



## 2009 Drinking Water State Revolving Fund Program

# Economic Recovery Funding Guidelines

These **Economic Recovery Funding Guidelines** define the requirements and process we are using to review applications for financial assistance from the Drinking Water State Revolving Fund (DWSRF) Program and the 2009 Federal Economic Recovery Bill.

Congress created the DWSRF in 1996 when it reauthorized the Safe Drinking Water Act. Through this program, each year the U.S. Environmental Protection Agency awards a capitalization grant to Washington and other states for:

- A capital construction loan program.
- Non-construction “set aside” funds to run the program and ensure compliance with drinking water rules.

The Department of Health Office of Drinking Water (DOH) and the Department of Community, Trade and Economic Development’s Public Works Board and Contract Administration Unit jointly administer the DWSRF Program. Our scoring process gives funding priority to projects that address severe public health threats and compliance issues. Details of the scoring process are in Appendix A of this document.

## DWSRF Program Description and Goals

The Washington Legislature passed laws to create a DWSRF Program consistent with federal law. Loan repayments, loan interest, and additional state funding from the Public Works Assistance Account supplement the federal capitalization grant.

The DWSRF loan program provides low-interest construction loans to publicly owned (municipal) and privately owned drinking water systems in Washington. Municipal water systems are defined by the Safe Drinking Water Act as “a city, town, or other public body created by or pursuant to state law,” such as special purpose districts and public utility districts. The DWSRF Program goals are to:

- Provide loans to water systems for capital improvements that increase public health protection and compliance with drinking water regulations.
- Protect the health of the people of Washington State by ensuring safe and reliable drinking water.

## Special 2009 Economic Recovery Funding

The 2009 American Reinvestment and Recovery Act includes about \$36 million for the DWSRF Program to fund drinking water construction projects. We postponed the regular spring DWSRF loan program application deadline until fall 2009 so we can process funds for drinking water construction projects under the provisions of the federal economic recovery package.



HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

The application deadline for economic recovery funding was February 27, 2009. Applicants who don't receive economic recovery funds can ask us to consider them for funding from the 2009 DWSRF loan program this fall.

## **DWSRF Economic Recovery funding meets provisions of the economic recovery bill in these ways:**

### **Use of Funds**

- All funded projects must begin construction by February 16, 2010.
- To the extent possible, at least 50 percent of the funds will be allocated to projects that can begin construction by June 16, 2009.
- At least 50 percent of all construction funds will be allocated to disadvantaged communities as grants in the form of principal forgiveness.
- At least 20 percent of all construction funds will be allocated to projects addressing green infrastructure, including water efficiency.

### **Borrower Requirements**

- Funded projects must use iron, steel and manufactured goods produced in the United States
- Funded projects must comply with the federal Davis-Bacon Act (pay prevailing wage)

## **Funding Schedule**

The Public Works Board will sign contracts with successful applicants in the spring.

## **Important Information about the DWSRF Funding Process**

- The 2009 Economic Recovery DWSRF Funding Program will not provide retroactive financing for previously constructed projects.
- We will only consider projects ready to begin construction by February 16, 2010. We will give funding preference to projects that can begin construction by June 16, 2009.
- You must complete your project within 3 years.
- To get a loan, you must be financially healthy and able to repay the loan.
- Since we use a reimbursement process, you must have some of your own funds to start work on the project. You can receive reimbursement for eligible project costs later, if you receive funding.
- If you pay for any preconstruction work in anticipation of being reimbursed later, be advised that you do so at your own risk because you may not receive funding.
- If we offer you funding, you will sign a contract with the Public Works Board (Board).
- The Board will give you a contract manual and teach you how to comply with the contract requirements.
- Repayment of your loan begins three years after contract execution, when your project is completed.
- Your first loan withdrawal will include a 1 percent loan fee, amortized over the life of the loan.
- You can only withdraw funding after DOH approves your project to begin construction, and you successfully complete your environmental and cultural review.
- The Board will withhold 10 percent of your funding amount until you officially close out the project. We will reimburse the withheld 10 percent when you close out your project.
- A project can only be closed out when:
  - You have completed all required water system planning, according to your contract.
  - DOH receives and approves construction completion documents.
  - DOH receives and approves any required as-built drawings.
  - The Board receives the financial audit report (if required).

