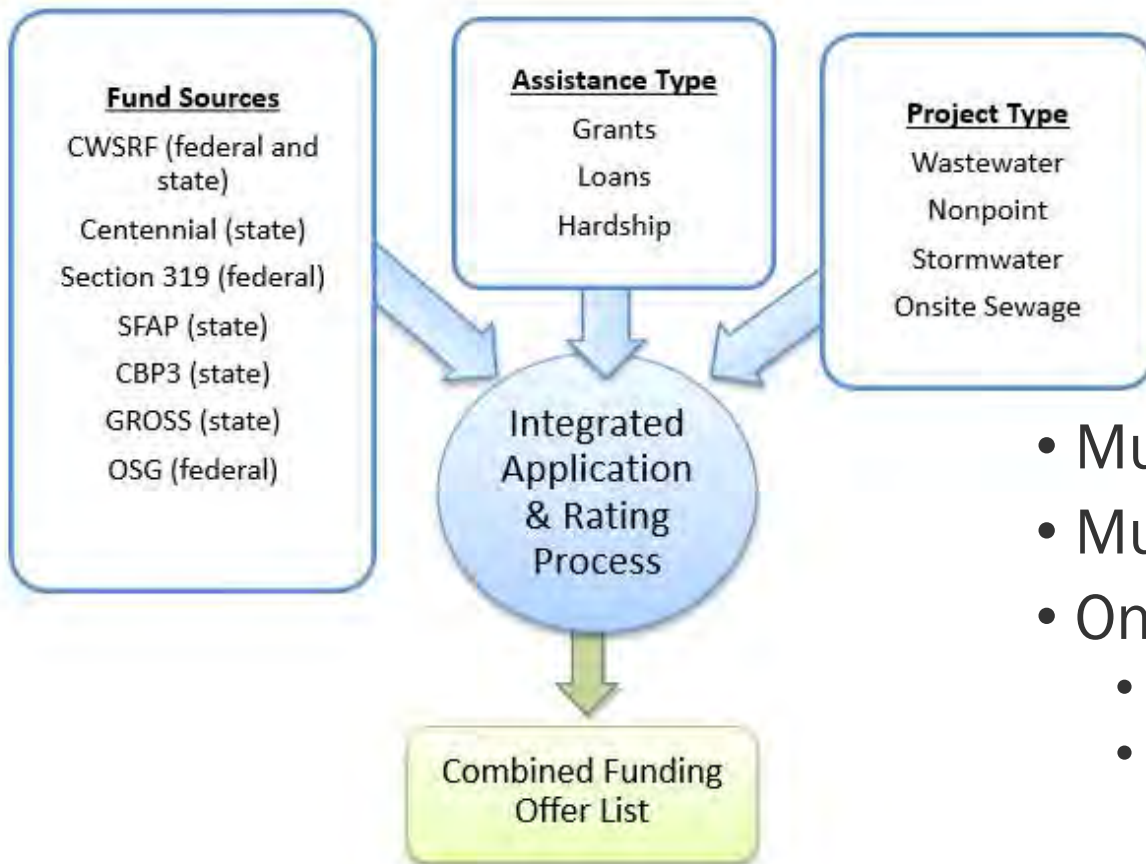
Combined facility design
and construction
projects

Total project cost up to
\$7M

5-years to complete
project

Design must be
complete within 1-year
of signing funding
agreement

HOW DOES ECOLOGY FUND IT: Combined Funding Program



- Multiple water quality project types
- Multiple funding sources
- One application and offer list
 - Same scoring criteria
 - Specific tips and guidance for each project type

HOW DOES ECOLOGY FUND IT: Funding Sources for Wastewater Projects

Wastewater

Estimated \$105M available in SFY26

Clean Water State Revolving Fund
(CWSRF, SRF)

Standard Loan

Forgivable
Principal Loan

Centennial Clean Water Program
(Centennial)

