

# 2008 Drinking Water State Revolving Fund Program



# WATER TAP

WASHINGTON'S DRINKING WATER NEWSLETTER

## State Loan Program Offers Low Rates

### Application Workshops in March 2008

Do you have plans to improve your water system? Are you having difficulty with compliance? If you fall into one of these categories, the Drinking Water State Revolving Fund (DWSRF) loan program was designed for you.

Each year, the DWSRF program provides low-interest loans to community and non-profit non-community water systems for capital improvement projects. The program's primary emphasis is to protect public health and ensure compliance with drinking water regulations.

Department of Health is coordinating five application workshops around the state to provide information about the loan program and how to apply. You will also have the opportunity to ask specific questions about the program and your eligibility, and get technical assistance on your application. Be sure to bring your draft loan application with you to the workshop of your choice.

To register for a DWSRF Application Workshop, please complete and return the form on page 3. For information about the program, call Kitty Weisman at (360) 236-3116 or e-mail [kitty.weisman@doh.wa.gov](mailto:kitty.weisman@doh.wa.gov)

## Mark Your Calendar

- **February:** Program guidelines and application form online at [http://www.doh.wa.gov/ehp/dw/our\\_main\\_pages/dwsrf.htm](http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm)
- **March 11 – March 20:** Application workshops at five locations.
- **May 5:** Drinking Water State Revolving Fund application deadline.
- **September 30:** Water System Plan, Water System Amendment or Small Water System Management Program submittal deadline.
- **January 31, 2009:** Office of Drinking Water plan approval deadline.
- **February 2009:** DWSRF funds available.

Special  
Edition



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## Some Common Myths and Facts About DWSRF and Water System Finances

Many water systems are interested in improving their infrastructure. Yet, water system boards are frequently unwilling to consider grants and loans to pay for improvements because of misconceptions about government funding programs and water system finances. Below some common myths are debunked:

**Myth** – Government funding programs have too many requirements – we can't comply with all the requirements.

**Fact** – While it is true that each government funding program, including the DWSRF, has its own funding criteria and requirements, these should not be considered barriers for the average water system. Each government funding program employs knowledgeable, dedicated staff to answer your questions and assist you every step of the way. Time is also built into the process to allow you to learn about requirements and respond to them. Most funding programs provide checklists of necessary documents and milestones you can use to keep track of your project.

**Myth** – Having a reserve account will make our water system ineligible for grants and loans. The government will see our reserve account and think we can pay for the improvements ourselves.

**Fact** – If your water system is charging appropriate rates and is able to maintain a reserve account, even a small one, this *will only help* your loan or grant application. Most government

(Continued on Page 2)

## DWSRF Success Stories

### ***Bon Air Community Club – Replacement of Distribution System***

Loan Amount: \$894,100

### ***New Reservoirs and Pump Station***

Loan Amount: \$283,630

Interest Rate: 0 %

Bon Air Community Club's water system could not provide water service to all 85 connections because of inadequate pressure. In addition, the private non-profit organization's water system had a deteriorating reservoir that resulted in positive bacteriological samples, and an aging distribution system that experienced frequent major leaks.

The Community Club received two loans with 0 percent interest rates and 30-year repayment terms. The two projects replaced a distribution system, and a reservoir, constructed a pump station with booster pumps for two separate service areas, installed an emergency generator, reconstructed a wellhead enclosure, and installed service meters.

### ***City of Grand Coulee – Electric City Intertie***

Loan Amount: \$1,441,270

Interest Rate: 0.5%

City of Grand Coulee received a DWSRF loan to refinance loans for their Electric City Intertie Project. The city historically used Lake Roosevelt as their primary water source. However, this prevented the city from meeting federal surface water treatment rules. To comply, the city connected to neighboring Electric City's system, which relies on groundwater for its drinking water. The entire project was funded through a combination of grants and loans with assistance from the Washington State Department of Health, U.S. Rural

Development, Community Development Block Grant, the U.S. Environmental Protection Agency, the state Department of Ecology, and Public Works Trust Fund. Local funding came from the city and the Grant County Economic Development Council. Through this project, the city satisfied federal and state compliance and public health requirements.

### ***Town of Darrington – Water Tank and Transmission Lines***

Loan Amount: \$204,000

Interest Rate: 1.5 %

This loan funded a 250,000-gallon storage tank and necessary water lines to connect to the water system. The additional water improves the town's fire flow protection and adds additional overall water storage supply. The extra storage reduces water-pump cycling and increases the life of the pumps. The town can now meet its power requirements at the remote storage site using solar power. The town used a mix of loan, grant and local funds to keep project costs manageable for its residents.