## Loan Terms

Income Level of Households	Interest Rate	Loan Fee	Loan & Fee Repayment Period
Water system not located in economically distressed county	1%	1%	20 years
Water system located in economically distressed county	50% Principal Forgiveness & 1 % interest on loan	1%	20 years
51% of the water system households in the community served by the project are at or below 80% of the county's median income	100% Principal Forgiveness	1%	Loan fee is paid back over 5 years
<b>Maximum Award</b>			
The maximum loan limit for the Economic Recovery Funding Program is \$6 million.			
<b>Loan Fee</b>			
DOH charges a 1 percent loan fee for all DWSRF funding to pay for program administration. We will add the fee to your funding request. The fee will be taken on the first loan draw, and is non-refundable. The loan fee is amortized and repaid over the life of the loan. If you receive 100 percent principal forgiveness, the loan fee is paid back over five years.			
<b>Qualifying for Principal Forgiveness</b>			
Principal forgiveness means that you do not have to pay back the loan principal. If you qualify for 100 percent principal forgiveness, you will not have to pay any principal or interest. If you qualify for 50 percent principal forgiveness, you will have to pay interest on the loan portion of your award. If you qualify for principal forgiveness, you will still have to pay the loan fee.			
If you think your water system qualifies for 100 percent principal forgiveness you will need to provide proof of water system income levels determined by one of the following:			
<ul style="list-style-type: none"> <li>• The most recently conducted U.S. Census for your community, if available.</li> <li>• An independently conducted income survey of your community, using Public Works Board's Income Survey Guidelines (Call Leslie Hafford at (360) 725-3161 or e-mail <a href="mailto:leslie.hafford@pwb.wa.gov">leslie.hafford@pwb.wa.gov</a>).</li> </ul>			
If we offer you funding, you will need to provide this information to the Public Works Board before you sign your contract.			
The Washington State Employment Security Department annually determines which counties are distressed (see Appendix C). We will use this attached <i>list of distressed counties as of May 1, 2008</i> to determine eligibility for partial principal forgiveness.			

# Eligibility Requirements

## Eligible Applicants or Borrowers

- Publicly or privately owned Group A community water system. Homeowners' associations must submit articles of incorporation.
- Transient or non-transient non-community public water systems owned by a nonprofit organization. Nonprofit non-community water systems must submit tax-exempt documentation.
- Water system owned by an Indian tribe. The water system must meet all capacity requirements and the proposed project may not receive SDWA national set-aside funds for Indian tribes.
- Group B or individual water supply systems that meet the special eligibility requirements below.

## Ineligible Applicants or Borrowers

- Non-community public water systems owned by a for-profit organization.
- State-owned water systems.
- Federally owned water systems.
- Systems lacking the technical, financial, and managerial capability to ensure compliance, financial health, and loan repayment.

## Special Eligibility Requirements for Group B or Individual Water Supply Systems

- When the project is complete, the system(s) will be one Group A Community water system.
- The applicant has a history of sound system operations and management, and is financially healthy.
- The applicant has the technical, operational, managerial, and financial capacity necessary to manage the project and the newly created water system.
- The project must fix existing public health problems that pose serious risks.
- The project scope must be limited to the specific geographic area affected by any contamination.
- The project must be a cost-effective solution to the public health problem.
- Applicants must sufficiently notify potentially affected parties about the proposed project.
- The applicant must show they considered alternative solutions to address the problem.
- Population growth and related water system expansion is not the primary focus of the proposed project.

## Eligible Projects

- Project must focus primarily on construction.
- Project must focus primarily on one identified problem or need, such as treatment, a new reservoir, or infrastructure repair/replacement. If your project has more than one focus, we may require you to re-submit each as a separate application. Contact DOH program staff for guidance if you are unsure about the focus of your project.
- Project must address the water system's existing public health and/or compliance issues (such as state or federal enforcement action; significant noncompliance with any federal or state drinking water regulation; red, yellow, or blue operating permit related to infrastructure) unless the issue is being addressed with other funding.

- Eligible projects include:
  - New source.
  - Source reconstruction.
  - Disinfection improvements/treatment.
  - Filtration.
  - New reservoir or reservoir improvements.
  - Treatment plant discharge improvements.
  - Water main or distribution improvements (including main extensions to connect to safe and reliable drinking water sources; booster pumps; and seismic improvements).
  - Replacing aging infrastructure or making distribution improvements to maintain compliance or further protect public health. Such projects may include pressure reduction devices, backflow prevention assemblies, security measures, telemetry, and additional source for emergencies or additional capacity.
  - Restructuring and consolidation projects to take over non-compliant, failing or struggling water systems.
  - Security measures, as a stand-alone project
  - Service meter installation, as a stand-alone project.
  - Water conservation projects for drinking water systems, as a stand-alone project.

### **Water System Capacity Eligibility Requirements**

The DWSRF Program requires a current, DOH-approved Water System Plan or Small Water System Management Program that includes your project and demonstrates your *capacity*, or financial, technical, and managerial ability to:

- Successfully run the water system.
- Complete the proposed project.
- Repay the loan.

Additional special capacity requirements for the DWSRF Program include:

- Demonstrating financial health and ability to repay the loan.
- Demonstrating the proposed project is ready to proceed.

For the 2009 Economic Recovery Program it's not necessary to have a plan before signing your contract. You will be able to submit any planning documents to DOH later. If you receive funding, your contract will include this planning requirement along with a specific schedule for submitting your plan documents.