Grants

Estimated \$40M available in SFY26

NO MATCH REQUIRED for SRF or Centennial

OSG
\$1.7M

Emerging
Contaminants
\$4M

WHEN DOES ECOLOGY FUND: Funding Cycle Timeline

March - July

August - October

Workshops: 8/13 - 8/15/24
Submittal: 8/13 - 10/15/24

October - December

Evaluation, Rating and Ranking:
10/15-12/23/24

January - February

Draft List Published 1/31/25
Public Comment: 2/1-3/3/25

June-July

Final List Published: 7/1/25

July - January

Must be signed by 1/31/26
Costs may be eligible as of 7/1/25

Next 1-5 years

Work starts no later than April 2026
Work continues through

*June 2028 (activities) or June 2030 (facilities)



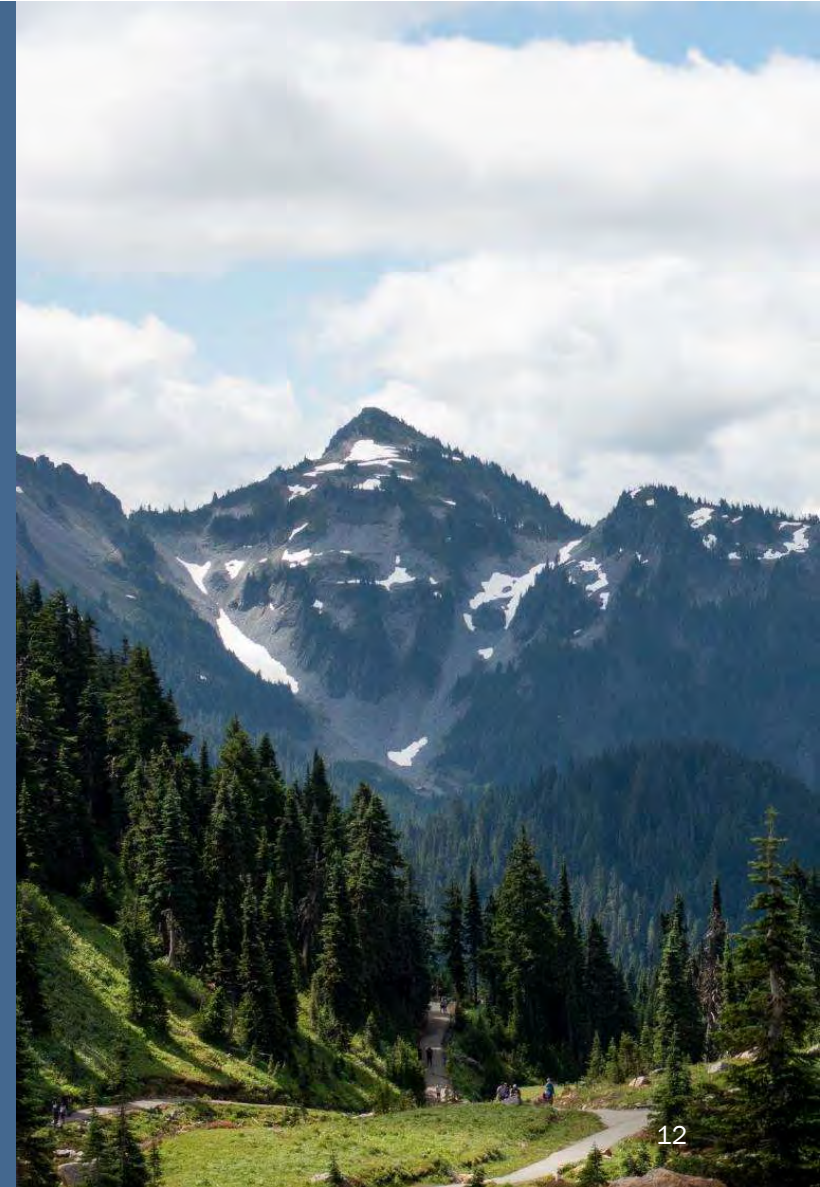
FY26 Schedule
shown to right

*Actual dates vary
by year, but same
timeframes



SUBSIDY!!

aka Hardship Funding



Preconstruction Hardship

- Step 1- Planning
- Step 2- Design
- Step 4- Design/Construct (design portion only)