### ***Cross Valley Water District – 2003 Water Main Relocation***

Loan Amount: \$ 914,175

Interest Rate: 1.5 %

This loan funded the replacement and relocation of about 7,500 lineal feet of asbestos cement water main, including all appurtenances and site restoration. To save state resources, the district and the state Department of Transportation placed the water main at the same time as road widening and new interchange construction along SR 522 and SR 9 in southern Snohomish County. The district will benefit by improved service to its customers and replacement of old, failing water lines.

### ***(Some Common Myths and Facts - continued from front page)***

funding programs consider a water system's financial capacity as part of the overall ranking process. Loan programs such as DWSRF review your water system's rate structure and reserve account when determining whether you are able to pay back a loan. A reserve account can also be used as collateral for your loan.

**Myth** – Maintaining a water system reserve account is not allowed for non-profit water systems – we could get in trouble with the IRS for having a reserve account and accruing interest.

**Fact** – A reserve account is a critical part of your water system's financial viability. The federal tax code does not prohibit tax-exempt water systems from having reserves. You will not pay taxes on your reserve account and interest as long as it is being used to support your water system.

## DWSRF Workshops

### 2008 Application Workshops

Please indicate the session you plan to attend on the registration form.

#### Mount Vernon March 11, 2008

Mount Vernon Fire Station  
1901 N. LaVenture Road  
Mount Vernon, WA 98273  
(360) 336-6277

#### Chehalis March 12, 2008

Best Western Hotel  
201 SW Interstate Ave.  
Chehalis, WA 98532  
(360) 748-4040

#### Port Angeles March 13, 2008

City Council Chambers  
321 East 5th St.  
Port Angeles, WA 98362  
(360) 417-4550

#### Spokane March 19, 2008

Liberty Lake Water  
& Sewer District  
22510 E. Mission Ave.  
Liberty Lake, WA 99019  
(509) 922-5443

#### Ellensburg March 20, 2008

Hal Holmes  
Community Center  
209 N. Ruby St.  
Ellensburg, WA 98926  
(509) 962-7240

### Five locations and dates

## Free Application Workshops

Application workshops are a good place to learn about the Drinking Water State Revolving Fund (DWSRF) Loan Program and get technical assistance on your loan application. The workshops are free. Dates and locations are listed to the left.

### WORKSHOP AGENDA

- 8:30 a.m. DWSRF Overview and Important Application Information
- 9:30 a.m. Break
- 9:45 a.m. Get Help With Your Loan Application! DWSRF Loan Program staff will be available to assist you one-on-one with your application and answer your questions.

### To Register:

Please complete the form below and mail it in. Be sure to indicate your preferred workshop location and date. Register early because seating is limited.



cut along line, follow instructions below

### Please complete this form and mail or fax it to:

Kitty Weisman, Department of Health  
PO Box 47822, Olympia, WA 98504-7822  
Fax (360) 236-2252 • Phone (360) 236-3116  
E-mail: kitty.weisman@doh.wa.gov

#### I will attend the following workshop(s):

- Mount Vernon, March 11, 2008
- Chehalis, March 12, 2008
- Port Angeles, March 13, 2008
- Spokane, March 19, 2008
- Ellensburg, March 20, 2008

Name \_\_\_\_\_ Phone \_\_\_\_\_

Water System \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# Persons Attending \_\_\_\_\_