Evergreen Rural Water of Washington and Rural Community Assistance Corporation provide free technical assistance to small water systems to prepare their planning documents.

### **Source and Service Meter Eligibility Requirements**

For a proposed project to be eligible for funding, water systems must have source meters on all existing and proposed new sources of water supply, or must include source metering as part of the proposed project. In most cases, systems must also have service meters on all existing service connections or must include service meter installation (for any unmetered services) as part of the proposed project. We will award bonus points to projects that include installing service meters on unmetered services (see Appendix A).

Some applicants may be able to receive a service meter exemption. However, you must request the exemption in writing. If you receive a service meter exemption, you will not receive any bonus points for service meter installation.

If requested, DOH may provide service meter exemptions to:

- Transient non-community systems.
- Mobile home parks or apartment complexes with master meters.
- Other water systems on a case-by-case basis, if we determine the cost of the meters is prohibitive for the DWSRF project as a whole, and waiving the meter requirement is necessary to move the project forward and promote priority public health issues.

### **Preconstruction and Construction Eligibility Requirements**

If you receive a DWSRF funding offer, you can receive reimbursement for any eligible preconstruction costs you already paid, regardless of when the preconstruction activities were completed. Eligible preconstruction costs cover activities directly related to the project. Eligible preconstruction activities include:

- Small Water System Management Program and Water System Plan amendments (preparation and submittal costs).
- Design and engineering.
- Project report and construction documents.
- Environmental and cultural review.

#### **Do not begin construction under any circumstances until four things happen:**

1. We notify you that you will be receiving DWSRF funding.
2. You submit any required project report and construction documents to DOH, *and* the Regional Engineer approves those documents.
3. You sign your DWSRF contract.
4. You consult with Aleceia Tilley about your required environmental and cultural review, *and* you receive a Determination of Nonsignificance.

It is critical that you talk with DOH staff about your project's status and these conditions. Ask for help if you need it!

### **Phased or Staged Projects**

You may need to separate a complex project into stages or phases to accomplish your goals. DOH reserves the right to require you to amend your application to address phasing or staging needs. We encourage you to discuss phasing or staging with program staff.

### **Eligible Activities and Project Costs**

The following activities are eligible for reimbursement if they relate directly to an eligible, funded DWSRF project:

- Preconstruction activities (engineering, Water System Plan amendments, Small Water System Management Program preparation, design, legal, financial, environmental and cultural review, permitting, and surveying) directly related to an eligible capital construction project.
- Purchase costs for publicly owned water system to acquire or restructure troubled water systems.
- Construct main extensions to connect to safe and reliable drinking water.
- Replacing aging equipment and infrastructure.

- Buy real property from a willing seller if it is an integral part of a capital construction project. If you use DWSRF funds to purchase real property, and you sell or rent any portion of that property, we will deduct any resulting profits from your reimbursement. Reimbursements include:
  - Purchase of land and easements.
  - Purchase of roads, buildings, fences, or other structures.
  - Salaries, expenses, or fees for appraisers, negotiators, or attorneys.
  - Removal or demolition of roads, buildings, fences, or other structures.
  - Other direct costs associated with real property acquisition.
- Competitive bidding costs.
- Contracted construction costs.
- Labor costs including salaries and wages at actual or average rates. Administrative and project management labor costs are not eligible unless they apply to the following activities and are no more than 3 percent of the funding amount:
  - Pre-design engineering.
  - Design engineering.
  - Construction engineering.
  - Acquiring land or rights of way
- Purchase and installation of source meters.
- Purchase and installation of service meters, including:
  - Purchasing meters.
  - Line locating.
  - Labor.
  - Excavation.
  - Disinfection and flushing of connections.
  - Replacing or repairing mains damaged during meter installation.
- Clear wells associated with treatment and co-located with the treatment facility.
- Distribution reservoirs (finished water).
- Security measures, including:
  - Enhanced filtration and disinfection (for biological agents).
  - Enhanced treatment (for chemical agents).
  - Cover existing finished water reservoirs.
  - Fencing facility area.
  - Security cameras, lighting, and motion detectors.
  - Back-up or emergency systems (including power).
  - Secure chemical and fuel storage.
  - Lab equipment.
  - Backflow prevention devices in distribution systems (must be owned and maintained by system).
  - Installing security hatches on reservoir or tank.
  - Protective measures identified as necessary through a cross-connection control program.
- With DOH approval, you may size projects to accommodate reasonable population growth and water system expansion (this is generally the 20-year projection in a Water System Plan or Small Water System Management Program).

