City of Walla Walla UV Reactors
Office of Drinking Water Contacts

Drinking Water State Revolving Fund Loan Program
Department of Health, Office of Drinking Water
PO Box 47822
Olympia, WA 98504-7822

Phone: 360-236-3100 or 800-521-0323
Fax: 360-236-2252
Email: dwsrf@doh.wa.gov
Website: doh.wa.gov/DWSRF

<table>
<thead>
<tr>
<th>If you have questions about</th>
<th>Contact</th>
<th>Phone (360 area code)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application and general questions</td>
<td>Sara J. Herrera</td>
<td>236-3089</td>
</tr>
<tr>
<td>Cultural/environmental review</td>
<td>Janet Cherry</td>
<td>236-3153</td>
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<tr>
<td>Scope of work or eligibility</td>
<td>Janet Cherry</td>
<td>236-3153</td>
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<td>Underwriting</td>
<td>Mike Copeland</td>
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<td>Contracting</td>
<td>Eloise Rudolph</td>
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<tr>
<td>Contracting</td>
<td>Dennis Hewitt</td>
<td>236-3017</td>
</tr>
</tbody>
</table>

If you have questions on regulatory requirements, project reports, construction documents, or planning requirements, please contact the appropriate Office of Drinking Water (ODW) regional office.

Northwest Regional Office
20425 72nd Ave. S., Suite 310
Kent, WA 98032
253-395-6750

Southwest Regional Office
111 Israel Road SE
Tumwater, WA 98501
360-236-3030

Eastern Regional Office
16201 E. Indiana Ave. Suite 1500
Spokane Valley, WA 99216
509-329-2100

Technical Assistance Contacts for Small Water Systems

Evergreen Rural Water of Washington
360-462-9287
www.erwow.org

Rural Community Assistance Corporation (RCAC)
360-836-5424
www.rcac.org

To receive additional information about other grants and loans that may be available to you, visit the Infrastructure Assistance Coordination Council’s webpage at infrafunding.wa.gov.
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If you need this publication in an alternative format, call 800.525.0127 (TDD/TTY call 711). This and other publications are available at doh.wa.gov/drinkingwater.
Program Description and Goals

These guidelines define the application requirements and review process for the 2019 Drinking Water State Revolving Fund (DWSRF) Loan Program. Congress created the DWSRF Loan Program in 1996, when it reauthorized the Safe Drinking Water Act (SDWA). Each year through this program, the U.S. Environmental Protection Agency (EPA) awards a capitalization grant to Washington and other states for:

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

The Washington State Legislature passed laws to create a DWSRF Loan Program consistent with federal law. Loan repayments, loan interest, and state match funds 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 State. Municipal water systems are “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 Loan Program goals are:

- 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 by ensuring safe and reliable drinking water.

Important things to note in the DWSRF 2019 loan cycle:

- Approximately $20 million is available for award, with a maximum award of $3 million per project.
- Approximately $1.5 million of grant funding is available for consolidation projects. Additional money may be available from EPA for consolidation projects.
- Approximately $3 million will be reserved for water main replacement projects that need to coincide with a transportation improvement project or fish passage project.
- All funded applicants will be required to develop an asset management program and additional funding will be awarded to facilitate this effort.
- Applicants are to submit applications through our new online system. The application worksheet and EZ-1 Form are available at doh.wa.gov/DWSRF. Applications are due by November 30, 2019.
- Replacement of lead service lines and lead components is eligible for funding.
- Projects addressing contaminants listed in an EPA Health Advisory publication are eligible (such as PFOS and PFOA). For more information on EPA Health Advisory contaminants, visit epa.gov/dwstandardsregulations/drinking-water-contaminant-human-health-effects-information.
- The Department of Health (DOH) Office of Drinking Water (ODW) will administer the DWSRF loan contracts.
- If you don’t complete your construction competitive bid process within 18 months of contract execution, your funding may be withdrawn.
- We modified the Application Scoring and Readiness to Proceed points. See Appendix A.
Congress passed a law January 17, 2014, that requires water systems to use U.S. steel and iron products for projects funded in part or in full by a DWSRF loan. The requirement applies to loan agreements signed on or after January 17, 2014. For more information, refer to Appendix D.

Before You Apply

Planning Documents
All applicants must have an approved Water System Plan (WSP), a Small Water System Management Program (SWSMP), or plan amendment containing your DWSRF project by November 30, 2019. Planning documents are one measure used to assess the financial, managerial, and technical capacity of a water system. Please contact your ODW regional office if you have questions concerning your planning documents.

Privately Owned Water Systems
Privately owned water systems with funding requests under $100,000 should contact DWSRF program staff (listed at the beginning of this document) to discuss your funding needs before submitting an application.

Pre-contract Requirements
You must complete the following steps prior to receiving a DWSRF contract.

- **Step 1: Data Universal Numbering System (D-U-N-S).**
  Borrowers must have a Data Universal Numbering System (D-U-N-S) number, which is a unique nine-character identification number provided by Dun & Bradstreet. Organizations may access the form at fedgov.dnb.com/webform if they do not have a D-U-N-S Number. Internet requests are fulfilled within 24 hours. Once issued, a D-U-N-S Number should be available for use in the System for Awards Management (SAM) within 48 hours.

- **Step 2: Valid Registration with System for Awards Management (SAM).**
  Borrowers must have a valid entity registration with SAM. SAM is a federally owned and operated free website that consolidates the federal procurement systems and the Catalog of Federal Domestic Assistance (CFDA) into one system. SAM now includes the functionality of the Central Contractor Registry (CCR).

  Entity registration must be updated or renewed at least once a year or it will expire. Visit sam.gov/portal/SAM to see if you are already registered. You do not need a user account to search, just type your entity name or D-U-N-S number into the search box.

  If you are not registered, you must first create a user account and register at sam.gov/portal/SAM. You will need your D-U-N-S Number to complete your registration. If you need help, the Federal Service Desk at fsd.gov can help you navigate the system and support your SAM registration.

- **Step 3: Statewide Vendor Number.**
  Borrowers must establish a Statewide Vendor (SWV) number through the Department of Enterprise Services (DES) and submit it to DOH. The Statewide Payee Desk maintains a central
file that all Washington State agencies use to process payments to individuals and businesses. Contact DES at 360-407-8180, payeehelpdesk@des.wa.gov, or obtain the required forms at des.wa.gov/services/ContractingPurchasing.Business/VendorPay/Pages/default.

- **Step 4: Check for Federal Exclusion.**
  Before DOH awards a contract to borrowers, we verify that borrowers are not in the Federal Excluded Parties List System (EPLS) for ineligible professionals and debarred contractors at sam.gov/portal/SAM. We document that the borrower does not appear in the EPLS by keeping a printout in the borrower’s loan file. Borrowers must verify contractor or subcontractor eligibility through SAM and document it in the file.

**Funding Schedule**

- You will find a link to our September 18 informational webinar on the [DWSRF webpage](https://doh.wa.gov/DWSRF).
- The 2019 DWSRF construction loan application cycle opens October 1, 2019.
- You will find a link to our November 6 question and answer webinar on the [DWSRF webpage](https://doh.wa.gov/DWSRF).
- Application deadline: November 30, 2019.
- We will review, score, and rank applications, and then publish a draft funding list in early 2019.
- DWSRF scopes of work will be finalized in spring of 2020.
- We will execute contracts after the final scope of work is accepted and no earlier than July 1, 2020.
- Borrowers will have 60 days to sign and return contracts. If the borrower doesn’t sign and return the contract in 60 days, we may withdraw the funding offer.

**DWSRF Application Process**

We will accept applications this year through our new online Washington Loan and Grant Tracking (WALT) system. You can get an application worksheet, guidelines for WALT, and an EZ-1 Form at doh.wa.gov/DWSRF. WALT will accept applications until 11:59 p.m. on the deadline date of November 30, 2019. You must attach the EZ-1 Form¹ to your application.

DWSRF staff will be available to assist you with your application at the Infrastructure Assistance Coordinating Council (IACC) Conference in Wenatchee on October 22, 23, and 24, 2019.

**The DWSRF Funding Process**

- We will only consider completed loan applications.
- Upon receipt, DWSRF staff will verify completeness. If we need additional information, we will email you. You will have 14 calendar days from the date of the email to provide any missing application materials. If you do not respond within the 14-day timeframe, we will consider your application incomplete.
- To qualify for a loan, the water system must be financially viable and able to repay the loan. This assessment is based on financial information the applicant provides as part of the application.
- DOH will execute all contracts.

¹ Available at doh.wa.gov/DWSRF.
We will provide an overview of the DWSRF contract requirements.

