



DRINKING WATER  
STATE REVOLVING FUND (DWSRF)  
Office of Drinking Water

# DWSRF Funding Brief Update and Disadvantaged Community Definition

DWAG June 5

2023

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DWSRF Program

# Learning Expectations

- Put questions in the chat
- There will be future trainings that cover funding in more detail and funding cycle specifics.
- Open discussion about disadvantaged communities
- Current information about our program is located at [www.doh.wa.gov/DWSRF](http://www.doh.wa.gov/DWSRF) - we regularly update the webpage.

# Agenda

- Organization
- Intended Use Plans
- Funding Available
- Funding Cycles
- Disadvantaged Communities proposed definition discussion

# DWSRF Organization

Mike Means  
*Capacity Development & Policy Manager*

Vacant  
*Program Manager*

Jocelyne Gray  
*Environmental  
Engineer*

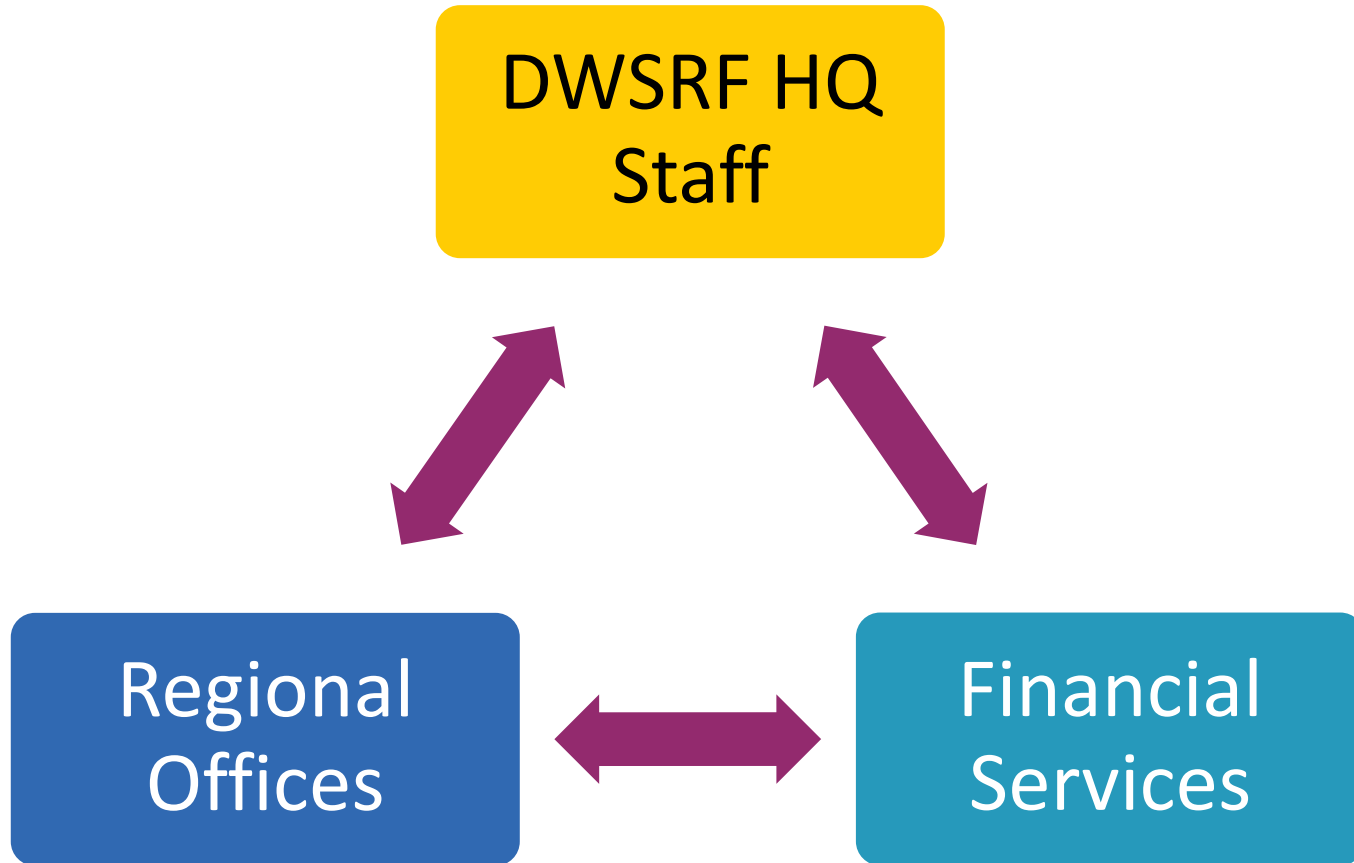
Sara  
Herrera  
*Program  
Assistant*

Scott Kugel  
*Cultural and  
Environmental  
Program  
Specialist*

Vacant  
*Public  
Health  
Advisor*

Vacant  
*Public  
Health  
Advisor*  
Non-Perm

# Drinking Water State Revolving Fund Team



# Regional Offices

**CALL YOUR REGIONAL PLANNER!**

## Eastern

Jamie  
Clark

Brenda  
Smits

## Northwest

Jennifer  
Kropack

Richard  
Rodriguez

## Southwest

Andy  
Anderson

# Intended Use Plans (IUP)

- Describes how we plan to use our funding for July 1, 2022 through June 30, 2023
- Required to be published for public comment – **due June 26, 2023** – submit comments to [DWSRF@doh.wa.gov](mailto:DWSRF@doh.wa.gov)
- Required for ODW to apply for funding from EPA
- Two IUPs this year – one that covers standard DWSRF base funding, Bipartisan Infrastructure Law (BIL) funding for stimulus and emerging contaminants, and consolidation feasibility study funding – one for BIL lead service line funding.
- Identifies who received funding, who received subsidy, and who was not funded or withdrew their application.
- Draft IUPs are published on our webpage [doh.wa.gov/dwsrf](https://doh.wa.gov/dwsrf).



# Available Funding

**LOTS OF MONEY\*  
AVAILABLE!!!**

**PLANNING  
AND  
ENGINEERING  
LOANS**

**CONSOLIDATION  
FEASIBILITY  
STUDY GRANTS**

## **CONSTRUCTION LOANS**

*POTENTIAL UP TO 100 PERCENT LOAN PRINCIPAL  
FORGIVENESS*

- DWSRF REPAYMENTS
- DWSRF BASE
- BIPARTISAN INFRASTRUCTURE LAW STIMULUS