- Costs of complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- DWSRF loan fees.
- Purchasing water production capacity from another water system, if that is the best solution for the project. This is limited to municipal water systems that are not using the additional water production capacity for future growth, but need the capacity to address a public health threat.
- Cleaning, sterilizing, or testing water system components to remove contamination before public use.
- Other direct costs associated with an eligible construction project, including costs for:
  - Materials and supplies.
  - Telephone.
  - Copying, printing, and advertising.
  - Using photography for surveying or map-making.
  - Video and photography for project documentation.
  - Computer usage.
  - Vehicle and equipment rental costs.
  - Competitive bidding.
  - Audit costs.
  - Construction insurance costs (not liability insurance).

### **Ineligible Projects**

- Retroactive financing for previously constructed projects.
- Projects in which future population growth and water system expansion are the primary focus.
- Projects solely for pre-construction activities.
- Projects solely for studies or assessments.
- Restructuring (purchasing) costs incurred by privately owned systems.
- Point of use treatment devices for community systems and most non-community systems.
- Acquisition, construction, or rehabilitation of dams or raw water reservoirs.
- Individual projects for multiple water systems submitted as one application.
- Projects in which fire protection is the primary focus.

### **Ineligible Activities and Project Costs**

- Water rights, except if the water rights are owned by a public water system that is being purchased through consolidation.
- Laboratory fees for monitoring.
- Water System Plan preparation and submittal (other than amendments)
- Operation and maintenance expenses (for example, reservoir cleaning, coating, and painting).
- Portable generators, tools, vehicles and other “rolling stock.”
- Indirect salaries, wages, and benefits for water system employees whose work falls outside of the scope of project construction.
- Liability insurance.

# Application Evaluation Process

## Eligibility Review

We are reviewing all applications for eligibility. The initial eligibility review includes:

- Checking completeness of application.
- Determining eligibility of applicant.
- Determining eligibility of proposed project.
- Ensuring the project is consistent with the Growth Management Act.
- Determine whether project is ready to proceed with construction within 12 months

If we determine applicants are ineligible, we remove them from further consideration and let them know they are ineligible. You can appeal an ineligibility decision (see Appeal Process, below).

## Planning Requirement Review

The DWSRF loan program requires your proposed project to be included in a DOH-approved Water System Plan or Small Water System Management Program. For 2009 Economic Recovery funding, you do not have to submit your planning documents before signing a contract. However, if you receive funding your contract will specify a schedule for completing the planning requirement. For more information about water system planning, contact your DOH Regional Office.

## Appeal Process

When your proposed project does not meet all of the eligibility criteria and system capacity requirements, we disqualify the project from DWSRF funding program consideration. You have 10 working days from the date on the disqualification notification letter to send an appeal letter to the director of the DOH Office of Drinking Water.

The appeal letter should:

- Explain how the applicant's proposed project meets the DWSRF eligibility criteria and requirements.
- Include any supporting documentation.
- Request reconsideration of the application.

The director of the Office of Drinking Water will review the appeal letter and documentation and re-evaluate the project in light of any new information. When the director makes a decision about the appeal, we will notify the applicant in writing. The director's decision is final.

## Technical Evaluation (Scoring and Ranking)

After the eligibility screening, we will forward eligible applications to our DOH Regional staff. They will score and rank the applications using the scoring system described in Appendix A. Regional staff conduct application scoring and ranking because of their technical and compliance knowledge about water systems. They also understand how the proposed project will protect public health.

A critical element of the application is the risk or problem the proposed project will eliminate. For accurately scoring of the proposed project, you must document and present this information clearly. We may not consider unclearly presented information during scoring and ranking.

We use the criteria in Appendix A to score all eligible applications. Each project's score depends on a variety of factors. The most important factor is the Risk Category, which is the public health risk that the project addresses. An application can receive points in only one Risk Category and only one Project Type. Here are the Risk Categories in priority order:

- Risk Category 1**    Microbial
- Risk Category 2**    Primary inorganic chemical
- Risk Category 3**    Other primary chemical
- Risk Category 4**    Secondary chemical or seawater intrusion
- Risk Category 5**    Infrastructure replacement, or other distribution improvements

We give bonus points for (also detailed in Appendix A):

- Compliance:**    The project meets documented compliance requirement
- Affordability:**    The applicant demonstrates the water rates are sufficient for operations
- Service meters:**    The project includes metering all unmetered services

We will reduce the application score by one point if the applicant is required to plan under the state Growth Management Act (Revised Code of Washington 36.70A.040), but has not yet adopted (or updated) their comprehensive plan and development regulations according to the required schedule.

After we score applications, we rank them from highest to lowest score. If projects receive identical scores, we use the largest population benefiting from the proposed projects as a tiebreaker.

Next, DOH prepares a draft ranked funding list. We allocate available funding to projects receiving the highest scores and move down the list until we exhaust the funding. If funded projects are withdrawn or eliminated, lower scoring projects may move up into funding range. We do not guarantee you will receive funding. We encourage applicants who don't receive funding to reapply in the future.