# Summary of government grant and loan programs for drinking water projects

## PLANNING

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>Community Development Block Grant</b> Planning Only Grant Program	<ul style="list-style-type: none"> <li>• Comprehensive plans</li> <li>• Infrastructure plans</li> <li>• Feasibility studies</li> <li>• Community action plans</li> <li>• Low-income housing assessments</li> </ul>	Must principally benefit low-to-moderate income people in non-entitlement cities and counties. <ul style="list-style-type: none"> <li>• Cities or towns with fewer than 50,000 people</li> <li>• Counties with fewer than 200,000 people</li> </ul>	<b>Grant</b> <ul style="list-style-type: none"> <li>• Up to \$24,000 per jurisdiction and \$40,000 for joint projects</li> <li>• Up to \$35,000 per jurisdiction and \$50,000 for joint projects to fund priority public health planning</li> </ul>	Applications accepted in March and August, on a fund-available basis.  Contact: Sheila Lee-Johnston (360) 725-3009 sheilal@cted.wa.gov
<b>Public Works Trust Fund</b> Capital Facilities Planning Program	<ul style="list-style-type: none"> <li>• Single or multiple system plans covering eligible systems</li> <li>• Updates to existing capital facilities plans</li> <li>• Environmental studies</li> <li>• Cultural/Historical review</li> </ul>	<ul style="list-style-type: none"> <li>• Counties, cities and special-purpose districts that meet certain requirements</li> <li>• No school or port districts</li> </ul>	<b>Loan</b> <ul style="list-style-type: none"> <li>• Up to \$100,000 per jurisdiction each biennium</li> <li>• 0 percent interest, 6-year term</li> <li>• No match required</li> <li>• Must complete plan in 18 months</li> </ul>	Applications accepted year-round on a fund-available basis.  Call: Client Service Representative (360) 586-4122 < <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> >
<b>Community Economic Revitalization Board</b> Rural Project-Specific Planning Program	Project-specific feasibility and pre-development studies that advance community economic development goals for industrial sector business development.	Designated rural counties or rural natural resource areas: <ul style="list-style-type: none"> <li>• Counties, cities, towns, port districts, special districts</li> <li>• Federally recognized tribes</li> <li>• Municipal corporations, quasi-municipal corporations with economic development purposes</li> </ul>	<b>Matching Grant</b> <ul style="list-style-type: none"> <li>• Up to \$50,000 per application</li> <li>• Requires 50 percent matching funds</li> </ul>	Applications accepted year-round. The board meets six times a year.  Contact: Kate Rothschild (360) 725-4058 kater@cted.wa.gov
<b>U.S. Dept. of Agriculture Rural Development</b> Rural Utilities Service – Water and Waste Disposal Direct Loans and Grants	Water or sewer planning; environmental work; and other work to assist in developing an application for infrastructure improvements	Low-income, small communities and systems serving fewer than 10,000 people	<b>Loans; Grants in some cases</b> <ul style="list-style-type: none"> <li>• Maximum \$15,000 grant</li> <li>• Minimum 25 percent match</li> </ul>	Applications accepted year-round, on a fund-available basis  Contact: Gene Dobry (360) 704-7733 eugene.dobry@wa.usda.gov < <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a> >

## PRECONSTRUCTION

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>Public Works Trust Fund</b> Pre-Construction Program	Pre-construction activities such as preliminary engineering, design, bid-document preparation, right-of-way acquisition, environmental studies, and cultural/historical project review	<ul style="list-style-type: none"> <li>• Counties, cities and special purpose districts that meet certain requirements</li> <li>• No school or port districts</li> </ul>	<b>Loan</b> <ul style="list-style-type: none"> <li>• \$1 million per jurisdiction each biennium</li> <li>• 0.5 to 2 percent interest</li> <li>• 5 to 15 percent local match</li> <li>• 5-year term, or 20 years if construction funds in hand</li> </ul>	Applications accepted year-round on a fund-available basis.  Call: Client Service Representative (360) 586-4122 < <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> >

## EMERGENCY

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>Public Works Trust Fund</b> Emergency Program	Projects necessary due to natural disaster or an immediate emergent threat to public health and safety.  For domestic water systems, sanitary and storm sewers, solid waste, roads and bridges.	<ul style="list-style-type: none"> <li>• Counties, cities and special purpose districts that meet requirements</li> <li>• No school or port districts</li> </ul>	<b>Loan</b> <ul style="list-style-type: none"> <li>• \$500,000 limit</li> <li>• 3 percent interest rate</li> <li>• No local match required</li> <li>• 20-year maximum term</li> </ul>	Applications accepted year-round on a fund-available basis.  Call: Client Service Representative (360) 586-4122 < <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> >
<b>Community Development Block Grant</b> Imminent Threat Grant Program	Repair water, sewer and drainage facility damages that pose an immediate, urgent threat to public health and safety. <ul style="list-style-type: none"> <li>• A formal disaster must be declared</li> <li>• Project must be ineligible for emergency funds from the Public Works Trust Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Non-entitlement cities or towns with fewer than 50,000 people</li> <li>• Non-entitlement counties with fewer than 200,000 people</li> </ul>	<b>Grant; pending availability of funds</b> Only eligible costs incurred after an emergency is formally declared can be reimbursed	Applications accepted year-round on a fund-available basis.  Contact: Bill Prentice (360) 725-3015 billp@cted.wa.gov
<b>U.S. Dept. of Agriculture Rural Development</b> – Emergency Community Water Assistance Grants	Domestic water projects: <ul style="list-style-type: none"> <li>• Emergency repairs due to an incident.</li> <li>• Significant decline in water quantity or quality caused by an emergency</li> </ul>	Public bodies, tribes and private non-profit corporations serving fewer than 10,000 people	<b>Grant; pending availability of funds</b> <ul style="list-style-type: none"> <li>• \$150,000 limit for emergency repairs to an existing water system</li> <li>• \$500,000 limit to address a decline in potable water supply due to an emergency</li> </ul>	Applications accepted year-round on a fund-available basis  Contact: Gene Dobry (360) 704-7733 eugene.dobry@wa.usda.gov < <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a> >