- A nonrefundable 1.5 percent loan origination fee is assessed at contract execution. If you receive subsidy, there is no loan origination fee.
- Eligible preconstruction project costs may be eligible for reimbursement after a DWSRF contract is executed. Any work completed prior to contract execution is done at the water system’s risk.
- Construction work cannot start until the water system successfully completes both the environmental and cultural reviews.
- The borrower must receive DOH approval of the project report and related construction documents. The project cannot start construction until the borrower receives DOH approval based on its review of the 100 percent design plans and specifications to be used for bidding purposes.
- DOH will retain 10 percent of your contract amount until you officially close out the project. After your project closes out, we will release the retained 10 percent.
- Projects must complete the construction competitive bid process within 18 months of contract execution.
- The basic interest rate for DWSRF is 2.25 percent. If your contract includes the basic interest rate and the project is completed within 24 months of contract execution, you will be eligible for a lower interest rate adjustment to 1.75 percent.
- You must complete your project within four years of signing a DWSRF contract.
- The loan repayment period is 20 years unless you receive subsidy. Disadvantaged communities can have up to 30 years to repay the loan. The useful life of the project must be equal to or greater than the loan repayment period. The minimum useful life of a project we will fund is ten years.
- Annual loan repayments start in October of the first year of loan execution. Borrowers will make loan repayments twice per year thereafter in April and October.
- A project will be closed out when we:
  - Determine cultural and environmental deliverables are met.
  - Receive an engineer-certified construction completion report.
  - Receive any required as-built drawings.
  - Receive the financial audit report (if required).

**Asset Management**

Asset management helps your water system maintain the desired level of service at the lowest life cycle cost. Water systems that take care of their assets are more likely to ensure safe and reliable drinking water for their customers. You can receive bonus points for attending an asset management training, for having an asset inventory, and determining criticality of your assets. To receive bonus points for your asset inventory, it must include the list of water system assets, age of assets, and expected life of the assets. You can receive an additional bonus point if you assign criticality to each of your assets. See Appendix G for an example asset inventory and information on criticality.

If you are awarded funding, but don’t have an asset management program, part of your scope will include development of an asset management program and additional funding (up to $40,000) will be provided for this effort.
**Subsidy**

The EPA requires DOH to award subsidy, or principal forgiveness, in an amount equal to at least 20 percent of the EPA capitalization grant award. Principal forgiveness is awarded based on the following criteria:

- Projects where the average monthly water rate with the loan will exceed 2.0 percent of the Median Household Income (MHI) for the service area (also known as the **affordability index**), may receive up to 30 percent principal forgiveness.
- Projects where the average monthly water rate with the loan will exceed 3.5 percent of the MHI for the service area, may receive up to 50 percent principal forgiveness.
- Projects that involve a consolidation or restructuring of another system, may receive up to 50 percent principal forgiveness. We will not award subsidy when the systems being consolidated are for-profit businesses.
- If subsidy funds are still available after awarding subsidy as described above, we may increase the subsidy award for eligible subsidy recipients based on the afore-mentioned criteria.
- We may also award up to 30 percent principal forgiveness to applicants with a debt service coverage ratio of less than 1:1.20 if additional subsidy award is available.

For kindergarten through grade 12 schools that own and operate a Group A water system, we will use the following information to determine subsidy.

- Up to 30 percent principal forgiveness awarded if 30 to 49 percent of the student population receive free and reduced lunch.
- Up to 50 percent principal forgiveness awarded if 50 percent or more of the student population receive free and reduced lunch.

Applicants can also receive a reduced interest rate of 1.75 percent if the affordability index is between 1.5 and 2.0 percent. For-profit systems are not eligible for subsidy.

**Not all systems that qualify for subsidy (principal forgiveness) and are on the eligible funding list will receive it. There is a set amount of subsidy available and we will award it based on project ranking.**

**Drinking Water System Repairs and Consolidation Funding**

The recently passed state budget included $1,500,000 for Drinking Water System Repairs and Consolidation (DWSRC) projects (formerly known as Water System Acquisition and Rehabilitation Program or WSARP). The jurisdiction receiving DWSRC funding for a consolidation, restructuring, or receivership project must be publicly owned (town, city, county, public utility district, or water district). Consolidation, restructuring, and receivership projects are eligible for DWSRC funding if the water system being consolidated, restructured or received under court order is a community Group A system serving fewer than 10,000 people or Group B system serving residences. In addition, the consolidated, restructured, or received system must become a community Group A system by the end of the project. The DWSRF program may also have additional grant funding (approximately $900,000) from EPA for consolidation projects. This funding is available through EPA’s Assistance for Small and Disadvantaged
Communities Drinking Water Grant. If additional grant dollars are available, the funding will be available to eligible projects using the same criteria as for DWSRC projects.

**How we will award DWSRC funding:**

- The project applicant and proposed project must meet all DWSRF eligibility criteria, such as, must have a current and approved planning document with the proposed project in the planning document.
- The funded project must be a construction project and be completed within three years of contract execution.
- The water system being consolidated or restructured must have transferred voluntarily within the last three years, or transfer of ownership must be completed by end of the funded project.
- Preconstruction costs (such as permitting, design, or legal costs) incurred prior to contract execution are eligible for reimbursement. Construction costs incurred prior to contract execution are not eligible for reimbursement.
- The system being consolidated, restructured, or received must demonstrate an economic need for the DWSRC funding based on its affordability index. (See table on page 12.)
- A receivership project must satisfy the terms of the court order (the applicant must submit the court order with the application).
- We will award funds based on the ranking of projects on the funded list.
- DWSRC funding may be used to satisfy the 50 percent principal forgiveness on consolidation, restructuring, and receivership projects if DWSRF subsidy is exhausted on projects ranking higher on the funded list.
- Projects may use a combination of DWSRC and DWSRF funding.
- If DWSRC funds are still available after awarding money based on the criteria in the following table, remaining DWSRC funds will be equally distributed among consolidation, restructuring, and receivership projects that are eligible for DWSRC funding until DWSRC funding is exhausted.
- The maximum DWSRC funding award for any consolidation, restructuring, or receivership project is $375,000.
- In the event EPA’s Assistance for Small and Disadvantaged Communities Drinking Water Grant dollars are available, the total grant project award will be 50 percent DWSRC grant dollars and 50 percent EPA grant dollars. For instance, if a project receives $375,000 DWSRC dollars, it could also receive up to $375,000 of EPA grant dollars for a total project grant award amount of $750,000.

There is a limited amount of DWSRC funding available and we will award it based on the ranking of the project. We may reconsider consolidation, restructuring, or receivership project applications not funded in the 2019 DWSRF Construction Loan cycle for funding if additional DWSRC funding is made available in 2020.
### Loan Terms for 2019

<table>
<thead>
<tr>
<th>Income Level of Households</th>
<th>Interest Rate and Forgiveness</th>
<th>Loan Fee</th>
<th>Loan and Fee Repayment Period</th>
<th>DWSRC and EPA Grant Funding for Consolidation, Restructuring, and Receivership Projects***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water system is not economically disadvantaged</td>
<td>2.25% interest on loan</td>
<td>1.5% at loan execution*</td>
<td>20 years or life of the project, whichever is less</td>
<td>$0</td>
</tr>
<tr>
<td>Water system with an affordability index between 1.5% and 2.0%</td>
<td>1.75% interest on loan</td>
<td>1.5% at loan execution*</td>
<td>20 years or life of the project, whichever is less</td>
<td>Up to $100,000</td>
</tr>
<tr>
<td>Water system with an affordability index between 2.01% and 3.5%</td>
<td>1.75% interest on loan, 30% principal forgiveness</td>
<td>**</td>
<td>20 years or life of the project, whichever is less</td>
<td>Up to $200,000</td>
</tr>
<tr>
<td>Water system with an affordability index of 3.51% or greater</td>
<td>1.75% interest on loan, 50% principal forgiveness</td>
<td>**</td>
<td>20 years or life of the project, whichever is less</td>
<td>Up to $375,000</td>
</tr>
<tr>
<td>Eligible restructuring, consolidation, and receivership projects</td>
<td>1.75% interest on loan, 50% principal forgiveness</td>
<td>**</td>
<td>20 years or life of the project, whichever is less</td>
<td>Depends on affordability index of system being consolidated or received as listed above</td>
</tr>
</tbody>
</table>

### Maximum Award

The maximum award (DWSRF loan plus DWSRC and EPA funding) to each water system/entity is $3,000,000. Multiple owners of one project (shared facilities) or projects that result in restructuring or consolidating two or more systems, may combine loan limits up to a maximum of $6,000,000.

### Loan Fees

*The loan fee is not subject to the loan limit. For example, if a project is budgeted at $3,000,000, the applicant can apply for a $3,045,000 loan—$3,000,000 for the project plus the $45,000 loan fee.

**Water systems receiving subsidy are not subject to loan fees.

***Consolidation, restructuring, and receivership projects qualify for DWSRF loan funding (with up to 50% principal forgiveness), DWSRC grant funding, and EPA’s Assistance for Small and Disadvantaged Communities Drinking Water Grant (if available). DWSRC and EPA grant funding is awarded based on the affordability index of the system being consolidated, restructured, or received.