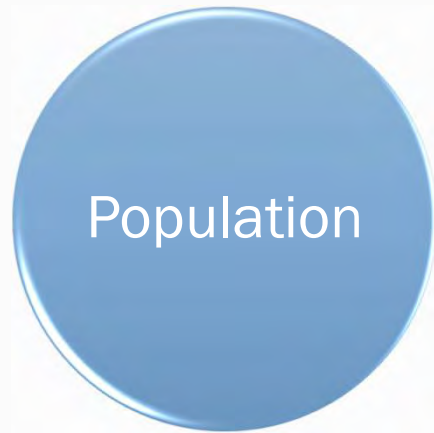
Construction Hardship

- Step 3- Construction
- Step 4- Design/Construct (construction portion only)

Two Categories of Hardship

Preconstruction Hardship

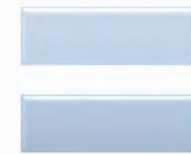
Planning and/or Design (Step 1, Step 2, and design portions of Step 4)



Less than 25,000



Less than 80% of
the State MHI



50% Standard Loan,
50% Forgivable
Principal Loan

Preconstruction Hardship Eligibility

Appendix M of Funding Guidelines



Table 22: Median Household Incomes, Population, and Hardship Eligibility for SFAP and CWSRF/Centennial Preconstruction

Place	MHI	Population	Eligibility for Preconstruction Hardship	2% of Monthly MHI
*Washington	\$90,325	7,688,549	n/a	\$150.54
Aberdeen city	\$50,008	16,969	Eligible	\$83.35
Bingen city	\$79,803	933	Ineligible	\$133.01
Clallam Bay CDP	\$45,321	734	Eligible	\$75.54
Dayton city	\$68,671	2,763	Eligible	\$114.45
Friday Harbor town	\$62,300	2,647	Eligible	\$103.83
Granite Falls city	\$87,600	4,567	Ineligible	\$146.00
Moses Lake city	\$66,218	25,155	Ineligible	\$110.36
Okanogan city	\$68,850	2,640	Eligible	\$114.75
White Salmon city	\$72,692	2,505	Ineligible	\$121.15

80% = \$72,260

<25K

Construction Hardship Eligibility

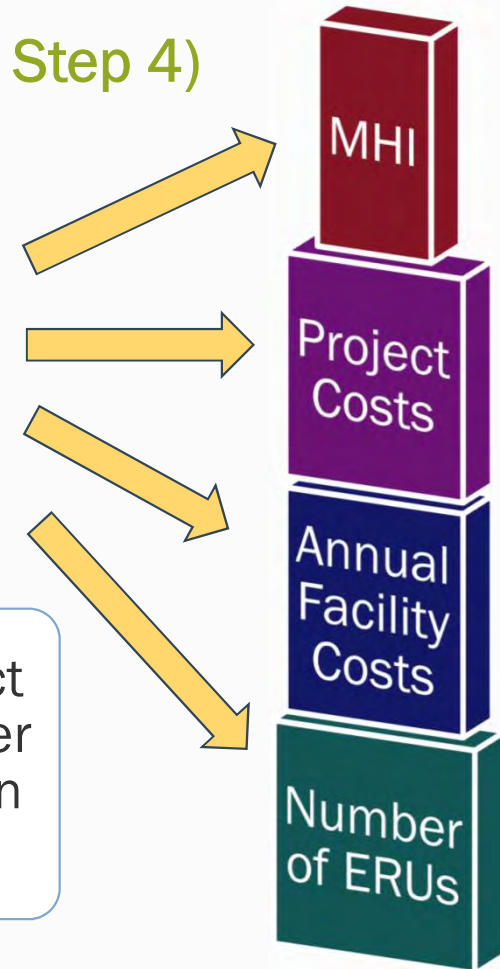
Construction (Step 3 and construction portions of Step 4)

POPULATION

Population of area served by the project is less than 25,000

GREATER THAN 2% MHI

Without subsidy, project results in per user sewer costs to be greater than 2% of MHI