- BIPARTISAN INFRASTRUCTURE LAW EMERGING CONTAMINANTS
- BIPARTISAN INFRASTRUCTURE LAW LEAD SERVICE LINE

\*for construction

# Planning and Engineering Loan

\$500,000 Max  
Award Per  
Jurisdiction

Year Round

2%  
Service  
Fee

Complete in  
2 Years

0%  
Interest

10 Year  
Loan  
Term

\$3 Million Total  
Every July

From Loan  
Repayments

# Planning and Engineering Loan

## ● Eligible Projects:

- Water System Plan or Small Water System Management Program
- Consolidation Feasibility Studies
- Value Planning
- Project Reports
- Alternative Analysis
- Construction Drawings
- Cultural and Historical Reviews
- Permitting
- SEPA/NEPA
- Well Siting
- Pilot Studies

# Construction Loan

Max Award To  
Be Determined

OCTOBER &  
NOVEMBER

2.25%  
Interest

1%  
Service  
Fee

Notice to Proceed  
in 18 Months

Complete in 4  
Years

20 Year  
Loan  
Term

Up to 100%  
Loan  
Principal  
Forgiveness

# Construction Loan

- Water main relocation or replacement that coincides with another infrastructure project.
- Consolidation projects – must change ownership!
- Emerging Contaminants – all principal forgiveness
  - 25 percent to DAC or small communities serving less than 25,000 people
  - Prioritize PFAS
  - Other potential contaminants – cyanotoxins and manganese above the EPA Health Advisory

# Lead Service Line Loans

- 49 percent must go to DACs as loan principal forgiveness
- Up to 100 percent loan principal forgiveness for DAC
- Lead Service Line Inventory Loans
  - First come, first served
- Lead Service Line Replacement Loans
  - Must replace entire service line – public and private sides
  - Scored

# Lead Service Line Inventory Loan

No Maximum

\$23 Million  
in the Pot

Complete in 2  
Years

0%  
Interest

10 Year  
Loan  
Term

OCTOBER &  
NOVEMBER

2%  
Service  
Fee

Up to 100%  
Loan  
Principal  
Forgiveness

# Lead Service Line Replacement Loan

No Maximum

OCTOBER &  
NOVEMBER

2.25%  
Interest

1%  
Service  
Fee

\$23 Million  
in the Pot

Complete in 2  
Years

20 Year  
Loan  
Term

Up to 100%  
Loan  
Principal  
Forgiveness



# Construction Loan

## ● Eligible Applicants:

- Group A community systems.
- Group A nonprofit noncommunity systems.
- Group B systems converting to Group A due to a consolidation project.
- Tribal systems not receiving SRF tribal set asides.