Principal forgiveness, DWSRC grant funding, and EPA’s Assistance for Small and Disadvantaged Communities Drinking Water Grant funding are limited; all eligible projects may not receive principal forgiveness or grant funding.
**Principal Forgiveness**

Principal forgiveness (awarded as subsidy) means that you will not have to pay back a portion of the loan principal. If you qualify for principal forgiveness, you will still have to pay interest on the loan portion of your award, but no loan fee. To qualify for principal forgiveness, you must provide proof of water system income levels determined by one of the following, unless your project is an eligible consolidation, restructuring, or receivership project.

- The most recently conducted U.S. Census for your community, if available.

Submit the above information with your loan application. Contact Mike Copeland at 360-236-3083 or Mike.Copeland@doh.wa.gov with questions.

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**Water Main Replacement Projects that Coincide with a Transportation Improvement Project or Fish Passage Barrier Removal Project**

The DWSRF program has identified a new category of projects this year in order to assist jurisdictions with replacement of water mains that coincide with a transportation improvement project or a fish passage barrier removal project. Three million dollars have been allocated for these types of projects this year, with a maximum award per project of $1 million. In order to be eligible for this funding, the water system must meet all DWSRF eligibility criteria plus the following criteria.

- Be a Group A community not-for-profit water system, county, public utility district, or water district.
- Serve fewer than 20,000 people.
- Provide a letter from the jurisdiction (such as Department of Transportation or County Public Works Department) that has notified the water system regarding the impending project. For instance, a letter from Department of Transportation that states road resurfacing is scheduled for July 2022.

We will score and rank eligible projects using the criteria in Appendix A. If projects receive identical scores, we use the largest population served by the proposed project as a tiebreaker.

**Supplemental Financial Information**

DOH requires supplemental financial information for all water systems that request drinking water state revolving funds. You must provide all financial information requested in the application to be considered for funding.

**Investment Grade Efficiency Audit**

DWSRF projects must complete an Investment Grade Efficiency Audit (IGEA) if the IGEA is reasonably obtainable. This is an effort to apply energy efficiency to water systems, similar to the DOH Green Projects that started in 2009. The following must complete an IGEA as part of their loan agreement:

- Projects that serve more than 10,000 people on a regular basis.
- Projects that result in increased pumping requirements and/or are treatment plant projects.
You may finance your audit as part of your loan. Your power provider or an energy services company (ESCO) may prepare your audit. More information is available in Appendix E and on-line at doh.wa.gov/Portals/1/Documents/4200/IGEA.

**Eligibility Requirements**

**Eligible Applicants**

- Publicly or privately owned Group A community water systems. Homeowners’ associations must submit copies of their articles of incorporation.
- Transient or nontransient noncommunity public water systems owned by a nonprofit organization. Nonprofit noncommunity water systems must submit tax-exempt documentation.
- Tribally owned water systems. The water system must meet all capacity requirements and the proposed project may not receive Safe Drinking Water Act (SDWA) national set-aside funds.
- Group B or individual water supply systems that meet all of the following eligibility requirements.
  - 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 water system.
  - The project must fix existing public health problems that pose serious risks.
  - 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.

**Ineligible Applicants**

- Noncommunity public water systems owned by a for-profit organization.
- State or federally owned water systems. However, state and federally owned water systems may be part of a consolidation project.
- Systems lacking the technical, financial, and managerial capability to ensure compliance, financial health, and loan repayment.

**Project Eligibility Requirements**

- The system owner must have an approved and current Water System Plan that includes the proposed project or an approved Small Water System Management Program that includes the proposed project. The Water System Plan cannot expire on or before November 30, 2019.
- System owner must have water rights secured if the proposed project requires a water right, such as a new source.
- System owner must have control of the project site (signed easement, lease agreement, or proof of ownership) or an agreement that can be executed on receipt of funding.
- 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 and replacement. If your project has more than one focus, we may require you to resubmit each as a separate application. Contact DWSRF 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 federal or state drinking water regulations; or red, yellow, or blue operating permit related to infrastructure) unless the borrower is using other funding to address the issue.
- If distribution system leakage is over 30 percent, you may be asked to reevaluate your project.
- Applicants with an outstanding technical, managerial, or financial audit finding will not be eligible for a loan.

**Special Eligibility Requirements for Restructuring, Consolidation and Receivership Projects**

Only Group A community water systems are eligible to apply for DWSRF funding for restructuring and consolidation projects that involve a change of ownership. Costs associated with a consolidation or restructuring project will be eligible for principal forgiveness for up to five years after change of ownership occurs.

Restructuring and consolidation projects are those that will acquire other Group A or Group B public water systems that may have water quality problems, deteriorated infrastructure, or capacity issues. State or federally owned water systems can be part of a consolidation project. Subsidy will not be awarded for a consolidation or restructuring project if the project beneficiaries are noncommunity for-profit systems.

Additionally, applicants for a restructuring and consolidation project must demonstrate a record of sound drinking water utility management. They must:
- Own at least one Group A public water system.
- Have at least five years of experience as a Group A water system.
- Have an approved water system plan for the applicant system, or be an approved satellite management agency.
- Have no state or federal civil penalties in the past five years.
- Have received no unilateral enforcement orders from EPA or DOH in the past five years.
- Not have had a system’s operator license suspended or revoked in the past five years.
- Be current with DOH fee payment schedule.

We may consider other eligibility criteria on a case-by-case basis including operating permit history, prior contract performance, and history of audit findings.

For receivership projects, the proposed project must satisfy the terms of the court order and the borrower must submit a copy of the court order with the application.
**Water System Capacity Eligibility Requirements**

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

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

Attach a copy of the WSP or SWSMP approval letter with pertinent pages of the proposed project as part of the application.

Additional capacity requirements for the DWSRF Loan Program include:

- Demonstrating financial health and ability to repay the loan.
- Demonstrating the proposed project is ready to proceed.
- Providing all information as requested in the application.
- Applicants must not have any outstanding audit findings related to technical, managerial, or financial capacity.

**Source and Service Meter Eligibility Requirements**

Source and service meter installation is not an eligible stand-alone project. However, 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 also must have service meters on all existing connections or must include service meter installation as part of the proposed project. If requested, DOH may provide service meter exemptions to those that qualify (WAC 246-290-496).

**Preconstruction Eligibility Requirements**

If you receive a DWSRF loan, you may request reimbursement of preconstruction costs already incurred, if both of the following apply:

- The costs relate directly to the project.
- You have adequate documentation showing you previously paid for those costs.

Eligible preconstruction activities include:

- The SWSMP and WSP amendments (preparation and submittal costs).
- Design and engineering.
- Project report and construction documents.
- Environmental and cultural reviews.

**Construction Eligibility Requirements**

Construction may not start until the following occur:

- You sign your DWSRF contract and return it to us.
- You submit any required project report and construction documents to DOH and the regional engineer approves those documents.
- You follow the bid requirements detailed in publication [331-586 DWSRF Customer Handbook](https://example.com).
- You consult with DWSRF staff about your required environmental and cultural review, and you receive approval from the Cultural Resources Coordinator to begin construction.

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

**Phased or Staged Projects**

You will need to separate a complex project into stages or phases to accomplish your goals. We will require you to amend your application to address phasing or staging needs. We encourage you to discuss phasing or staging with your regional planner.

**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, asset management, design, legal, financial, environmental and cultural reviews, permitting, and surveying) directly related to an eligible capital construction project.
- Purchase costs for a publicly owned water system to acquire or restructure water systems. An asset management program is required to justify the cost for transfer of assets.
- Construction of infrastructure improvements:
  - New source.
  - Source reconstruction or upgrades.
  - Disinfection improvements or treatment.
  - Filtration and other treatment.
  - New finished reservoir or reservoir improvements.
  - Rehabilitation of finished water reservoir tank interior.
  - Clearwells.
  - Treatment plant discharge improvements.
  - Water main or distribution improvements, such as booster pump stations.
  - 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, consolidation, and receivership projects to take over noncompliant, failing, or struggling water systems.
  - Security measures, such as lighting, cameras, and fences, as a stand-alone project or as part of a larger project.
  - Resiliency projects, such as seismic upgrades, improvements to surface water intakes for drought or flood conditions, interties, or generators for main water supply.
  - Backflow prevention device as a stand-alone project. The backflow device must be on property the applicant owns. In addition, the applicant must own and operate the device.
  - Purchase and installation of source meters as part of an eligible project.
  - Purchase and installation of service meters as part of an eligible project.
Lead service line and lead gooseneck replacement. Replacement of lead service lines and goosenecks are eligible for funding. To be eligible the project must meet the following criteria:

- Water systems able to document the presence of lead service lines, goosenecks, and lead components will be classified as Risk Category 3.
- The water system must provide historic records that document service lines or goosenecks to be replaced are lead. Acceptable historic records include information on the age of the houses and high probability of lead service lines and goosenecks being present, line installation records, line repair information, and as-builts. Water systems identified in Appendix H are already deemed eligible based on past information water systems provided. All other water systems will need to provide adequate documentation with the application.
- Water systems replacing lead service lines or goosenecks along with other work, such as replacement of galvanized service lines (from main to the meter) and water mains, will qualify as Risk Category 3. All work performed within 500 feet of a removed and replaced lead service line or gooseneck is eligible for reimbursement.
- Project applications intended to replace only lead service lines and/or service lines with goosenecks (no water main replacement involved) are eligible if at least 50.1 percent of the total service line replacement costs (from main to the meter) are associated with lead service line or gooseneck removal and replacement.
- Temporary access and construction easements are required to allow the cultural review, environmental review, and construction activities to occur for replacement of lead service lines on private property. Permanent easements are not required for the new service lines. However, if the water system requires a permanent easement for the project, the costs associated with establishing the permanent easement are eligible for reimbursement.
- We will award principal forgiveness, or subsidy, based on the affordability index or debt service coverage ratio of the entire water system.