Construction Hardship Subsidy

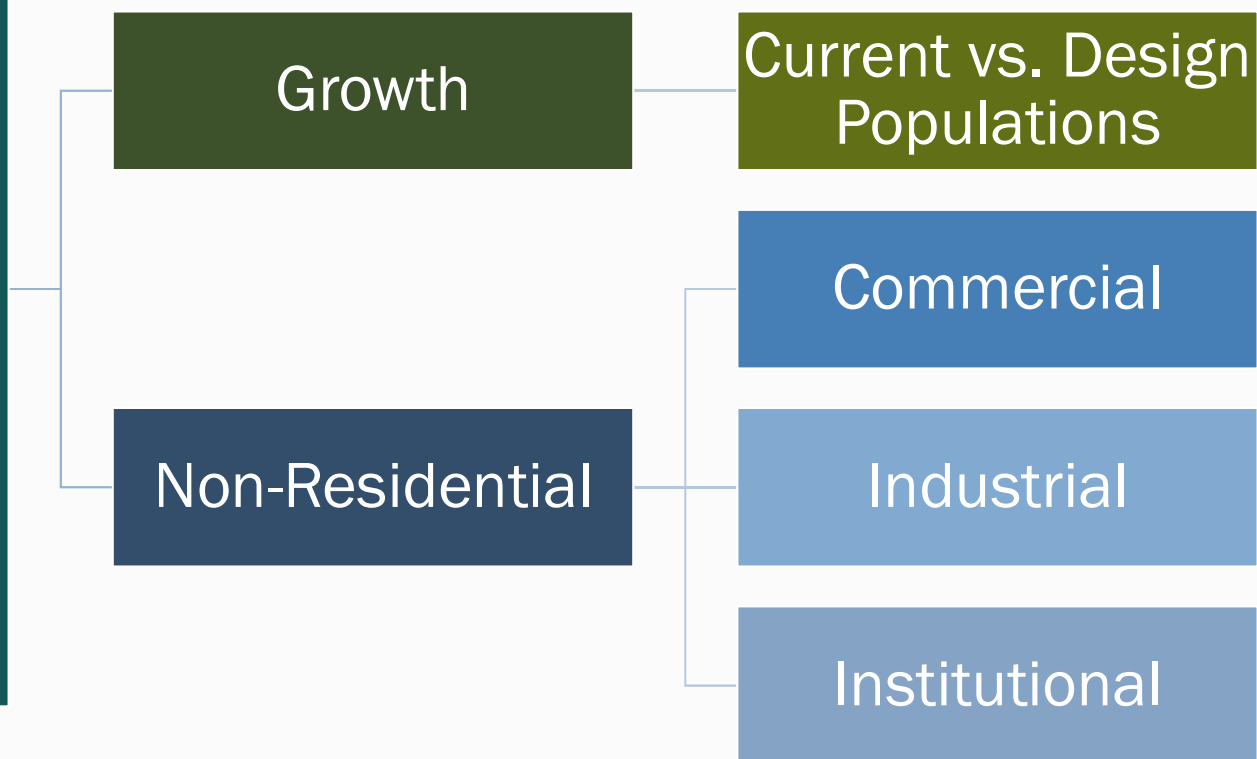
If eligible for construction hardship subsidy, Ecology may offer Centennial grant, forgivable principal loan, and/or reduced interest rates (updated annually, FY26 rates shown).



	Non-Hardship	Moderate	Elevated	Severe
Percent of MHI for Avg Residential Rate Payer	Less than 2%	Between 2% and 3%	Between 3% to 5%	Greater than 5%
5-year term	1.0%	0.7%	0.3%	0.0%
20-year term	2.0%	1.4%	0.7%	0.0%
30-year term	2.7%	2.0%	1.4%	0.7%
Grant/forgivable principal loan eligibility	Not eligible	50% up to \$5M	75% up to \$5M	100% up to \$5M

Construction Hardship Considerations

Adjustments



'Residential' Users



Single and
Multi Family
Housing



Public
Facilities



Small
Commercial
($< 3,500$ gpd)

Construction Hardship Example

Annual
facility costs
\$2.6M

Monthly
facility
costs
\$216,667

**Anytown,
WA**

Population
Current = 7,600
Future = 8,400

ERUs
Res = 2,500
C/I/I = 300

2% MHI
= \$70

MHI =
\$42,000

Step 4 Project
(Design & Construction)
Design = \$200,000
Construction = \$5M

Example- Preconstruction Eligible?