## **Financial Review**

We will send the draft ranked funding list to the Public Works Board for a financial and readiness-to-proceed review of each applicant/project within the funding range. Staff conducts a financial review of each private (non-municipal) applicant not identified to receive 100 percent principal forgiveness to determine the ability to repay the loan. Program staff may conduct a financial review of any municipal applicant if needed.

We require applicants contacted for a financial review to submit the additional financial information below. If you don't respond within five working days of being contacted for this information, your project will not be considered for funding):

- Copies of the borrower's tax returns for the past 3 years.
- Balance sheet statement for the past 3 years.
- Three professional or business references.
- Financial capacity worksheets the Public Works Board will provide.

## **Readiness-to-Proceed Review**

The Public Works Board will work with you to find out whether your project is ready to proceed. The Board will ask you the following questions:

- Did you clearly define the scope of work?
- Are water rights in hand, and if not, will the schedule for securing water rights pose a barrier for moving forward in a timely manner?
- Is preliminary engineering completed?
- Are project permits obtained or in the process of being obtained?
- Is there a need to purchase additional land or right of way easements for the project? If yes, will condemnation or annexation be required? Note: If construction is dependent on securing land or right of way easements, and you haven't done so at the time of application, your project may not be ready to proceed with construction by February 16, 2010 and may be bypassed (not considered for funding).

If the review shows an applicant can't repay the loan or the project is not ready to proceed, DOH and the Board may "bypass" or remove the applicant or project from funding consideration. We will offer technical assistance to bypassed applicants so they can reapply for funding in the future or identify other funding opportunities.

The intent of the American Recovery and Reinvestment Act of 2009 is to fund projects that can begin construction quickly, in order to stimulate the economy and support employment. We will not grant applicants contract time extensions or contract amendments that will delay project completion.

## **Intended Use Plan**

DWSRF Program staff prepares a draft Intended Use Plan each year that describes how we plan to use available DWSRF funds. We use the federally required Intended Use Plan to get comments during a 30-day public review period.

We will amend the 2008 DWSRF Intended Use Plan to include the 2009 Economic Recovery Funding list. We will hold a 15-day comment period for the revised Intended Use Plan. We will consider changes in project scoring and priority ranking based on comments received.

We will submit the final Intended Use Plan to the U.S. Environmental Protection Agency (EPA) as part of the DWSRF state capitalization grant application. The Final Intended Use Plan contains a Final Prioritized Project List. We will present this list to the Public Works Board for approval. The Public Works Board, in consultation with Department of Health, may elect to bypass (remove from funding consideration) eligible projects based on the results of the financial review, readiness-to-proceed review, and special requirements and provisions of the American Recovery and Reinvestment Act of 2009. (This includes the requirement to allocate at least 20 percent of funds to water efficiency projects, and the goal of allocating at least 50 percent of funds to projects that can begin construction by June 2009). If an applicant does not agree with the final funding list, they can request a Board review. The Board must receive written requests for a review two weeks prior to a meeting. The Board's meeting schedule is online at <<http://www.pwb.wa.gov/>>. The Board's decision after this review is final.

# **Project Implementation**

## **Your DWSRF Funding Contract**

After the Board approves the final recommended funding list and EPA awards the capitalization grant, Board staff work with each applicant to prepare a DWSRF funding contract. After the applicant and the Board sign a DWSRF contract, the applicant becomes the borrower.

To finalize your contract, Public Works Board will mail you a draft scope of work based on your original application. You must return your final project scope of work to the Board within 30 days of the postmark date. The Board will then send you your contract. You must sign and return it within 30 days of the postmark date.

After you sign the loan contract, the Board will give you a contract manual and teach you how to comply with the contract requirements. You must have a signed contract before you begin construction. You must also have DOH approval to begin construction on your project.

To get DOH approval you must:

- Successfully complete the required environmental and cultural review.
- Get DOH approval of any required construction documents.

## **Environmental and Cultural Review**

Because DWSRF funds are federal, all funding recipients must complete an environmental and cultural review according to the State Environmental Review Process (SERP) and Section 106 of the National Historic Preservation Act. The environmental and cultural review process identifies and analyzes potential impacts of your project on environmental, cultural, archaeological, and historical resources.

If you want to use DWSRF funds, you can't move forward with construction of your project until the environmental and cultural review process is complete. If your project is receiving any state funding in addition to federal funding, you must follow the Section 106 Review (it takes precedence over Washington Governor's Executive Order O5-05 for cultural resources protection).

It is essential to coordinate your environmental and cultural review with DOH's Aleceia Tilley. She will help you complete the review and make the final determination about your project. If you begin this process before you receive DWSRF funding, it is your responsibility to contact DOH to make sure you are following the correct procedure. Otherwise, we will contact you after your contract is signed.