- 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.
- Predesign Engineering.
- Design engineering.
- Construction engineering.
- Acquiring land or rights of way.
- Purchasing meters.
- Line locating.
- Labor.
- Excavation.
- Disinfection and flushing of connections.
- Replacing or repairing mains damaged during meter installation.

- 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 WSP or SWSMP). Please note that if growth and expansion is the primary purpose of your project, your project is ineligible for funding.
- 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 not using the additional water production capacity for future growth, but needing 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 mapmaking.
  - Video and photography for project documentation.
  - Computer usage.
  - Vehicle and equipment rental costs.
  - Competitive bidding.
  - Audit costs.
  - Construction insurance costs (not liability insurance).
- Projects must include a 10 percent contingency of the construction costs. Contingency costs cannot exceed 20 percent of the construction costs.

**Ineligible Projects**
- Projects in which future population growth and water system expansion are the primary focus.
- Projects solely for preconstruction activities.
- Projects solely for studies or assessments.
- Point-of-use treatment devices for community systems and most noncommunity systems.
• Acquisition, construction, or rehabilitation of dams or raw water reservoirs.
• 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 water system that is being purchased through consolidation, restructuring, or receivership.
• Laboratory fees for monitoring.
• Operation and maintenance expenses.
• 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.
• Force account labor.

**Application Evaluation Process**

After we receive applications by November 30, 2019, we conduct an initial eligibility review that includes:

• Checking completeness of application, including requested documentation.
• Determining eligibility of applicant.
• Determining eligibility of proposed project.

If we determine applicants or projects are ineligible, we remove the applications from funding consideration and send a letter explaining the reason for the ineligibility determination. You may appeal an ineligibility decision using the appeal process described below.

**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 ten working days from the date on the disqualification notification letter to send an appeal letter to the Director of the 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.
Planning Requirement and Capacity Review
The DWSRF Loan Program requires your proposed project to be included in a current DOH-approved WSP or SWMSP. The WSP cannot expire on or before November 30, 2019. For more information about the water system planning requirement, contact your ODW regional office. We will also review the information provided in the application to determine whether the water system has adequate technical, managerial, and financial capacity.

Technical Evaluation (Scoring and Ranking)
After the eligibility screening, we will forward eligible applications to our regional staff. They will score and rank the applications using the scoring criteria 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.

Our scoring process gives funding priority to projects that address severe public health threats and compliance issues. A critical element of the application is the risk or problem the proposed project will eliminate. It is your responsibility to clearly document in the application any public health risks and compliance problems the project will address. We may not consider unclearly presented information during scoring and ranking.

Each project’s score depends on a variety of factors. The most important factor is the Risk Category, which is the public health risk the project will address. 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**: The proposed project eliminates a documented microbial contamination.
- **Risk Category 2**: The proposed project eliminates primary inorganic chemical contamination.
- **Risk Category 3**: The proposed project eliminates other primary chemical risk, addresses a sanitary survey significant deficiency, disinfection installation, lead component removal or replacement, receiverships, or EPA chemical Health Advisory (HA).
- **Risk Category 4**: The proposed project addresses a secondary MCL, resiliency, seawater intrusion risk, sanitary survey significant finding, 80 percent of nitrate or arsenic MCL, or a restructuring or consolidation project.
- **Risk Category 5**: The proposed project must include components for infrastructure sustainability.

We also award bonus points for:
- **Compliance**. The project meets documented compliance requirements.
- **Restructuring or consolidation benefit**. The project restructures (eliminates) one or more Group A or B system(s).
- **Regional benefit**. The project benefits more than one Group A water system.
- **Asset management**. The system has attended an asset management training, has an asset inventory, or has assigned criticality to assets.

After we score applications, we rank them from highest to lowest. If projects receive identical scores, we use the largest population served by the proposed projects as a tiebreaker.
Next, we prepare a draft ranked funding list. We distribute 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 don’t guarantee you will receive funding. We encourage applicants who don’t receive funding to reapply in the future or talk with us about other funding sources.

**Project Readiness to Proceed**

The DWSRF application includes a readiness to proceed component. See Appendix A for the points available.

**Financial and Capacity Review**

DWSRF staff does a financial review of each applicant/project within the funding range. If we ask you to provide additional information, you must respond within 14 calendar days. Otherwise, we may withdraw your project from funding consideration.

DWSRF staff will require nonmunicipal applicants to provide:
- Copies of the borrower’s tax returns for the past three years.
- Balance sheet statement for the past three years.
- Three professional or business references.

All applicants must provide the following information to be considered for funding:
- All technical, managerial, and financial information requested in the application.
- Copy of the meeting minutes where the board or council approved the water system to apply for a DWSRF loan.
- Documentation, such as meeting minutes, for existing water rates and information on proposed water rates with the DWSRF loan.

**Bypass Process**

*If we request additional information to process your application or contract, you must respond within 14 calendar days or we will bypass your project.*

If a DOH review demonstrates an applicant cannot repay a loan, or the project is not ready to proceed, we may bypass or remove the applicant or project from funding consideration. We will notify you if we bypass your project. If you don’t agree with the bypass determination, you may request a DOH review by the Office of Drinking Water Director.

If we bypass you, we will offer you technical assistance so you can reapply for funding in the future or identify other funding opportunities.

**Intended Use Plan**

Each year, the DWSRF Loan Program prepares the federally required draft [331-534 Intended Use Plan](#), which describes how we plan to use available DWSRF funds. We post the *Intended Use Plan* on the DWSRF webpage for public review.
We send emails to stakeholders to announce the availability of the *Intended Use Plan* for the 30-day public comment period. The announcement includes the date, time, and location for a public hearing. At the end of the public review and comment period, we hold a public hearing at our Tumwater Office. This site is certified as barrier-free according to the federal *Americans with Disabilities Act*.

After the 30-day public review and comment period, we finalize and submit the *Intended Use Plan* to EPA as part of the DWSRF state capitalization grant application package. The final *Intended Use Plan* contains a Final Prioritized Project List, which is published on our website in July 2019. If an applicant does not agree with the final funding list, they can request a review. Written requests for review must be received within two weeks of notification. DOH’s decision after this review is final.

**Project Implementation**

After DOH approves the final recommended funding list and EPA awards the capitalization grant, our staff will work with you to execute a contract. Contracts will be executed after we accept your scope of work, no earlier than July 1, 2020.

To finalize your contract, we will mail the contract to you; and you must sign the contract and return it to us within 60 days of the postmark date. You will receive training from DWSRF staff on how to comply with the contract requirements.

*You must have the following before beginning construction.*

Completion of the required environmental and cultural review (see below).

Written approval from your ODW regional engineer for any required project report and 100 percent design plans and specifications to be used for bidding purposes.

Bid specifications reviewed by DWSRF staff.

If you plan to use an alternative public works contract procedure, such as General Contractor/Construction Manager, you must contact the DWSRF Program for approval.

**Environmental and Cultural Reviews**

DOH is the primacy agency for the DWSRF Program. As such, we ensure projects comply with the State Environmental Review Process (SERP) and the National Historic Preservation Act (NHPA) requirements. Although environmental and cultural reviews are two distinct processes, we coordinate both reviews as much as possible.

*Please note:* Projects cannot move forward with any construction activities until both processes (environmental and cultural reviews) are complete and DOH issues a final completion letter. This includes any ground disturbing activities including geotechnical work and test wells. The DOH Cultural Resources Coordinator must approve any exceptions.

**Environmental Review**

The SERP is the EPA-approved environmental review process implemented in lieu of the federal National Environmental Policy Act (NEPA). The SERP review includes completing the Washington State
Environmental Policy Act (SEPA) process. Following is the environmental review process for DWSRF projects.

- The lead agency must make a SEPA determination and post it for public review and comment for no less than 14 days. Public comment may be posted to the SEPA register and the local newspaper serving the project area.
- The SEPA determination, supporting documentation, and proof of publication must be sent to the DOH Cultural Resources Coordinator.
- Environmental impact statements, prepared by the lead agency must be posted (WAC 197-11).
- If the lead agency has determined the project is SEPA-exempt, the exempt determination must complete a 30-day public comment period. The publication can run concurrent with the cultural review public comment period.
- Any comments received during a public comment period and subsequent responses the lead agency provides are to be provided to the DWSRF Program.