Annual facility costs \$2.6M

Monthly facility costs \$216,667

Anytown, WA

✓ Population
Current = 7,600
Future = 8,400

ERUs
Res = 2,500
C/I/I = 300

2% MHI = \$70

✓ MHI = \$42,000

Step 4 Project
(Design & Construction)
Design = \$200,000
Construction = \$5M

Construction Hardship Assessment



Project costs
\$5.2M



New Annual Debt Service
(30yr, 2.7%)



\$248,409

\$20,700/
Month

Current monthly facility costs = \$216,667



New monthly facility costs = \$237,367

ERUs
= 2,500

Annual Costs to Existing Residential Ratepayers (TOTAL)



\$2,543,222/year

Annual Costs per Existing Residential Ratepayer



\$1,017/year

Monthly Costs per Existing Residential Ratepayer



\$85/month

% of MHI

2.4%

Construction Hardship Assessment

Monthly Costs per Existing Residential Ratepayer

\$85/month

% of MHI

2.4%

MHI = \$42,000

2% MHI = \$70

	Non-Hardship	Moderate	Elevated	Severe
Percent of MHI for Avg Residential Rate Payer	Less than 2%	Between 2% and 3%	Between 3% to 5%	Greater than 5%
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30-year term	2.7%	2.0%	1.4%	0.7%
Grant/forgivable principal loan eligibility	Not eligible	50% up to \$5M	75% up to \$5M	100% up to \$5M

Example- Construction Hardship Adjustment

Construction Costs = \$5M

Population

Current = 7,600

Future = 8,400

% for growth

10%

Portion of
project
eligible for
subsidy =

~81%

ERUs

Residential = 2,500

Commercial/ Industrial/
Institutional = 300

% for non-residential

11%

Example- Hardship Summary

Potential Ecology Funding	
Forgivable Loan/Grant for Preconstruction	\$100,000
Standard Loan for Preconstruction	\$100,000
Standard Loan for Construction	\$960,884
Grant/Forgivable Loan for Construction	\$2,019,558
Reduced Interest Rate Loan for Construction	\$2,019,558
Summary of Potential Ecology Funding	
Total Grant/Forgivable Loan	\$2,119,558
Total Repayable Loan	\$3,080,442
Weighted Interest Rate for Loan	2.0%

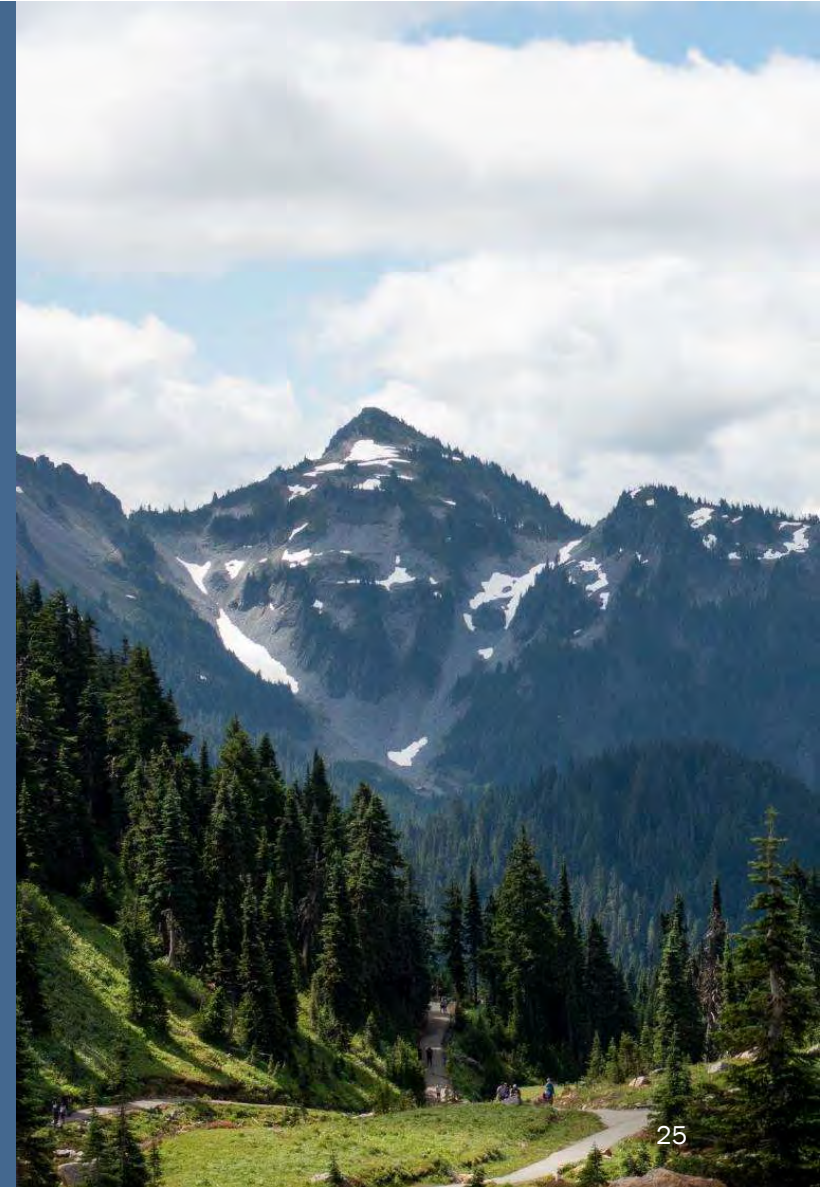
Additional Grant Allowed to Replace Ecology Loan Before Reducing Grant	
Annual Debt Service of Ecology Loan Paid by ERRs	\$164,907
Reduction in Annual Debt Service of Ecology Loan Paid by ERRs Needed to be at 2% of MHI	\$386,336
Loan Resulting in Costs of \leq 2% of MHI Paid By ERRs	\$0
Additional Grant Allowed to Replace Ecology Loan Before Reducing Grant	\$3,080,442

