



Fact Sheet

Drinking Water State Revolving Fund Program Preconstruction and Consolidation Grants and Loans

Capital improvements to our public water systems are critical to the long-term health and economic vitality of Washington's communities. Congress established a Drinking Water State Revolving Fund (DWSRF) loan program as part of its reauthorization of the federal Safe Drinking Water Act in 1996. The program provides low-interest loans to eligible public water systems to build, repair, and redesign infrastructure. Funds are also available for preconstruction and consolidation grants and loans to prepare for infrastructure construction projects. The Department of Health (Health) currently administers these programs.

Preconstruction grants

Preconstruction grants help small public water systems evaluate of the feasibility of seeking a DWSRF infrastructure loan. Small public water systems that serve populations of 10,000 or less are vulnerable to a diminished level of service or unsafe water because of a lack of technical, managerial, or financial capacity. The small scale of their customer base is a significant contributor to this vulnerability. Unlike a preconstruction loan that must be paid back, the grant is financial assistance that is not paid back. Grants are available for preconstruction activities such as planning, feasibility studies, design and engineering, historical and cultural consultations, and environmental reviews, including the State Environmental Policy Act (a process to provide a comprehensive review of environmental impacts). Awarding preconstruction grants help small water systems to meet readiness to proceed criteria prior to obtaining a DWSRF infrastructure loan.

The next preconstruction grant cycle will be January 2-31, 2016.

Preconstruction loans

Preconstruction loans are specifically for small to medium sized water systems that do not have up-front capital funds to pay for preconstruction activities (planning, engineering, and project designs) before receiving a DWSRF loan. Preconstruction activity costs are typically fifteen to twenty percent of an infrastructure improvement project's total cost. Preconstruction loans help us meet the Environmental Protection Agency's goal of using the funding within two years of award. It also helps ensure water systems are "construction ready" as soon as a DWSRF infrastructure loan is awarded. Awarding preconstruction loans makes the DWSRF loan program more effective because infrastructure projects that are ready to proceed to construction moves more funds through the program at a quicker pace.

The next preconstruction loan cycle will be March 1-31, 2016.



HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

Consolidation grants

Small systems that have water quality, monitoring, or treatment technique violations, suffer frequent water outages, experience high operator turnover rates, or demonstrate an insufficient response to sanitary survey deficiencies are all indicators of a lack of system capacity. This capacity is necessary to maintain a vital, sustainable water utility. We encourage these small water systems (systems typically fewer than 500 connections) with one or more of these indicators to consider consolidation with another system, restructure (transfer) of ownership to another larger utility, or secure a regional water supply. Unlike a consolidation loan that must be paid back, the grant is financial assistance that is not paid back. By going through the preconstruction grant process, small water systems have the information they need to decide whether restructuring, consolidation, or wholesale water supply through a regional water supplier is the most appropriate course of action. These alternatives help secure sustainable, reliable health protection, and a level of service expected of all water systems in Washington State.

The next consolidation grant cycle will be February 1-29, 2016.

Consolidation loans

DWSRF funds for consolidation loans are only available to eligible publicly and privately owned Group A public water systems for consolidation and restructuring projects that require a change of ownership before implementing the funding contract. These projects must acquire other non-compliant, failing, or struggling public water systems that have water quality problems or deteriorated infrastructure. Applicants must also demonstrate a track record of sound drinking water utility management.

The next consolidation loan cycle will be with our regular DWSRF loan cycle, September 2-30, 2015.

For more information:

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