SERP identifies and analyzes potential impacts a project might have on the environment when the project will affect or is located near:

- Known habitat of endangered species.
- Contaminated soils.
- A body of water.
- Environmental sensitive area (e.g., wetlands, shorelines).
- Historic or culturally significant properties.

We encourage you to start on the project permit process, including the SEPA checklist, as soon as possible. NEPA may be substituted for SEPA. Contact the DOH Cultural Resources Coordinator for information on requirements and/or substitutions.

Nonmunicipalities should contact their county planning agency to review and approve SEPA documentation.

**Municipalities** receiving DWSRF funding that are considered a SEPA lead agency are required to submit all documentation (EIS, DNS, SEPA Exemption Notice, etc.) to DOH for approval. Water systems must complete a public comment period for all projects to be Categorically Exempted (state statute WAC 197-11-305(2) Categorical Exemptions do not pertain to federally funded projects).
<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit copies of determination, documentation, and proof</td>
<td>Borrower</td>
<td>As soon as possible</td>
</tr>
<tr>
<td>of publication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review determination, documentation, and proof of</td>
<td>DOH</td>
<td>Generally 15 days after receipt</td>
</tr>
<tr>
<td>publication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue completion notification concurrent with completion</td>
<td>DOH</td>
<td>15 days</td>
</tr>
<tr>
<td>of cultural review.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Cultural Review

All projects must complete the National Historic Preservation Act (NHPA) requirements. The cultural review must consider the effects of the project’s undertaking and potential impact on cultural resources. All projects must also have a DOH-approved inadvertent discovery plan in effect for all construction activities. Effects may occur when:

1. Ground disturbing activities occur in or near sensitive areas.
2. The undertaking will affect, or is located near:
   - Native American lands.
   - Historic structures.
   - Cultural resources.

A government-to-government relationship is an important part of the Section 106 cultural review process (36 CFR 800). Therefore, DOH:

- Is the lead for the cultural review to meet Section 106 of the NHPA and determines which consultation requirements apply to your project’s undertaking.
- Initiates the cultural review after the DWSRF final loan list is approved.
- Contacts the tribes, Washington State Department of Archaeology and Historic Preservation (DAHP), and other interested parties to begin consultation.

As part of the process, we may request supplementary information, such as construction drawings, plans, publications, or other previously approved compliance documentation. Active participation is essential for the processes to continue efficiently. Requested information not forwarded in a timely manner will delay the process.

If a Cultural Resources Survey is necessary, we will notify you as soon as possible. You are responsible for hiring a professional that meets the Secretary of Interior professional standards (36 CFR Part 61) to conduct the survey. Submit a draft survey to us for final approval. Surveys must meet the Department of Archaeology and Historic Preservation cultural resources reporting standards. After the survey is approved, we will provide instructions regarding final distribution to consulting parties. The archeological information is confidential and not for general distribution. Archaeological records are exempt from public disclosure requests (RCW 42.56.300).
For projects receiving additional state or federal funding, a more stringent cultural review process may be followed. You must notify us of any additional funding the project received, along with the necessary compliance documentation. We will coordinate with other identified funding agencies. Documentation more than five years old may not be valid.

### Cultural Review Timetable

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive notice of final approved DWSRF loan list</td>
<td>DOH</td>
<td>Starting Point</td>
</tr>
<tr>
<td>Evaluate project</td>
<td>DOH</td>
<td>Ongoing</td>
</tr>
<tr>
<td>• Research project area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Identify Area of Potential Effect (APE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make determination</td>
<td>DOH</td>
<td>Ongoing (1)</td>
</tr>
<tr>
<td>• “No Historic Properties Affected”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-OR-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• “Area of Potential Effect”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Complete survey and/or monitoring plan</td>
<td>DOH</td>
<td>3 to 6 months</td>
</tr>
<tr>
<td>2. Additional consultation with DAHP and tribes</td>
<td>Borrower DOH</td>
<td>6 to 18 months (2)</td>
</tr>
<tr>
<td>Consultation and agreement</td>
<td>DOH</td>
<td>30+ days</td>
</tr>
<tr>
<td>Public comment period</td>
<td>Borrower</td>
<td>30 days</td>
</tr>
<tr>
<td>• Publish final NHPA determination and Notice of Intent to Release Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue completion notification concurrent with completion of environmental review</td>
<td>DOH</td>
<td>15 days</td>
</tr>
</tbody>
</table>

**Note:** A revised project scope or other relative information may result in another review. The timeframe depends on the significance of cultural or historic resources in vicinity of the project area, potential effects to the resources, and time to reach agreement with consulting parties.

**To ensure your cultural review is not delayed:**

- The EZ-1 Form is available on our website.
- The EZ-1 Form must include a United States Geological Survey (USGS) quadrangle map (7.5-minute series) with your project clearly identified on the map (see below).
- Make sure your project location is clearly identified.
- Make sure your project description is detailed enough.
- Make sure the Township, Range, and Section information is correct.
Submitting the Project Review Sheet (EZ-1 Form) **only initiates** the cultural review. There are additional steps required. (See Appendix C.) The quad map required on the EZ-1 Form must clearly identify the project area. You must outline and label the entire project area. The following is an example.

![Quad map example](image)

You are required to confirm or update the EZ1 form after the project is approved for funding. Additional drawings and maps may be required to accurately reflect the project pictorially. We will identify the Area of Potential Effect (APE) based on the project’s undertaking.

We require additional information if any structures will be demolished or historic structures modified as a result of the project’s undertaking. We will evaluate these structures for eligibility for inclusion in the National Register based on the NHPA criteria identified in the Secretary of Interior’s standards for historic properties. We will inventory and evaluate all properties using the DAHP Historic Property Inventory procedures.

**Changes in the Scope of Work: Potential Second Reviews**

If a scope of work change includes any of the following, an additional environmental review and/or cultural review may be required.

- Increasing or changing the APE.
- Excavating at a deeper depth.
- Adding new elements to the project activities.
- Increasing the pipe size.

The borrower must contact and forward a revised EZ-1 Form to the DOH Cultural Resources Coordinator to initiate a re-evaluation of the environmental and cultural requirements. Construction activities for the revised scope of work are not allowed until we determine whether all elements of the environmental and cultural requirements for the proposed change are completed and a contract amendment has been fully executed.
**DWSRF Contract Requirements**

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

- Promptly submit requested materials and documentation, according to any stated deadlines and schedules, during all phases of the application and contract process.

- Issue a Notice to Proceed for construction within **18 months** of contract execution, provided the environmental and cultural reviews are completed.

- Submit required project reports and construction documents to the ODW regional office.

- Secure a DOH project report and construction document approval before you begin construction. Do not issue a Notice to Proceed to your contractor until we issue the approval to proceed with construction.

- Use a competitive bid process (described in the DWSRF Contract Handbook).

- Comply with the federal Davis-Bacon Act (pay prevailing wages). If you receive funding, we will provide information on how to comply.

- Comply with American Iron and Steel requirements. Refer to Appendix D for more information.

- Provide required quarterly project progress reports.

If required in your contract, have an independent audit conducted and send the audit report to DOH within 60 days of project completion.

Within 60 days of completing your project, have your project engineer fill out **331-121-F** *Construction Completion Report Form* and send it to DOH.

If an unforeseeable event during your contract causes delay in the construction of your project, we may offer to move your contract from the construction program into our preconstruction program, as funds allow. Please contact us as soon as possible if you think there may be a construction delay.

If scope changes cause a significant delay, DOH will reassess and possibly bypass the project.

If you plan to use an alternative public works contract procedure, such as a General Contractor/Construction Manager, you must contact the DWSRF Program for approval.

Make payments twice per year, starting the first October after loan execution.

Please refer to **331-586 DWSRF Customer Handbook** for more details.
APPENDIX A: Project Scoring Procedures

We score all eligible applications on Risk Category, readiness to proceed, as well as bonus points.

Risk Categories
DOH ranks 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.

An application receives points in only one Risk Category and in only one Project Type. We will fund all the projects possible until the funding source is exhausted.

<table>
<thead>
<tr>
<th>Risk Category 1</th>
<th>Type of Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>The proposed project will eliminate a documented microbial contamination</td>
<td>New Source</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Source reconstruction</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>Disinfection improvements</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>Filtration</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>New reservoir or reservoir improvements</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Treatment replacement</td>
<td>70</td>
</tr>
</tbody>
</table>

To receive a score in this Risk Category, your project must address a documented microbial contamination event or compliance problem associated with:

- Total Coliform Rule and Revised Total Coliform Rule.
- Surface Water Treatment Rules.
- Groundwater Rule.
- Uncovered finished water reservoirs.
- Exceeding EPA Health Advisory (HA) level for microbials and cyanotoxins. Per the current EPA HA, the identified cyanotoxins are microcystins (current level established at 0.3 micrograms per liter) and cylindrospermopsin (current level established at 0.7 micrograms per liter).