## CONSTRUCTION

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>Drinking Water State Revolving Fund</b>	Drinking water system infrastructure projects aimed at increasing public health protection.	<ul style="list-style-type: none"> <li>Publicly and privately owned community and nonprofit non-community water systems</li> <li>Federal and state owned systems are not eligible</li> </ul>	<b>Loan</b> <ul style="list-style-type: none"> <li>1 percent loan fee</li> <li>\$3 million per jurisdiction per year</li> <li>\$6 million for joint projects</li> <li>0 to 1.5 percent interest rate</li> <li>20-year term; 30 for extremely disadvantaged communities</li> <li>No local match required</li> </ul>	Applications due May 5, 2008. Funds available February 2009.  Contact: Kitty Weisman (360) 236-3116 kitty.weisman@doh.wa.gov < <a href="http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm">http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm</a> >
<b>Block Grant General Purpose Grant Program</b>	Final design and construction of domestic wastewater, side sewer connections, drinking water, storm water, and road, street or bridge projects.	Must principally benefit low-to-moderate income people in non-entitlement cities and counties. <ul style="list-style-type: none"> <li>Cities or towns with fewer than 50,000 people</li> <li>Counties with fewer than 200,000 people</li> </ul>	<b>Grant</b> <ul style="list-style-type: none"> <li>Up to \$1 million</li> <li>No match required, but local contribution and gap financing preferred</li> </ul>	Applications due in November. Notification the following March.  Contact: Bill Prentice (360) 725-3015 billp@cted.wa.gov
<b>Public Works Trust Fund Construction Program</b>	Construct, repair and replace infrastructure for domestic water, sanitary and storm sewers, solid waste, road or bridge projects, and reasonable growth.	<ul style="list-style-type: none"> <li>Counties, cities and special purpose districts that meet requirements</li> <li>No school or port districts</li> </ul>	<b>Loan</b> <ul style="list-style-type: none"> <li>\$10 million per jurisdiction each biennium</li> <li>0.5 to 2 percent interest</li> <li>5 to 15 percent local match</li> <li>20-year term maximum</li> </ul>	Applications due in May. Funds available the next spring.  Call: Client Service Representative (360) 586-4122 < <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> >
<b>U.S. Dept. of Agriculture Rural Development Rural Utilities Service – Water and Waste Disposal Direct Loans and Grants</b>	Pre-construction and construction associated with building, repairing or improving drinking water, solid waste and wastewater facilities.	<ul style="list-style-type: none"> <li>Cities or towns with fewer than 10,000 people</li> <li>Counties, special purpose districts, nonprofit corporations or tribes unable to get funds from other sources at reasonable rates and terms</li> </ul>	<b>Loans; grants in some cases</b> <ul style="list-style-type: none"> <li>Interest rates vary (4.25 to 4.5 percent)</li> <li>Up to 40-year loan term</li> <li>No prepayment penalty</li> <li>Limited predevelopment funds to help with project development</li> </ul>	Applications accepted year-round on a fund-available basis.  Contact: Gene Dobry (360) 704-7733 eugene.dobry@wa.usda.gov < <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a> >
<b>Community Economic Revitalization Board Construction Program</b>	Must support industrial sector business growth and job creation or retention. <ul style="list-style-type: none"> <li>Bridges, roads, railroad spurs, domestic and industrial water, sanitary and storm sewers</li> <li>Electricity, natural gas and telecommunications</li> <li>General purpose industrial buildings, port facilities</li> </ul>	<ul style="list-style-type: none"> <li>Counties, cities, towns, port districts, special districts</li> <li>Federally recognized tribes</li> <li>Municipal and quasi-municipal corporations with economic development purposes</li> </ul>	<b>Loans; grants in unique cases</b> <ul style="list-style-type: none"> <li>\$1 million maximum/project</li> <li>Interest rates vary</li> <li>20-year term maximum</li> <li>Minimum 25 percent match</li> <li>Must demonstrate gap in public project funding and need for assistance</li> </ul>	Applications accepted year-round. The board meets six times a year, and approves funding.  Contact: Kate Rothschild (360) 725-4058 kater@cted.wa.gov
<b>Community Economic Revitalization Board Local Infrastructure Financing Tool Program</b>	<ul style="list-style-type: none"> <li>Water and sewer system construction or improvement</li> <li>Storm water and drainage systems</li> <li>Parking, terminal and dock facilities</li> <li>Street construction and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Cities, counties, and towns</li> <li>Federally recognized tribes</li> <li>Other taxing districts may participate, but cannot initiate the application</li> </ul>	<b>Grant</b> <ul style="list-style-type: none"> <li>\$1 million per year, up to 25 years in taxing authority</li> <li>Intended to help repay locally issued bonds</li> <li>Must address economic competitiveness, mixed use development or redevelopment, job creation, and state and local tax revenue growth</li> </ul>	Applications due June 30, 2008.  Contact: Matt Ojennus (360) 725-4047 matthewo@cted.wa.gov

