

Drinking Water State Revolving Fund (DWSRF)

Karen Klocke
Office of Drinking Water



HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

Background and Purpose

- ◆ Increase public health protection and compliance with drinking water regulations
- ◆ Reimbursements through low interest loans
- ◆ Funded through U.S. Environmental Protection Agency (EPA) and loan repayment stream
- ◆ Administered by Department of Health and Public Works Board

Mission

To protect the health of the people of Washington State by assuring safe and reliable drinking water.



What's New for the 2014 Funding Cycle

- ◆ Water system acquisition and rehabilitation loans – **\$5 million set-aside**
- ◆ Buy American requirements
- ◆ Public utility districts (PUDs) and satellite management agencies (SMAs) may submit multiple projects under one application

What's New (cont.)

- ◆ Equivalency determination
- ◆ Non-equivalency determination
- ◆ Readiness to proceed

2014 DWSRF Construction Loan Application Cycle

- ◆ Approximately \$75 million available for infrastructure projects
- ◆ Loan limits
 - \$12 million per jurisdiction
 - \$24 million for projects involving multiple systems
- ◆ Approximately \$5 million available for water system acquisition projects
- ◆ Application deadline September 30, 2014

What's New (cont.)

- ◆ Loan terms changed to 20 year repayment
- ◆ Competitive bid within 18 months of contract execution
- ◆ Lower interest rate for projects completed in 24 months

What's Still Part of the 2014 Funding Cycle

Subsidy

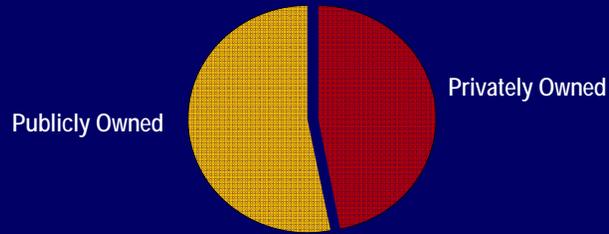
Partial loan forgiveness for communities with high affordability index numbers or water system restructuring projects

We expect the amount this year to be about \$6 million

IGEA – Investment Grade Efficiency Audits for municipal water systems only

DWSRF Projects by Client Type

1996-2013



Ineligibility

Ineligible Applicants

- ◆ Group B systems not converting to Group A
- ◆ Group A Noncommunity for-profit systems
- ◆ Federal and state-owned systems

Ineligible Projects

- ◆ Operations and maintenance
- ◆ Primarily for future growth or fire flow
- ◆ No construction component

See guidelines for more details

Eligibility

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

Eligible Projects

- ◆ Projects that address a public health risk
- ◆ Retroactive funding – only for specific municipal projects
- ◆ Projects that upgrade deteriorated facilities

Loan Terms

- ◆ **Interest rates** = 1.0 - 1.5% depending on income level of community
- ◆ **Loan fee** = 1%
- ◆ **Revised this year – Repayment period** 20 years from signing the contract – 1st payment due October 1 of year you sign contract.

General Requirements

- ◆ Submit each project separately
- ◆ Meet water system plan submittal and approval deadlines Planning documents must be approved no later than September 30, 2014
- ◆ Install service meters
- ◆ Comply with National Historic Preservation Act, Section 106 or 05-05
- ◆ Comply with Federal and State Environmental Policy Acts (NEPA and SEPA)
- ◆ Read guidelines carefully for eligibility and scoring requirements!

Project Scoring

- ◆ Scoring based on public health risk
- ◆ *The five risk categories in priority order:*
 - 1: Microbial risk
 - 2: Primary inorganic chemical risk
 - 3: Other primary chemical risk
 - 4: Secondary chemical/seawater intrusion risk
 - 5: Main replacement or distribution improvements

Retroactive Financing for Municipals

- ◆ Must be publicly owned (municipal)
- ◆ Must address:
 - Surface water issue
 - Water quality issue in Risk Category 2 or 3
 - Compliance / enforcement action
- ◆ Projects constructed after Jan. 2011 score higher
- ◆ Projects constructed before Jan. 2011 score lower

Projects must comply retroactively with regulations and requirements

Retroactive funding is not guaranteed!

Project Scoring (cont.)