In addition, your project must be one of the following types:

- Disinfection or filtration projects to address the documented problem.
- Source reconstruction or replacement to address the documented problem.
- Reservoir replacement or new cover if finished water reservoir is currently uncovered.
- Reservoir, clearwell, or pipeline construction to satisfy a chlorine contact-time requirement.
Risk Category 2
The proposed project eliminates primary inorganic chemical contamination.

<table>
<thead>
<tr>
<th>Type of Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>New source, source reconstruction or treatment for nitrate</td>
<td>110</td>
</tr>
<tr>
<td>New source, source reconstruction or treatment for contaminants other than Nitrate</td>
<td>100</td>
</tr>
<tr>
<td>Treatment replacement</td>
<td>60</td>
</tr>
</tbody>
</table>

To receive a score in this Risk Category, your project must address compliance problems (MCL, TT, or Action Level) exceedances or violations associated with the following:

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

Risk Category 2 also includes the following:
- Corrosion control projects for lead and copper.
- Projects to address a combined concentration of PFOS, PFOA, PFHxS, PFNA, and PFHpA that exceeds 70 parts per trillion.

Risk Category 3
The proposed project eliminates other primary chemical risk, addresses a sanitary survey significant deficiency, disinfection installation, lead removal/replacement, receivership, or EPA chemical HAs

<table>
<thead>
<tr>
<th>Type of Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>New source</td>
<td>95</td>
</tr>
<tr>
<td>Treatment</td>
<td>90</td>
</tr>
<tr>
<td>Lead service line or gooseneck removal or replacement</td>
<td>90</td>
</tr>
<tr>
<td>Receivership</td>
<td>70</td>
</tr>
<tr>
<td>Other</td>
<td>65</td>
</tr>
<tr>
<td>Treatment replacement</td>
<td>50</td>
</tr>
</tbody>
</table>

To receive a score in Risk Category 3, your project must address compliance problems (MCL, TT, or Action Level), exceedances, or violations associated with the following:
- Disinfection by-products.
- Organic chemical.
- Radionuclides.
Other eligible projects in Risk Category 3 include:

- Addressing a significant deficiency identified during the most recent sanitary survey. The system must have received a compliance order for the significant deficiency.
- Installation of disinfection as required in WAC 246-290-451, if not captured in Risk Category 1.
- Addressing an exceedance of an EPA HA level established for chemical contaminants, such as manganese concentrations that exceed 0.3 milligrams per liter.
- Receiverships
- Lead service line and gooseneck replacement. Removal and replacement of lead service lines and lead goosenecks are eligible for funding in this category. The water system must provide historic records to document that the service lines or goosenecks to be replaced are lead. Acceptable historic records include information on the age of the houses and high probability of lead components being present, line installation records, line repair information, and as-builds. Water systems identified in Appendix H are already deemed eligible based on past information water systems provided; all other water systems will need to provide adequate documentation with the application. Water systems doing lead service line and lead gooseneck replacement along with other work, such as replacement of galvanized service lines and water mains, will be able to qualify as Risk 3 category:
  - All water main replacement, valves, hydrants, lead component removal and replacement, and service line replacement costs (from main to the meter) are eligible for funding if within 500 feet of a removed and replaced lead service line or gooseneck.
  - Project applications intended to replace only lead service lines or service lines with goosenecks (no water main replacement involved) are eligible if at least 50.1 percent of the total service line replacement costs (from main to the meter) are associated with lead service line or gooseneck removal and replacement. Under this scenario, up to 49.9 percent of the construction costs can be for service line replacement construction costs that did not include removal and replacement of a lead service line or lead gooseneck.

### Risk Category 4
The proposed project addresses secondary MCL, resiliency, seawater intrusion risk, sanitary survey significant finding, 80% of nitrate or arsenic MCL, or a restructuring or consolidation project

<table>
<thead>
<tr>
<th>Type of Project</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>New source or restructuring/consolidation</td>
<td>60</td>
</tr>
<tr>
<td>Treatment</td>
<td>55</td>
</tr>
<tr>
<td>Adds resiliency to system</td>
<td>50</td>
</tr>
<tr>
<td>Treatment replacement or other</td>
<td>45</td>
</tr>
</tbody>
</table>

To receive a score in Risk Category 4, your project must address compliance problems (MCL, TT, or Action Level), exceedances, or violations associated with the following:

<table>
<thead>
<tr>
<th>Substance</th>
<th>Substances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chloride (Cl)</td>
<td>Manganese (Mn)</td>
</tr>
<tr>
<td>Fluoride (F) (over 2.0 mg)</td>
<td>Silver (Ag)</td>
</tr>
<tr>
<td>Iron (Fe)</td>
<td>Sodium (Na)</td>
</tr>
<tr>
<td>Sulfate (SO4)</td>
<td>Zinc (Zn)</td>
</tr>
</tbody>
</table>
Projects that provide resiliency to the water system also qualify for Risk Category 4. Resilience refers to the ability of water infrastructure systems to withstand and recover from natural and man-made disturbances to their functioning. Resilience criteria for factors relating to project planning and design may address:

- Vulnerability of a water system to disruption of safe water delivery, whether natural or of human origin.
- Capability to recover from disruption of safe water delivery.
- A range of natural events capable of disruption, including flooding, long-term drought, and earthquakes.

Projects that qualify as providing system resiliency include (but are not limited to) adding a redundant source, modifying a surface water intake to operate under drought or flood conditions, seismic upgrades to finished water reservoirs or transmission mains, interties, or providing a generator at the main source. The proposed project needs to benefit the majority—51 percent or more—of the population the water system serves.

Other projects that qualify for Risk Category 4 include:

- Addressing seawater intrusion.
- Addressing a significant finding identified in the most recent sanitary survey. The system must have received a compliance order for the significant finding.
- Addressing a nitrate or arsenic issue. To qualify, the system must have entry point monitoring that documents the system exceeds 80 percent of the nitrate or arsenic MCL.
- Restructuring or consolidation project not captured in Risk Category 1, 2, or 3.

### Risk Category 5

| The proposed project must include components for infrastructure sustainability |
|-------------------------------------------------|-----------|
| **Type of Project**                             | **Points** |
| Treatment enhancement, new Source, or Source Rehabilitation | 40        |
| Distribution Reservoir (additional reservoirs, or replacement distribution) | 40        |
| Main/distribution improvements/booster pump | 35        |
| Cross-connection control—installation of backflow prevention assemblies (stand-alone project) | 30        |
| Installation of pressure reduction device (stand-alone project) | 25        |
| Security measures (stand-alone project) | 20        |
| Treatment plant discharge Improvements | 10        |
| Other (such as telemetry) | 10        |

**Examples of Risk Category 5**

- Treatment enhancement. For example, treatment installed to address taste and odor.
- Install an additional distribution reservoir.
- Install treatment plant discharge improvements.
- Install pressure reduction device(s).
- Install backflow prevention device(s). Device must be installed on property the water system owns and the water system must own and maintain the device.
- Security measures (cameras, fencing, lighting, lab equipment, chemical storage) not included as part of a Risk Category 1–4 project.
- Replace infrastructure.
- Replace roof for reservoir and other structures.
- Other distribution improvements.

**Readiness to Proceed**
Readiness to proceed is a critical part of the construction process. You are truly shovel ready when everything required is in hand. This helps keep our revolving fund program a success. You will provide this information in the application.

*Note:* Applicants who indicate the items below are “underway or completed” must provide documentation as part of the application process in order to receive points.

<table>
<thead>
<tr>
<th>Readiness to Proceed</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering/design report complete</td>
<td>1</td>
</tr>
<tr>
<td>ODW regional office staff must approve your completed engineering/design report.</td>
<td></td>
</tr>
<tr>
<td>Construction and/or bid documents complete</td>
<td>1</td>
</tr>
<tr>
<td>ODW regional office staff must approve your completed construction and/or bid documents.</td>
<td></td>
</tr>
<tr>
<td>Permit status</td>
<td>1</td>
</tr>
<tr>
<td>You must have appropriate permits in place to begin construction.</td>
<td></td>
</tr>
<tr>
<td>Status of SEPA/NEPA</td>
<td>2</td>
</tr>
<tr>
<td>Completion of SEPA/NEPA includes issuing a final determination and publishing the determination for the proposed project. Full completion receives full allowable points. In-process status will receive partial points.</td>
<td></td>
</tr>
<tr>
<td>Status of cultural review</td>
<td>2</td>
</tr>
<tr>
<td>Completion of the Cultural Review includes a final determination made and published based on the National Historic Preservation Act (NHPA) requirements. Full completion receives full allowable points. Determinations made under Washington State Executive Order 05-05 and projects part way through the NHPA process will receive partial points.</td>
<td></td>
</tr>
<tr>
<td>Complete previous DWSRF construction or DWSRF emergency loan project</td>
<td>2</td>
</tr>
<tr>
<td>This project completes a previous partially funded DWSRF construction or DWSRF emergency loan project.</td>
<td></td>
</tr>
<tr>
<td>Complete previous preconstruction loan</td>
<td>2</td>
</tr>
<tr>
<td>This project completes a previous preconstruction loan project.</td>
<td></td>
</tr>
<tr>
<td>Complete previous consolidation grant</td>
<td>2</td>
</tr>
<tr>
<td>This project completes a previous consolidation grant project.</td>
<td></td>
</tr>
<tr>
<td>Completes funding for the project</td>
<td>2</td>
</tr>
<tr>
<td>The DWSRF funding (if awarded) will complete the funding package for the proposed project. For multi-funded projects, these points will be awarded if other funding sources are secured (letters of commitment required) for the project and the DWSRF funding will complete the package.</td>
<td></td>
</tr>
</tbody>
</table>
### Bonus Points