## GENERAL

<b>Infrastructure Assistance Coordinating Council</b>	The council is a nonprofit organization of state and federal agencies, local government associations, nonprofit technical assistance firms, tribes and universities. It helps Washington's communities identify and obtain resources needed to develop, improve and maintain public works programs.	Infrastructure funding and technical assistance is online at < <a href="http://www.infrafunding.wa.gov/">http://www.infrafunding.wa.gov/</a> >
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## DWSRF Loan Fee

The DWSRF Program charges a non-refundable 1 percent loan fee. The loan limit does not include the loan fee. For example, for a project budgeted at \$3 million, the applicant may apply for \$3,030,000 – \$3 million for the project plus the \$30,000 loan fee. The loan fee is incorporated into the loan and retained by the state when the first loan draw is made.

## Water System Plan Requirement

To be eligible for a loan and remain on the funding list, applicants must have a current approved Water System Plan or Small Water System Management Program that includes the proposed project by January 31, 2009. The Office of Drinking Water charges a fee for review and approval of planning, design and construction documents.

## Separate vs. Multiple Applications

Projects not directly tied together must be submitted under separate applications. Exceptions occur when multiple project components are required to bring a system

back into compliance with drinking water rules; multiple components are required for functionality purposes; or when submitting identical projects that will receive identical scores.

## Retroactive Financing

Retroactive financing may be available for eligible municipal projects built after July 1, 1993. Eligible projects may include those addressing surface water issues, primary chemical contaminants, and capital construction projects related to compliance orders. Projects constructed/financed after January 1, 2007 receive a higher score.

## For More Information

Please call Kitty Weisman at (360) 236-3116 or the nearest ODW Regional Office.

**Eastern Region** – (509) 456-3115

**Northwest Region** – (253) 395-6750

**Southwest Region** – (360) 236-3030

DWSRF guidelines and application are online at <[http://www.doh.wa.gov/ehp/dw/our\\_main\\_pages/dwsrf.htm](http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm)>

## 2008 DWSRF Loan Highlights

- About \$20 million available.
- 1.5 percent basic interest on a 20-year loan.
- 1 percent interest for systems in distressed counties.
- Reduced interest rates for systems in disadvantaged communities.
- No local match required.
- 1 percent loan fee.
- \$3 million loan limit per system.
- \$6 million loan limit for projects involving multiple systems.
- Retroactive assistance for specific high-priority municipal projects.
- Most Group A community and nonprofit non-community water systems are eligible.
- Financing available to municipal or privately-owned public water systems.

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# Special Edition

**What's new this year?**

- September 30, 2008 is the deadline for submitting Water System Plans, Water System Plan Amendments or Small Water System Management Programs to the Department of Health.
- \$3 million loan limit per jurisdiction.
- \$6 million loan limit for projects involving multiple systems.
- New Cultural Resources & Environmental Manager, Alecia Tilley (360) 236-3095

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Department of Health  
Office of Drinking Water  
PO Box 47822  
Olympia, WA 98504-7822  
(800) 521-0323