- ◆ Within each risk category, scoring is based on type of project proposed:
 - New source
 - Source reconstruction
 - Disinfection improvements
 - Filtration
 - Reservoir improvements
 - Other

Project Scoring (cont.)

Risk Category 1: Microbial Risk

Project	Points
New source	120
Source reconstruction	115
Disinfection improvements	110
Filtration	110
Reservoir improvements	100

To receive a score in this category your project must address:
 Total Coliform Rule; Surface Water Treatment Rule;
 Groundwater Rule; uncovered reservoir

Project Scoring (cont.)

Risk Category 3: Other Primary Chemical Risk

Project	Points
New source	105
Treatment	100

Examples: Trihalomethanes, Radionuclides, Organic Chemicals

Project Scoring (cont.)

Risk Category 2: Primary Inorganic Chemical Risk

Project	Points
New source	115
Source reconstruction	110
Treatment	105

Examples: Antimony, Arsenic, Asbestos, Barium, Beryllium,
 Cadmium, Chromium, Copper, Cyanide, Fluoride, Lead,
 Mercury, Nickel, Nitrate, Nitrite, Selenium, Thallium

Project Scoring (cont.)

Risk Category 4: Secondary Chemical or Seawater Intrusion Risk

Project	Points
New source	50
Treatment	45

Examples: Chloride, Fluoride, Iron, Manganese, Silver,
 Sodium, Sulfate, Zinc

Project Scoring (cont.)

Risk Category 5: Infrastructure Replacement or Distribution Improvements

Project	Points
Distribution reservoir (new/add'l)	40
New source	40
Water main / other distribution project	35
Backflow prevention devices (stand-alone)	30
Pressure reduction devices (stand-alone)	25
Security measures (stand-alone)	20
Treatment plant discharge improvements	5

Readiness to Proceed Points

- ◆ Scope of work clearly defined?
- ◆ Water rights in hand?
- ◆ Project included in WSP or SWSMP?
- ◆ Right-of-way or property ownership secured?
- ◆ Near cultural site?
- ◆ Environmental review complete?
- ◆ Permits in hand?

Bonus Points

	Points
Restructuring (consolidation)	3 per system
Regional benefit (up to 5 points)	1 per Group A
Multiple benefit (up to 4 points)	1 per risk category
Service meter installation	2

Readiness To Proceed Points

	Points
Sufficient water rights	5
Ownership of project site	5
Engineering/design complete	5
Status of cultural review	2/5
Status of SEPA/NEPA	2/5
Permit status	2/5
Other construction \$\$ secured	5
Construction start date	2/5

Factors to Consider

- ◆ Financial Viability
- ◆ Loan is reimbursed in “draws”
- ◆ Begin construction within 18 months of signing contract
- ◆ 10 percent of loan amount retained until final project closes out

How We Figure Your Affordability Index

	Proposed Loan		Annual Expenses - Includes		Total Connections
	Actual 1991 Amount	Amount	Water, existing Debt and Reserves		
Actual 1991	\$40,000	\$100,000	\$25,000	40	
Interest Rate	12%	7%	12%	7%	
Proposed Project	100%	100%	100%	100%	
Calculated Affordability Index	100%	100%	100%	100%	
Annual Debt Payment	\$10,000	\$10,000	\$10,000	\$10,000	
Monthly Debt	\$833	\$833	\$833	\$833	
Total Monthly Cost	\$833	\$833	\$833	\$833	
Water System A	Community	Water System with an Affordability Index of 100 to 120%	Water System with an Affordability Index of 100 to 120%	Water System with an Affordability Index of 100 to 120%	

Below is the monthly cost and affordability index with a 12% loan using the above table
Monthly cost: \$10,000

What Does the Affordability Index Look Like?