<table>
<thead>
<tr>
<th>Bonus</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compliance status</strong></td>
<td></td>
</tr>
<tr>
<td>DOH awards 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.</td>
<td></td>
</tr>
<tr>
<td>We award the highest point value to projects that address an active enforcement action (including DOH’s departmental order, penalty, or bilateral compliance agreement, or federal administrative order, or stipulated penalty).</td>
<td>Highest: 5</td>
</tr>
<tr>
<td>We award the lowest point value 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).</td>
<td>Lowest: 2</td>
</tr>
<tr>
<td><strong>Consolidation and restructuring</strong></td>
<td></td>
</tr>
<tr>
<td>We award bonus points to projects that result in restructuring or consolidating (eliminating) Group A or B water systems. We will give 3 bonus points for each system the project restructures or eliminates, with no limit to the amount of bonus points allowed.</td>
<td>Unlimited</td>
</tr>
<tr>
<td><strong>Regional benefit</strong></td>
<td>0-5</td>
</tr>
<tr>
<td>We award bonus points to projects that will benefit more than one Group A water system. We will give 1 bonus point for each additional system benefiting from the project, up to 5 points.</td>
<td></td>
</tr>
<tr>
<td><strong>Attend asset management training</strong></td>
<td>1</td>
</tr>
<tr>
<td>If you participated in an asset management training provided by DOH, RCAC or other technical provider, you are eligible for bonus points. To receive points in this category, you must provide the training date, location, title, and sponsor information along with the names of staff who attended the training.</td>
<td></td>
</tr>
<tr>
<td><strong>Asset inventory</strong></td>
<td>2</td>
</tr>
<tr>
<td>To receive points in this category, you must provide an asset inventory that includes the list of water system assets, age of assets, and expected life of the assets. See Appendix G for an example.</td>
<td></td>
</tr>
<tr>
<td><strong>Assign criticality to asset inventory</strong></td>
<td>1</td>
</tr>
<tr>
<td>To receive points in this category, you must assign a criticality value to your assets identified in your asset inventory. See Appendix G for an example.</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX B: Federal Crosscutters, State Laws, and Related Publications

Related Publications

Water System Planning Handbook, 331-068

Environmental Authorities

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
Native American Graves Protection and Repatriation Act, Pub. L. 101-601, as amended
Floodplain Management Executive Order 11934, as amended by Executive Order 12148
Protection of Wetland, Executive Order 11990
Fish & Wildlife Coordination Act, Pub. L. 85-624, as amended
National Historic Preservation Act of 1966, Pub L. 89-665, as amended
National Environmental Policy Act (NEPA), Pub. L. 91-190, 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 (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

2 Both publications available at http://doh.wa.gov/odwpubs/
Economic and Miscellaneous Authorities

Davis-Bacon Act (federal prevailing wage requirements) U.S. Code title 40, subtitle II, part A, chapter 31, subchapter IV; and 29 CFR 5.5 (U.S. Dept. of Labor regulations)

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

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

Chapter 25.48 WAC, Archaeological Excavation and Removal Permit

Chapter 27.44 RCW, Indian Graves and Records

Chapter 27.53 RCW, Archaeological Sites and Resources

Chapter 36.70A RCW, Growth Management Act (GMA)

Chapter 39.80 RCW, Contracts for Architectural & Engineering Services

Chapter 42.56.300 RCW, Public Records Act, Archaeological Sites

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

Chapter 197-11 WAC and Chapter 43.21C RCW, State Environmental Policy Act (SEPA)

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 (and amended WSR 01-21-137 Emergency Rule for DWSRF)

Title 173, Department of Ecology Rules
APPENDIX C: Cultural Review Flow Chart

Submit EZ form(s) and maps/drawings.

Coordinate with other reviews. Identify consulting parties.

Determine scope, identify properties, and evaluate submitted information.

Final completion letter.

Public comment period.

Concurrence from DAHP and tribes. Complete Inadvertent Discovery Plan.

Determination of historic properties affected.

No historic properties.

Consultation with DAHP, tribes, and others.

Consultation with DAHP, tribes, and others.

Cultural resources survey and/or monitoring plan.

Mitigation.

Memorandum of Agreement.

Potential historic properties.

OR

OR
APPENDIX D: American Made Iron and Steel Requirements

DWSRF construction projects must comply with the American Iron and Steel provisions. Projects started prior to January 17, 2014, may be exempt. Visit the EPA website for more information on the AIS requirements and the waiver process at epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement.

If you have additional questions on these requirements, please contact Mike Copeland at Mike.Copeland@doh.wa.gov or 360-236-3083.
APPENDIX E: Seven Steps for Your Investment Grade Energy Audit

1. Investigate all areas of energy and water use in your water system that coincide with your DWSRF scope of work.

2. Identify systems (processes and buildings) with sufficient consumption to make significant savings possible. You must be able to pay back the cost of the savings within six years—otherwise it isn’t considered cost effective for our DWSRF process.

3. Use all available information to determine the theoretical energy requirement and actual energy consumption of those systems. Available information includes half-hourly data, gas and fossil fuel use profile, degree-day heating and cooling data, water consumption, building structure, occupancy, location, ventilation and internal dissipation, natural light, and production data.

4. Determine the energy efficiency of each system component. Divide the theoretical energy requirement by the actual energy consumption.

5. Identify all significant viable energy and carbon reduction opportunities within the inefficient systems, which may require the use of energy analyzers, data-loggers, and other measuring equipment. This may involve:
   ◆ Checking the combustion efficiency of all significant combustion plants.
   ◆ Assessing standing and other losses.
   ◆ Investigating the operation and capabilities of any Building Energy Management Systems.
   ◆ Considering the scope for building fabric improvements and the resulting opportunities for the specification of smaller and thus more cost-effective plants.
   ◆ Identifying where additional management effort should be directed, the measures necessary for improving staff performance, and additional sub-metering, and other related matters.

6. Analyze the potential of renewable energy opportunities and technologies.

7. Report on all of the above. Provide an accurate assessment of the potential energy and carbon reductions along with details of the specific measures required for implementation, illustrative costs, and payback periods. Keep your report in your files for future audits. You do not need to submit a copy, but keep a copy available for requests.

For guidance on how to proceed with a preliminary audit, or to learn more about this requirement, contact Department of Enterprise Services Energy Program Manager Roger Wigfield at 360-407-9371 or roger.wigfield@des.wa.gov.
## APPENDIX F: DWSRF Sample Repayment Schedule

### Payment Schedule:

<table>
<thead>
<tr>
<th>Year</th>
<th>Due</th>
<th>Principal</th>
<th>Interest</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10/1/2018</td>
<td>0.00</td>
<td>50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>2</td>
<td>10/1/2019</td>
<td>26,578.95</td>
<td>7,575.00</td>
<td>34,153.95</td>
</tr>
<tr>
<td>3</td>
<td>10/1/2020</td>
<td>26,578.95</td>
<td>7,176.32</td>
<td>33,755.27</td>
</tr>
<tr>
<td>4</td>
<td>10/1/2021</td>
<td>26,578.95</td>
<td>6,777.63</td>
<td>33,356.58</td>
</tr>
<tr>
<td>5</td>
<td>10/1/2022</td>
<td>26,578.95</td>
<td>6,378.95</td>
<td>32,957.90</td>
</tr>
<tr>
<td>6</td>
<td>10/1/2023</td>
<td>26,578.95</td>
<td>5,980.26</td>
<td>32,559.21</td>
</tr>
<tr>
<td>7</td>
<td>10/1/2024</td>
<td>26,578.95</td>
<td>5,581.58</td>
<td>32,160.53</td>
</tr>
<tr>
<td>8</td>
<td>10/1/2025</td>
<td>26,578.95</td>
<td>5,182.89</td>
<td>31,761.84</td>
</tr>
<tr>
<td>9</td>
<td>10/1/2026</td>
<td>26,578.95</td>
<td>4,784.21</td>
<td>31,363.16</td>
</tr>
<tr>
<td>10</td>
<td>10/1/2027</td>
<td>26,578.95</td>
<td>4,385.53</td>
<td>30,964.48</td>
</tr>
<tr>
<td>11</td>
<td>10/1/2028</td>
<td>26,578.95</td>
<td>3,986.84</td>
<td>30,565.79</td>
</tr>
<tr>
<td>12</td>
<td>10/1/2029</td>
<td>26,578.95</td>
<td>3,588.17</td>
<td>30,167.12</td>
</tr>
<tr>
<td>13</td>
<td>10/1/2030</td>
<td>26,578.95</td>
<td>3,189.49</td>
<td>29,768.44</td>
</tr>
<tr>
<td>14</td>
<td>10/1/2031</td>
<td>26,578.95</td>
<td>2,790.82</td>
<td>29,369.77</td>
</tr>
<tr>
<td>15</td>
<td>10/1/2032</td>
<td>26,578.95</td>
<td>2,392.15</td>
<td>28,971.10</td>
</tr>
<tr>
<td>16</td>
<td>10/1/2033</td>
<td>26,578.95</td>
<td>1,993.47</td>
<td>28,572.42</td>
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<tr>
<td>17</td>
<td>10/1/2034</td>
<td>26,578.95</td>
<td>1,594.80</td>
<td>28,173.75</td>
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<tr>
<td>18</td>
<td>10/1/2035</td>
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<td>1,196.12</td>
<td>27,775.07</td>
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<tr>
<td>19</td>
<td>10/1/2036</td>
<td>26,578.95</td>
<td>797.45</td>
<td>27,376.40</td>
</tr>
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<td>10/1/2037</td>
<td>26,578.95</td>
<td>398.78</td>
<td>26,977.73</td>
</tr>
</tbody>
</table>