## **DWSRF Contract Requirements**

DOH and contracts staff will monitor each DWSRF contract for compliance. Borrowers must complete all funded projects promptly. To help ensure reasonable and timely project completion, accountability, and the proper use of funds, applicants must:

- Promptly submit any requested materials and documentation, according to any stated deadlines and schedules, during all phases of the application and contract process.
- You must issue a Notice to Proceed with construction within the timeframe stated in your signed contract, provided the environmental and cultural review is completed.
- Submit required project reports and construction documents to your DOH Regional Office.
- Get DOH project approval before you begin construction.

- Complete the environmental and cultural review process.
- Use a competitive bid process.
- Provide required quarterly project progress reports.
- If required in your contract, have an independent audit conducted and send the audit report to the Public Works Board within 60 days of project completion.
- Within 60 days of completing your project, have your project engineer complete a construction inspection and send the signed and stamped construction completion report to DOH. Construction completion report forms are online at <[http://www.doh.wa.gov/ehp/dw/forms/331-121\\_03-07.doc](http://www.doh.wa.gov/ehp/dw/forms/331-121_03-07.doc)>.

# APPENDIX A

## Project Scoring Procedures

We are using the following criteria to score all eligible applications. An application will receive points in only *one* Risk Category, and in only *one* Project Type.

<b>RISK CATEGORY 1</b>	
<b>The proposed project will eliminate Microbial Risk</b>	
<b>TYPE OF PROJECT</b>	<b>POINTS</b>
New Source	85
Source Reconstruction	80
Disinfection Improvements	75
Filtration	75
New Reservoir or Reservoir Improvements	65
Other	65 – 85
<b>BONUS POINTS</b>	
Compliance Status	0 / 20 / 35
Restructuring	unlimited
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
<b>COMPREHENSIVE PLANNING</b>	
Compliance with GMA	-1 / 0

### Examples of Microbial Risk:

- Disinfection projects
- Source projects, including source reconstruction and new sources that replace existing sources
- Covering, repairing, replacing, or other improvements to existing distribution reservoirs

<b>RISK CATEGORY 2</b>	
<b>The proposed project will eliminate Primary Inorganic Chemical Risk</b>	
<b>TYPE OF PROJECT</b>	<b>POINTS</b>
New Source	80
Source Reconstruction	75
Treatment	70
Other	70 - 80
<b>BONUS POINTS</b>	
Compliance Status	0 / 20 / 35
Restructuring	unlimited
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
<b>COMPREHENSIVE PLANNING</b>	
Compliance with GMA	-1 / 0

**Examples of Primary Inorganic Chemical Risk:**

- Antimony (Sb)
- Arsenic (As)
- Asbestos
- Barium (Ba)
- Beryllium (Be)
- Cadmium (Cd)
- Chromium (Cr)
- Copper (Cu)
- Cyanide (HCN)
- Fluoride (F) (exceedance of 4.0 mg/l MCL)
- Lead (Pb)
- Mercury (Hg)
- Nickel (Ni)
- Nitrate (as N)
- Nitrite (as N)
- Selenium (Se)
- Thallium (Tl)

<b>RISK CATEGORY 3</b>	
<b>The proposed project will eliminate Other Primary Chemical Risk</b>	
<b>TYPE OF PROJECT</b>	<b>POINTS</b>
New Source	70
Treatment	65
Other	65 – 70
<b>BONUS POINTS</b>	
Compliance Status	0 / 20 / 35
Restructuring	Unlimited
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
<b>COMPREHENSIVE PLANNING</b>	
Compliance with GMA	-1 / 0

**Examples of Other Primary Chemical Risk:**

- Trihalomethanes
- Radionuclides
- Organic chemicals

<b>RISK CATEGORY 4</b>	
<b>The proposed project will eliminate Secondary Chemical or Seawater Intrusion Risk</b>	
<b>TYPE OF PROJECT</b>	<b>POINTS</b>
New Source	50
Treatment	45
Other	45 - 50
<b>BONUS POINTS</b>	
Compliance Status	0 / 10 / 35
Restructuring	unlimited
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
<b>COMPREHENSIVE PLANNING</b>	
Compliance with GMA	-1 / 0

**Examples of Secondary Chemical / Sea Water Intrusion Risk:**

- |                                             |                 |
|---------------------------------------------|-----------------|
| • Chloride (Cl)                             | • Silver (Ag)   |
| • Fluoride (F) (exceedance of 2.0 mg/l MCL) | • Sodium (Na)   |
| • Iron (Fe)                                 | • Sulfate (SO4) |
| • Manganese (Mn)                            | • Zinc (Zn)     |

**RISK CATEGORY 5**

**The proposed project will provide Infrastructure Replacement or Other Distribution Improvements**

<b>TYPE OF PROJECT</b>	<b>POINTS</b>
Distribution Reservoir (new or additional)	30
Main / Distribution Improvements / Booster Pump / Seismic Improvements	25
Installation of Pressure Reduction Device (stand-alone project)	20
Installation of Backflow Prevention Device and/or service meters (stand-alone project)	15
Security Measures (stand-alone project)	10
Treatment Plant Discharge Improvements	5
Other (such as telemetry, additional source)	1 - 30
<b>BONUS POINTS</b>	
Compliance Status	0 / 10 / 35
Restructuring	unlimited
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
<b>COMPREHENSIVE PLANNING</b>	
Compliance with GMA	-1 / 0