- ◆ Actual median household income
- ◆ Proposed loan amount
- ◆ Annual expenses including operations and maintenance, existing debt, and reserves
- ◆ Total connections

Water System Planning

- ◆ Proposed project must be included in your approved WSP or SWSMP
- ◆ Plan amendments okay
- ◆ Deadline for plans or amendments is strictly enforced – must be approved by September 30, 2014
- ◆ Assistance for preparing your SWSMP is available through:

ERWOW
800-272-5981

RCAC
509-927-6748

Financial Viability

- ◆ Able to repay loan?
- ◆ Rates appropriate?
- ◆ Reserve account?
- ◆ Other debt?
- ◆ System budget, 6-year plan
- ◆ *Financial viability for small water systems* fact sheet (DOH 331-405)

Environmental Review

- ◆ State Environmental Policy Act (SEPA)
 - Permits, funds, and activities
 - Start immediately

Environmental and Cultural Reviews

Aleceia M. Tilley
Office of Drinking Water



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Cultural Review

- ◆ Section 106 of National Historic Preservation Act (federal)
- ◆ Executive Order 05-05 (state)

What is the Section 106 Process?

“ . . . 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.”

-36 CFR § 800

What is the Executive Order 05-05?

- ◆ State agencies work with Department of Archaeology and Historic Preservation (DAHP) and affected tribes
- ◆ Avoid, minimize, or mitigate adverse effects

In Other Words . . .

- ◆ Federal involvement
- ◆ Take into account
- ◆ Consult state historic preservation officer, tribal historic preservation officer, tribes, and interested parties

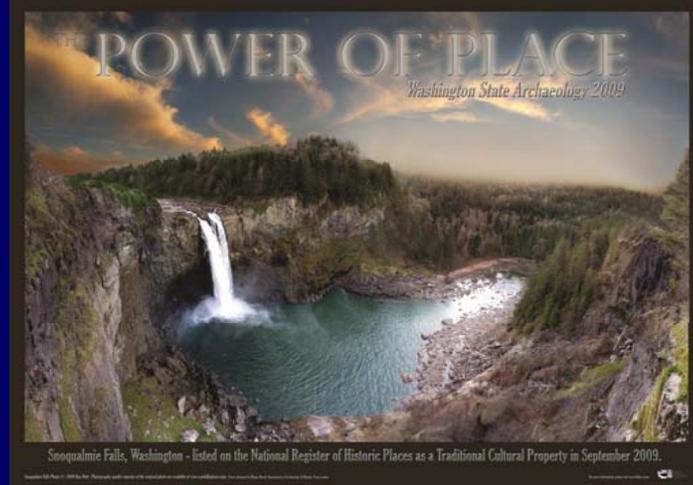
What Are the Steps?

- ◆ Evaluate project
- ◆ Determine the effects
- ◆ Initiate consultation
- ◆ Receive concurrence
- ◆ Start public comment period
(Section 106 only)

STEP 1: Evaluate Project

- ◆ Determine scope
 - Area of potential effect (APE)
 - May need additional information
- ◆ Identify properties
 - Historic districts, buildings, cultural resources, barns, homes, and traditional cultural places (TCP)

Traditional Cultural Places (TCP)



Examples



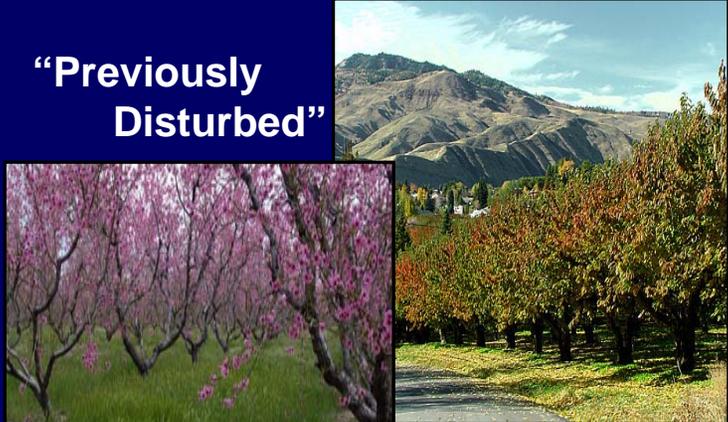
Photos: Department of Archaeology and Historic Preservation

“Previously Disturbed”



Photos:
www.abcnews.go.com (top left)
www.news.msn.com (top right)
www.orgeonlive.com (bottom right)

“Previously Disturbed”



Photos: Archaeology in Washington, 2007

41

Washington State Department of Health Division of Environmental Public Health Office of Drinking Water

STEP 2: Determine the Effects

Two determinations:

- No historic properties affected
- Potential historic properties affected
 - No adverse effect
 - Adverse effect

Public Health - Always Working for a Safer and Healthier Washington

43

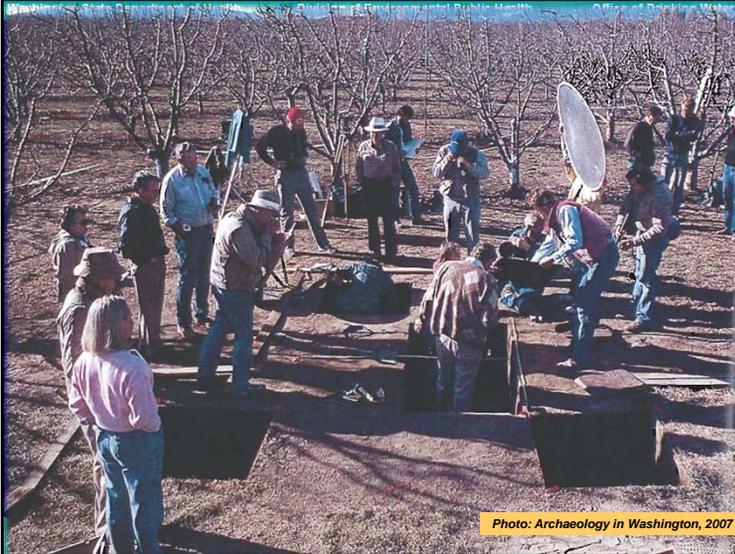


Photo: Archaeology in Washington, 2007



Photo: Archaeology in Washington, 2007

STEP 3: Initiate Consultation

- State historic preservation officer
- Tribal historic preservation officer
- Tribes and native Hawaiian groups
- Others

Neighboring States

- Idaho
 - Coeur D'Alene Indian Tribe
 - Nez Perce Tribe
 - Kootenai Tribe of Idaho
- Oregon
 - Grand Ronde Confederated Tribes
 - Confederated Tribes of The Umatilla Indian Reservation
 - Confederated Tribes of The Warm Springs Reservation

Washington State

- Confederated Tribes of The Chehalis
- Confederated Tribes of The Colville Reservation
- Cowlitz Indian Tribe
- Hoh Tribe
- Jamestown S'Klallam Tribe
- Kalispel Tribe
- Lower Elwha Klallam Tribe
- Lummi Nation
- Makah Tribe
- Muckleshoot Tribe
- Nisqually Tribe
- Nooksack Tribe
- Port Gamble S'Klallam Tribe
- Puyallup Tribe
- Quileute Tribe
- Quinault Nation
- Samish Indian Nation
- Sauk-Suiattle Tribe
- Shoalwater Bay Tribe
- Skokomish Tribe
- Snoqualmie Tribe
- Spokane Tribe
- Squaxin Island Tribe
- Stillaguamish Tribe
- Suquamish Tribe
- Swinomish Tribe
- Tulalip Tribes
- Upper Skagit Tribe
- Yakama Nation

STEP 4

- Receive concurrence
-

STEP 5

- Start public comment period

Federal Laws

- ◆ National Historic Preservation Act (NHPA)
- ◆ Archaeological Resource Protection Act (ARPA)
- ◆ Native American Graves Protection and Repatriation Act (NAGPRA)
- ◆ Archaeological and Historic Preservation Act (AHPA)
- ◆ American Indian Religious Freedom Act (AIRFA)

Cultural Review Website

<http://www.doh.wa.gov/dwsrf>



Lessons Learned

- ◆ Potential effects
- ◆ Project scope of work
- ◆ Project location
- ◆ Township, range, and section

For More Information

Karen Klocke
360-236-3116
karen.klocke@doh.wa.gov

Aleceia Tilley
360-236-3095
aleceia.tilley@doh.wa.gov

Eloise Rudolph
360-236-3124
eloise.rudolph@doh.wa.gov

Sara Herrera
360-236-3089
sara.herrera@doh.wa.gov

Northwest Regional Office	253-395-6750
Southwest Regional Office	360-236-3030
Eastern Regional Office	509-329-2100
Public Works Board	360-725-3150