**Total** | **$505,000.05** | **$75,800.46** | **$580,800.51**

---

**Client:** City of New City

**Loan Number:** DM17-952-XXX

**Project Description:** Reservoir Replacement

**Initial Loan Amount:** $500,000.00

**Loan Fee:** $5,000.00

**Initial Interest Rate:** 1.50%

**Date Loan was Authorized:** 1/15/2018

**Loan Amount at Closing:** $505,000.00

**Local Match at Closing:** $0.00

**Interest Rate at Closing:** 1.50%

**Closing Date:** 5/7/2018

**Loan Type:** Construction

**Loan Term (Years):** 20

**Years Principal is Initially Deferred:** 1
**Extra Principal Deferral Type:** No deferral  
**Extra Principal Deferral Start Year:** N/A  
**Extra Principal Deferral End Year:** N/A

<table>
<thead>
<tr>
<th>History:</th>
<th>Date</th>
<th>Draw</th>
<th>Extra Payment*</th>
<th>Principal</th>
<th>Interest</th>
<th>Late Fee</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Opening balance:</strong> 0.00</td>
</tr>
<tr>
<td></td>
<td>5/1/2018</td>
<td>40,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>40,000.00</td>
</tr>
<tr>
<td></td>
<td>10/31/2018</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>50.00</td>
<td>0.00</td>
<td>40,000.00</td>
</tr>
<tr>
<td></td>
<td>11/1/2018</td>
<td>250,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>290,000.00</td>
</tr>
<tr>
<td></td>
<td>12/1/2018</td>
<td>25,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>315,000.00</td>
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<tr>
<td></td>
<td>1/21/2019</td>
<td>75,000.00</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>390,000.00</td>
</tr>
<tr>
<td></td>
<td>3/20/2019</td>
<td>25,000.00</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>415,000.00</td>
</tr>
<tr>
<td></td>
<td>5/7/2019</td>
<td>90,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>505,000.00</td>
</tr>
<tr>
<td></td>
<td>10/31/2019</td>
<td>0.00</td>
<td>0.00</td>
<td>26,578.95</td>
<td>7,575.00</td>
<td>0.00</td>
<td>478,421.05</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$505,000.00</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$26,578.95</strong></td>
<td><strong>$7,625.00</strong></td>
<td><strong>$0.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Includes forgiveness of principal amount.  
Loan calculations are based on a 360-day year of twelve 30-day months. All values are approximate and will not exactly match the actual values invoiced.
APPENDIX G: Example Asset Inventory

To receive bonus points for having an asset inventory, the following information is required:

- List of water system assets
- Age of assets
- Expected life of the assets

You can get an additional bonus point if you assign criticality of assets.

Below is an example worksheet you can use to submit this information. Rural Community Assistance Corporation (RCAC) supplied this worksheet. You can get a copy at doh.wa.gov/Portals/1/Documents/4200/AssetInventoryWorksheet.

If you use this worksheet, you need to complete the first three columns to get asset inventory bonus points.

**Column 1: Asset and Description**
List your water system assets here. Assets to list include pumps, wells, storage tanks, pipes, treatment facilities, and vehicles.

**Column 2: Installed Date**
Enter the date you believe the asset was first put into service.

**Column 3: Estimated Effective Life**
Enter the expected life of the asset in years in this column.
The table below may help you estimate the expected life of an asset. You can also get information on the life of an asset from equipment operating manuals, water systems operators, or vendors.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Average Effective Life (years)</th>
<th>Asset Type</th>
<th>Average Effective Life (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intake Structures</td>
<td>40</td>
<td>Lab Monitoring Equipment</td>
<td>5–10</td>
</tr>
<tr>
<td>Wells/Springs</td>
<td>40</td>
<td>Tools &amp; Shop Equipment</td>
<td>10</td>
</tr>
<tr>
<td>Chlorination Equipment</td>
<td>7–10</td>
<td>Office Furniture</td>
<td>10</td>
</tr>
<tr>
<td>Small motors</td>
<td>10–15</td>
<td>Computers</td>
<td>5</td>
</tr>
<tr>
<td>Storage Tanks</td>
<td>60</td>
<td>Vehicles</td>
<td>10</td>
</tr>
<tr>
<td>Pumps</td>
<td>10–15</td>
<td>Civil Structures</td>
<td>75</td>
</tr>
<tr>
<td>Pipe</td>
<td>60–90</td>
<td>Electrical Motors (large)</td>
<td>30</td>
</tr>
<tr>
<td>Valves</td>
<td>20–30</td>
<td>Electrical panels</td>
<td>20–25</td>
</tr>
<tr>
<td>Backflow Devices</td>
<td>15–20</td>
<td>Controls</td>
<td>15–25</td>
</tr>
<tr>
<td>Meters</td>
<td>10–15</td>
<td>Building assets</td>
<td>60</td>
</tr>
<tr>
<td>Hydrants</td>
<td>30–45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You can earn an additional bonus point by assigning a criticality number to each asset. Criticality depends on the impact to the water system if the asset is not available. The RCAC spreadsheet uses the following critical numbers.

<table>
<thead>
<tr>
<th>Critical Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The water system would essentially shut down if this component fails. This asset has no backup and is so important that an emergency plan must be in place as well as funding to replace it. Example: Single well pump failure; single reservoir failure; anything that could cause a violation of the Safe Drinking Water Act.</td>
</tr>
<tr>
<td>2</td>
<td>This asset would have a serious impact on the water system if it failed; however, procedures could fix the problem within a reasonable time. Example: Two wells and primary well pump fails; electrical components in panels fail; backflow assembly did not pass testing; key pipe failure that could be repaired; single chlorinator failure; pressure reducing valve failure.</td>
</tr>
<tr>
<td>3</td>
<td>The condition of this asset causes continued unnecessary operational costs to your utility. Examples: Deteriorating buildings, equipment and rolling stock; leaks in piping; old and worn-out electrical equipment.</td>
</tr>
<tr>
<td>4</td>
<td>This asset's condition or failure may cause inconvenience to customers via reduced service, outages, or minor taste or odor complaints. Examples: Excessive leaks, valves frozen partway closed, hydrants not working so flushing cannot be done; poor billing program.</td>
</tr>
<tr>
<td>5</td>
<td>These assets have been in service for a long time and their condition may not be well known. Evaluation recommended to determine what may be needed.</td>
</tr>
</tbody>
</table>
If you use the RCAC spreadsheet and complete Column 5, you will receive an additional bonus point. The RCAC spreadsheet has many other capabilities that you may find useful. If you have questions on this spreadsheet, please contact Janet Cherry at 360-236-3153 or Janet.Cherry@doh.wa.gov.

You are not required to use the RCAC spreadsheet to receive bonus points and we will accept the information in any format.
APPENDIX H: Water Systems Eligible for Lead Service Line and Gooseneck Removal and Replacement

The following entities are deemed eligible for lead service line or gooseneck removal/replacement projects in Risk Category 3.

- City of Seattle
- City of Auburn
- City of Tacoma
- City of Wenatchee
- Kettle Falls Water Department
- City of Bremerton
- City of Blaine
- Longview Water Department
- Walla Walla Water Division
- City of Selah
- City of Davenport
- City of Medical Lake
- Lakewood Water District
- City of Shelton
- City of Spokane
- Union Gap Water

We will not require the entities listed above to provide additional information on the presence of lead service lines or lead goosenecks. Entities not listed above will need to provide documentation on the presence of lead service lines or lead goosenecks to be eligible for funding in Risk Category 3.