*All Ecology loan can be replaced, but 50% of any Ecology loan for preconstruction will be via a repayable standard loan.



Small Community Project Priority List

aka SCPPL or Table 12



How can we better serve small communities?

Simplify Funding Process

Reduce/
minimize barriers

Keep Projects
Moving

Small Communities Project Priority List
aka 'SCPPL' or Table 12

SCPPL Timeline

How did we get here?

Jan '22

- Table 12 appears on FY23 Draft Offer List

June '22

- Pilot Projects on FY23 Final Offer List

1st Half '23

- Updated Draft and Final FY24 Offer Lists

August '23

- Guidance published in FY25 Funding Guidelines

1st Half '24

- Updated Draft and Final FY25 Offer Lists

August '24

- Guidance expanded in FY26 Funding Guidelines



What does this look like?

- Use existing funding agreements to amend in additional funds
- Communities apply once during project life, no need to reapply as phases (e.g. planning, design) are completed
- Based on available funding, Ecology commits to fully funding projects, helps provides assurance and security for communities that funding will be available

What's not changing?



Step process- still used, including approvals from prior step to move forward to the next (i.e. planning to design)



Funding sources- use CWSRF loan and forgivable principal, Centennial Grants, other sources (BIL, OSG) as available



Who/how we manage projects (e.g. regional project managers, financial managers)



Environmental & cultural resources review requirements

Who is eligible for SCPPL?

- Population served by the project is less than 25,000
- Likely to qualify for hardship subsidy
- Have an open funding agreement & project was previously rated/ranked
- Traditional design-bid-build projects