## ● Ineligible Applicants:

- Group B systems **not** converting to Group A.
- Group A noncommunity, for-profit systems.
- Federal and state-owned systems.

# Identified as Ineligible

Fees Owed to  
DOH

Lack Site  
Control

NO  
Planning  
Document

Audit Finding

Lack of  
Water Rights

Project NOT  
in Planning  
Document\*

No Dedicated  
Fund for  
Loan Payback

\*exception for lead  
service line replacement

# Construction Loan

## Eligible Projects:

- Projects that address a public health risk.
- Projects that upgrade deteriorated facilities.

## Ineligible Projects:

- Operations and maintenance.
- Future growth or fire flow.
- No construction component.
- Service meters only.



# Consolidation Feasibility Study Grant

\$50,000 Max  
Award per  
Project

August

Feasibility Study  
Planning Document  
Engineering Design

Complete in  
2 Years

Grant!

Paid by Loan  
Service Fees  
& Set-asides

**No  
Ground-  
breaking  
Activities!**

# Consolidation Feasibility Study Grant

- Funding for an established Group A community water system to consolidate a Group A, Group B, or properties served by private wells.
- Applicant must own a Group A system for at least 5 years and be in good standing with ODW.
- Funding available for connection fee only projects

Group A Community  
Not-For-Profits, Municipal, Public Utility  
District, or Water District Applicants ONLY

# Emergency Loan

\$500,000 Max  
Award Per  
Jurisdiction

Year Round

2%  
Service  
Fee

Complete in  
2 Years

0%  
Interest

10 Year  
Loan  
Term

\$5 Million Total  
Every July

From Loan  
Repayments

# Emergency Loan

- Group A water systems serving less than 10,000 people are eligible to apply
- Receivers of water systems serving less than 10,000 people are eligible to apply
- Water system, county, state, or federal government must issue an emergency declaration
- Must be a construction project
- Emergency caused by natural disaster or other event NOT due to deferred maintenance
- No loan principal forgiveness

Group A  
Not-For-Profits  
Applicants ONLY

# Discussion


Disadvantaged Community Definition and  
Proposed Changes to Chapter [246-296 WAC](#)



# Rulemaking Process

- Filed CR-101 announcing we will go through the [rulemaking process, WSR 23-11-003](#)
- Environmental Justice Team and ODW Leadership drafted the proposed language
- Discussions with water systems, associations, and impacted communities this summer
- Feedback will inform development of emergency rule for the 2023 Construction Loan Cycle
- Continue the rulemaking process through winter 2023 and into 2024.
- File CR102 late spring or early summer for formal public comments
- Final rule adopted by August 2024 for the 2024 Construction Loan Cycle

**Question 1: Do you think your water system is disadvantaged?**



# Current Definitions in [WAC 246-296-020](#)

- (1) "**Affordability**" means a community's ability, on a per household basis, to pay for rate increases that result from a DWSRF loan project.
- (9) "**Disadvantaged community**" means the service area of a proposed project within a public water system where the project will result in:
  - (a) Water rates that are more than one and one-half percent of the MHI of the service area; or
  - (b) Restructuring, when one or more public water systems are having financial difficulties.

# Current Definitions in WAC 246-296-020

- (23) "**MHI (median household income)**" means the midpoint or the average of two midpoints in the range of household incomes in the project's service area. The median divides the list of households in a service area into two parts; half of the households exceed the median, and half of the households are below the median.

# Current Definitions in WAC 246-296-020

- (35) "**Restructuring**" means changing public water system ownership including, but not limited to:
  - (a) Consolidation of two or more existing public water systems into a single public water system;
  - (b) Transfer of ownership; or
  - (c) Receivership.

