



We work with others to protect the health of the people of Washington State by ensuring safe and reliable drinking water.



**DRINKING WATER
STATE REVOLVING FUND**

Washington State Department of Health
Office of Drinking Water

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Agenda:

- Background and Purpose
- Bi-partisan Infrastructure Law changes
- Funding Cycles

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Background and Purpose

- Funded through the U.S. Environmental Protection Agency, state match, and loan repayments.
- DWSRF provides low-interest and principal forgiveness loans to increase public health protection and compliance with drinking water regulations.
- Current information about our program is located at www.doh.wa.gov/DWSRF - we regularly update the webpage.

Funding available

Washington’s anticipated allocation annual amounts

Amount in Millions	FY22	FY23	FY24	FY25	FY26	Total
DWSRF Base Capitalization Grant* (20% match)						
Grant Amount	15.6	64.9*	70.4*	75.8*	75.8*	302.5
DWSRF Supplemental Grant (10% match FY23/24 then 20% match)						
Grant Amount	40.1	46.9	51.2	55.5	55.5	242.9
Lead Service Line Replacement Grant						
Grant Amount	63.3	63.8	63.8	63.8	63.8	318.4
Emerging Contaminants Grant						
Grant Amount	16.8	17.0	17.0	17.0	17.0	84.8

*Base Capitalization Grants amounts still need authorization from Congress.

Lead Service Line Replacement Eligible Projects

- Replace entire lead service line (both utility & customer owned portions) and appurtenances.
- Replace lead goosenecks, pigtails, or connectors.
- Replace some galvanized service lines (if downstream of a known or unknown lead service line).
- Development of Lead Service Line Inventories.

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Emerging Contaminant Eligible Projects

- Focus on PFAS, but any can be used to address any contaminant listed on any of EPA's Contaminant Candidate Lists
- Treatment Systems, pilot testing, new source
- Consolidation or development of a new public water system to address contamination of individual wells

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Funding Conditions

- Build America Buy America Act (BABA)
- American Iron and Steel Provision (AIS)
- Davis Bacon Act: projects will be required to pay the higher of state or federal prevailing wages for construction.
- Support climate resilience and green projects.

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Prioritizing Disadvantaged Communities

- Mandates 49% of the Supplemental and Lead Service Line Replacement Funding be provided to disadvantaged communities as principal forgiveness loans.
- Mandates 100% of the Emerging Contaminants Funding be provided to communities as principal forgiveness loans. At a minimum 25% of this funding must be provided to disadvantage communities or public water systems serving fewer than 25,000 people.

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Prioritizing Disadvantaged Communities

- Highest ranked projects get principal forgiveness.
- 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 may receive principal forgiveness and a reduced interest rate.
- Project where the monthly water rate with the loan is between 1.5 and 2.0 percent of MHI may received a reduced interest rate.
- For-profit systems are not eligible.

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Construction Loan Cycle

- Application accepted October 1–November 30, 2022
- Anticipate 150+ million available.
- \$15 million limit per jurisdiction
 - (10% of total available).
- Percent interest rate is set in late summer in our guidelines.
- Standard loan term is 20 years.



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Construction Loans

Eligible Applicants:

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

Ineligible Applicants:

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

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Construction Loans

Eligible Projects Broadly Include:

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

Ineligible Projects:

- Operations and maintenance.
- Primarily for future growth or fire flow.
- No construction component.

(see preconstruction guidelines
for administrative projects)



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Construction Loans Eligibility

- **Planning documents must be current and include proposed project.**
- Must have all real property, easements or right-of-ways secured or ability to do so upon application.
- If project requires water rights, must have water rights
- No outstanding audit findings.
- Must include approved meeting minutes with the application that show governing body approved submittal of the DWSRF application, proposed project, and estimated amount for funding.

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Construction Loans : Scoring

- All projects are scored and ranked based on health risk being addressed.
- Category 1 - Documented microbial contamination.
- Category 2 - Documented primary inorganic* contaminant MCL. + PFAS
- Category 3 - Primary chemical risks or sanitary survey significant deficiencies
- Category 4 - Secondary MCLs and Resiliency
- Category 5 - Projects not captured in previous risk categories: (new reservoir or pipe replacement or pump station)

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Construction Loans: Bonus Points

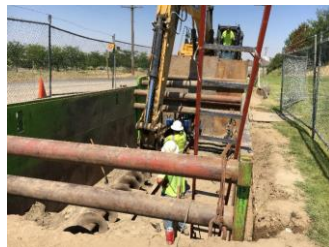
- We are reviewing our Bonus Points
- EPA is emphasizing readiness to proceed and environmental justice and disadvantaged communities.

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Construction Loans

- ALL projects require:
 - Regional office approval of 100% design documents prior to bid.
 - Completed cultural and environmental reviews prior to any groundbreaking activities.



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Construction Loans

- Typical Timeline of funding cycle:
 - Applications received: October 1–November 30.
 - Applications reviewed: December 1–January 31.
 - Applicants notified on funding status: February.
 - Scopes developed: March to May.
 - Contracts executed and funds available: July.

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Construction Loans

- Construction must start within 18 months of funding agreement execution.
- Project must be completed within 48 months of funding agreement execution.
- Reduced interest rate of percent for projects completed within 24 months of funding agreement execution. (currently 0.5 less than standard rate).
- EPA encourages us to prioritize ready to proceed projects.

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Preconstruction Loan

- Preconstruction Loans (year-round cycle)
 - Planning, studies, design, asset management, cultural and environmental review, etc.
 - Can not be used for groundbreaking activities
 - \$3M cycle annually; first come first serve until funding is exhausted (funding allocated on state fiscal year of July 1)
 - \$500,000 per jurisdiction per fiscal year
 - 2% loan fee – 0% interest
 - Must complete scope of work activities within 24 months

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Consolidation Grants

- Consolidation Feasibility Grants (June 1 – June 30)
 - Applications for Feasibility, planning, design, connection fees.
 - Can not be used for groundbreaking activities.
 - \$400,000 available
 - \$10,000-\$50,000 per project
 - Must complete scope of work activities within 24 months
 - Guidelines are on website – www.doh.wa.gov/DWSRF

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DWSRF Contact Information

Eligibility Questions

- Corina Hayes 360-236-3153

WALT Questions

- Sara Herrera 360-236-3089

Cultural & Environmental Questions

- Scott Kugel 509-329-2117

All of the above

- DWSRF Mailbox dwsrf@doh.wa.gov

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Loans and Grants Contact Information

Underwriting/Contracting questions

- Mike Copeland 360-236-3083

Contracting questions

- Eloise Rudolph 360-236-3124
- Dennis Hewitt 360-236-3017
- Brittany Cody-Pinkney 360-236-3047

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Questions?



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