**Examples:**

- Install source meters
- Install additional distribution reservoir
- Install treatment plant discharge improvements
- Install pressure reduction device(s)
- Install backflow prevention device(s)
- Security measures (cameras, fencing, lighting, lab equipment, chemical storage) not included
- as part of a category 1-4 project
- Replace infrastructure
- Other distribution improvements

## **More Scoring Information**

We rank the list from highest to lowest score, with microbial risk (Risk Category 1) rated highest and infrastructure replacement (Risk Category 5) rated lowest. We base the Risk Category on the primary risk the proposed project will address.

## **Compliance**

We award bonus points to projects that eliminate a compliance problem. We will review our records to determine whether a system is under an active enforcement action.

- We award the highest point value in each Risk Category to projects that address an active enforcement action (including DOH departmental order, penalty, or bilateral compliance agreement or federal administrative order or stipulated penalty).
- We award the middle point value in each Risk Category to projects that eliminate an existing or potential problem that would place the system out of compliance, or eliminate a red, yellow, or blue operating permit related to infrastructure (when the water system is not subject to an active enforcement action).

## **Affordability**

We award up to 10 bonus points if the applicant can demonstrate its water system rates are appropriate and support its financial viability. We calculate points during eligibility review using a formula that considers:

- Whether the system is located in a distressed county.
- The county's median household income.
- The system's water rates.

To apply for bonus points, submit documentation of your current annual water rates. You may use rates identified in a water system planning document or project report, or rates formally approved by the water system board or commission as documentation.

## **Service Meters**

For systems not fully metered, we will award two bonus points if the project includes metering all unmetered services.

## **Comprehensive Planning**

We will deduct one point if a jurisdiction that must plan under RCW 36.70A.040 (relative to the Growth Management Act) has not adopted a comprehensive plan and development regulations.

# APPENDIX B

## Source Documents and Useful Publications

### Useful Publications

Small Water System Management Program Guide, DOH Publication #331-134  
Public Works Board Drinking Water State Revolving Fund Loan Program Contract Manual

### Environmental Authorities

Archaeological & Historic Preservation Act of 1974, Pub. L. 86-523, as amended  
Clean Air Act, Pub. L. 84-159, as amended  
Coastal Barrier Resources Act, Pub. L. 92-583, as amended  
Endangered Species Act, Pub. L. 93-205, as amended  
Environmental Justice, Executive Order 12898  
Floodplain Management Executive Order 11934, as amended by Executive Order 12148  
Protection of Wetland, Executive Order 11990  
Farmland Protection Policy Act, Pub. L. 97-98  
Fish & Wildlife Coordination Act, Pub. L. 85-624, as amended  
National Historic Preservation Act of 1966, Pub. L. 89-665, as amended  
Safe Drinking Water Act, Pub. L. 93-523, as amended  
Wild & Scenic Rivers Act, Pub. L. 90-542, as amended

### Social Policy Authorities

Age Discrimination Act of 1975, Pub. L. 94-135  
Title VI of Civil Rights Act of 1964, Pub. L. 88-135  
Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)  
Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including executive Orders 11914 and 11250)  
Equal Employment Opportunity, Executive Order 11246  
Women's and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432  
Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590  
Anti-Lobbying Provision (40 CFR Part 30)—applies only to capitalization grant recipients

### Economic and Miscellaneous Authorities

Demonstration Cities & Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372  
Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans  
Uniform Relocation & real Property Acquisition Policies Act, Pub. L. 91-646, as amended  
Debarment & Suspension, Executive Order 12549

## **State Laws**

Chapter 36.70A RCW, GMA

Chapter 39.80 RCW, Contracts for Architectural & Engineering Services

Chapter 39.12 RCW, Prevailing Wages on Public Works

Chapter 43.20 RCW, State Board of Health

Chapter 43.70 RCW, Department of Health

Chapter 70.116 RCW, Public Water Systems Coordination Act of 1977

Chapter 70.119 RCW, Public Water Supply Systems Certification & Regulation of Operations

Chapter 70-119A RCW, Public Water Systems, Penalties & Compliance

Chapter 246-290 WAC, Group A Public Water Systems

Federal CFR Title 40 Part 131, [Federal National Primary Drinking Water Regulations]-Section  
Adopted by Reference

Chapter 246-291 WAC, Group B Public Water Systems

Chapter 246-292 WAC, Waterworks Operator Certification Regulations

Chapter 246-293 WAC, Water System Coordination Act

Chapter 246-294 WAC, Drinking Water Operating Permits

Chapter 246-295 WAC, Satellite System Management Agencies

Chapter 246-296 WAC, Drinking Water State Revolving Fund

Chapter 173-160 WAC, Minimum Standards for Construction & Maintenance of Wells

Title 173, Department of Ecology Rules

Archaeological and Cultural Resources, Governor's Executive Order 05-05

# APPENDIX C

## Washington State Employment Security Department

Labor Market and Economic Analysis



### Eighteen Counties on the Distressed Areas List for 2008

5/1/2008

The Distressed Areas List for 2008 identifies all counties with three year average unemployment rates equal to or greater than 120 percent of the statewide unemployment rate. All sixteen counties on last year's distressed list *remain* on this year's list. Clallam and Mason counties have been *added*, bringing the total up to eighteen counties on the current list.