# Proposed Disadvantaged Community Definition

## Metrics to be Considered

- Water system is owned and operated by a [federally recognized tribe](#) that serves residential connections
- Percent of people living at or below 300 percent of the [federal poverty level](#)
- Socioeconomic determinants ranking
- Household composition and disability ranking
- Affordability calculation based on total water rates (drinking water, sewer or septic, and storm water) and [Median household income \(MHI\)](#)

# Socioeconomic Determinants

## ○ Washington Tracking Network map

- Select "Social Vulnerability Index"
- Select " Socioeconomic Determinants"
  - Median Household Income
  - Percent Population with No High School Diploma
  - Percent Populations Age 19 to 64 with No Health Insurance
  - Percent Population Living in Poverty
  - Percent Unemployment

# Household Composition and Disability

## ○ Washington Tracking Network map

- Select "Social Vulnerability Index"
- Select "Household Composition & Disability"
  - Percent of Households Age 65 and Older
  - Percent of Households Under Age 18
  - Percent of Households with a Disability
  - Percent of Household with a Single Parent



# Proposed WAC 246-296-020 Language

(9) Disadvantaged community means the service area containing a proposed project within a public water system

(a) Is a water system that is owned and operated by a federally recognized tribe and serves tribal residential connections.

(b) That scores a five or above using a community impact score. The criteria used is the scoring is based on:

- (i) The Washington State Environmental Health Disparities Map Socioeconomic Determinants;
- (ii) The Washington State Environmental Health Disparities Map Household Composition and Disability Ranking;
- (iii) Percent of population served by the water system below 300 percent of the Federal Poverty Level;
- (iv) Percent of annual combined water, wastewater, and stormwater charges to the median household income of the service area.

# Socioeconomic Determinants Rank Scoring

## Socioeconomic Determinants Rank on the Department of Health's Environmental Health Disparities Map

Rank	Possible Scores	Awarded Score
Rank 9 or 10	5	
Rank 7 or 8	4	
Rank 5 or 6	3	
Rank 3 or 4	1	
Rank 1 or 2	0	

# Household Composition & Disability Rank Scoring

Household Composition and Disability Rank on the Department of Health's Environmental Health Disparities Map		
Rank	Possible Scores	Awarded Score
Rank 9 or 10	5	
Rank 7 or 8	4	
Rank 5 or 6	3	
Rank 3 or 4	1	
Rank 1 or 2	0	

# Rates to Median Household Income Scoring

## Average Annual Combined Water, Wastewater and/or Stormwater User Charge as a Percentage of the Local or Service Area Annual Median Household Income

Percent	Possible Scores	Awarded Score
Greater Than 2.5	5	
2.0 to 2.5	4	
1.5 to 1.9	3	
1.0 to 1.4	2	
0.5 to 0.9	1	

# Percent Living in Poverty Scoring

## Percent of People Living Below 300 Percent of the Federal Poverty Level

Percent	Possible Scores	Awarded Score
Greater Than 50	5	
40 to 50	4	
30 to 39	3	
20 to 29	2	
10 to 19	1	

**Question 2: What other metrics should we consider?**

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**Question 3: Do you think your water system is disadvantaged under the proposed metrics?**

# Discussion



# Take Aways

- Record breaking dollars available for next four years.
- Use the Planning and Engineering Loan to get ready for construction.
- Contact your regional planner about your planning document to be eligible for construction funding.
- Comment on the proposed Disadvantaged Community definition and other proposed changes to 246-296 WAC

# Contacts

## Rulemaking

[Mike.Means@doh.wa.gov](mailto:Mike.Means@doh.wa.gov) or (360) 236-3178

[Nina.Helpling@doh.wa.gov](mailto:Nina.Helpling@doh.wa.gov) or (360) 236-3065

## Intended Use Plans

Send comments to [DWSRF@doh.wa.gov](mailto:DWSRF@doh.wa.gov)

## Scope of Work and Funding Cycles

[Jocelyne.Gray@doh.wa.gov](mailto:Jocelyne.Gray@doh.wa.gov) or (564) 669-4893

## WALT Application and General Questions

Sara Herrera at [DWSRF@doh.wa.gov](mailto:DWSRF@doh.wa.gov) or (360) 236-3089

## Cultural and Environmental Review

[Scott.Kugel@doh.wa.gov](mailto:Scott.Kugel@doh.wa.gov) or (360) 480-7617

## Underwriting and For-Profit Eligibility

[Mike.Copeland@doh.wa.gov](mailto:Mike.Copeland@doh.wa.gov) or (360) 236-3083

# Questions?