Summary of Success Created in SFY25

Fund one
step at a
time

Work with
Ecology
early and
often

Summary of Guidance Added in SFY26



How/when projects are added/dropped

Planning/design completed in 1 - 3yrs

Not unlimited funding- discrete projects

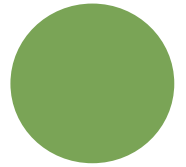
Communication & regular check-in's

Fall call for funding/ mirror annual cycle timelines

Offer may be adjusted based on other funding

People Mover Concept

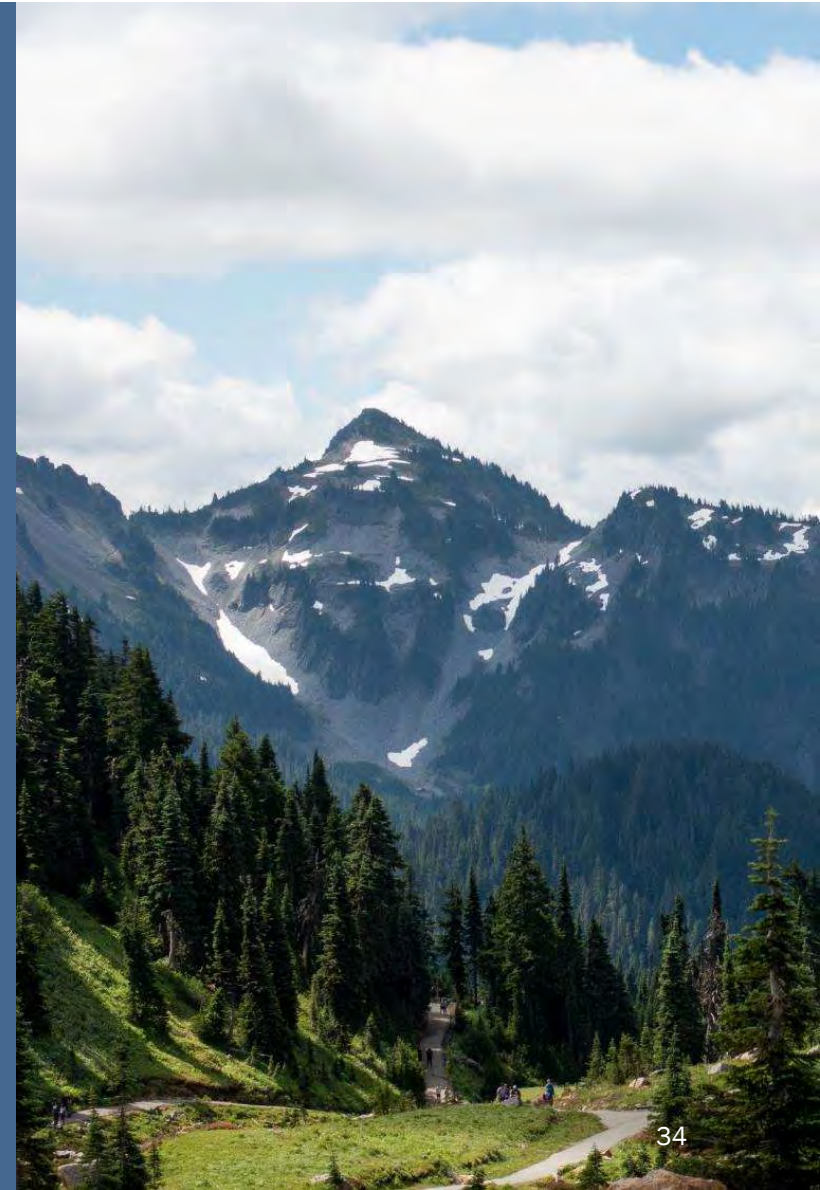
- Good SCPPL candidates:
Clear, easily definable projects capable of moving forward; ready to proceed
- Better candidates for TA:
Complicated, contentious, and/or slow moving





Other new stuff

(or how many new acronyms can Ecology create...)



What's next for SCPPL?

- SCPPL Acknowledgement Form (in development)
- Evaluate and update guidance annually in Funding Guidelines
- Institute biannual or quarterly meetings w/ recipients intending to use SCPPL process/on Table 12
- SCPPL Funding for Next Funding Cycle Form- just distributed in fall, align with milestones for annual funding cycle
 - Due November 1st!

What's else is in the hopper?



Amendment request form



OFF CYCLE PLANNING (OCP)



Pre-planning technical assistance and/or checklist



Questions and Feedback?

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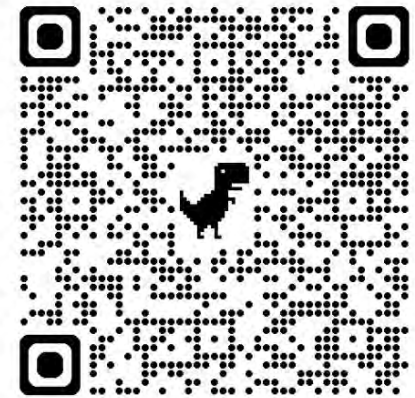
Thank you!



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Water Quality Combined Fund