### Three Year Average Unemployment Rates Used To Determine Distressed Areas <sup>1</sup>

	Three Year Average Unemployment Rate (Jan 2005-Dec 2007)	Distressed Area: Unemployment Rate Greater Than or Equal to
<b>Washington State</b>	<b>5.0</b>	<b>6.0</b>
Adams County	6.3	Adams
Asotin County	5.0	
Benton County	5.4	
Chelan County	5.3	
Clallam County	6.1	Clallam
Clark County	5.9	
Columbia County	7.6	Columbia
Cowlitz County	6.7	Cowlitz
Douglas County	5.0	
Ferry County	8.8	Ferry
Franklin County	6.8	Franklin
Garfield County	5.2	
Grant County	6.5	Grant
Grays Harbor County	7.2	Grays Harbor
Island County	5.3	
Jefferson County	5.1	
King County	4.1	
Kitsap County	4.7	
Kittitas County	5.3	
Klickitat County	7.2	Klickitat
Lewis County	7.2	Lewis
Lincoln County	5.6	
Mason County	6.0	Mason
Okanogan County	6.6	Okanogan
Pacific County	6.8	Pacific
Pend Oreille County	7.5	Pend Oreille
Pierce County	5.2	
San Juan County	3.9	
Skagit County	5.3	

Skamania County	7.1	Skamania
Snohomish County	4.5	
Spokane County	5.1	
Stevens County	7.3	Stevens
Thurston County	4.7	
Wahkiakum County	6.9	Wahkiakum
Walla Walla County	5.3	
Whatcom County	4.6	
Whitman County	4.0	
Yakima County	6.8	Yakima

<sup>1</sup> Prepared in cooperation with the Bureau of Labor Statistics.

Washington State Employment Security Department    *benchmark: March 2007*  
 Labor Market and Economic Analysis  
 April 29, 2008

## For more information

### **2009 economic recovery funding process for drinking water systems, the Drinking Water State Revolving Program**

Department of Health

Office of Drinking Water

PO Box 47822

Olympia, WA 98504-7822

Phone

(360) 236-3116 or (800) 521-0323

FAX

(360) 236-2252

E-MAIL

kitty.weisman@doh.wa.gov

Website: <[http://www.doh.wa.gov/ehp/dw/our\\_main\\_pages/dwsrf.htm](http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm)>

### **Required environmental and cultural review process (State Environmental Review Process and Section 106 of the National Historic Preservation Act)**

Department of Health

Office of Drinking Water

PO Box 47822

Olympia, WA 98504-7822

Phone

(360) 236-3095 or (800) 521-0323

FAX

(360) 236-2252

E-MAIL

aleceia.tilley@doh.wa.gov

### **Project scope of work, regulatory requirements, project reports, construction documents, or planning requirements**

Northwest Regional Office

20435 72nd Ave. S., Suite 200

Kent, WA 98032

(253) 395-6750

Southwest Regional Office

PO Box 47823

Olympia, WA 98504-7823

(360) 236-3030

Eastern Regional Office

23403 E. Mission Ave., Suite 114

Liberty Lake, WA 99019

(509) 456-3115

### **Financial and readiness-to-proceed review or DWSRF contracts**

Public Works Board

PO Box 48319

Olympia, WA 98504-8319

Phone

(360) 586-4122

E-mail

christina.gagnon@pwb.wa.gov

Website

<<http://www.pwb.wa.gov>>

### **Free Technical Assistance for Small Water Systems**

Evergreen Rural Water of Washington

(800) 272-5981

Website: <<http://www.erwow.org>>

Rural Community Assistance Corporation

(509) 927-6748

Website: <<http://www.rcac.org>>

### **Information about Grants and Loans**

Call Kitty Weisman at (360) 236-3116 or use the Infrastructure Assistance Coordination Council's free funding database at <<http://www.infracfunding.wa.gov/>>

The Department of Health is an equal opportunity agency. For persons with disabilities, this document is available on request in other formats. To submit a request, please call 1-800-525-0127 (TTY 1-800-833-6388). For additional copies of this publication, call 1-800-521-0323. This and other publications are available at <<http://www.doh.wa.gov/ehp/dw/>>