

FY16 Funding Application Workshop  
**Facilities Break Out Session**

Specific Information about:

Infrastructure Construction

Loan Funding

And

Hardship Subsidy

# Welcome!

- Introduce Ecology staff
- Open forum
- General guidance
- Individual project introductions
  - Who you represent
  - What kind of project(s) you have

# Overview / Agenda

- Ecology's loan funding program
- Requirements to apply
  - Project "STEP"
  - SERP and Cross Cutters
  - To apply for Subsidy
- Application overview
- Hardship form overview

# Loan Program

- Revolving Fund loan program based on federal capitalization
- Some capability to provide subsidy in the case of ratepayer hardship.
- Loan Rates
  - 2.4% for 20 year term
  - 1.2% for 5 year term.

# Eligible Projects

- Planning, Design, Construction
  - 20 years growth capacity
  - Change orders and bid overruns
  - Construction administration
  - Related supplies/tools
- Wastewater and Stormwater infrastructure
- CSO, I/I, sewers, lift stations, treatment, conveyance, reclaimed water
- On-site Septic System repair/replacement
- Large Onsite Septic Systems
- Irrigation Efficiency Projects
- Watershed restoration / Wetland protection
- Non point and Estuary protection projects
  
- Cost effective solutions

# Ineligible Projects

- Non clean-water projects (roads, bridges, drinking water, etc.)
- Work on private property
- Industrial and institutional projects
- Water Quantity or Flood Control
- Operation and Maintenance costs.

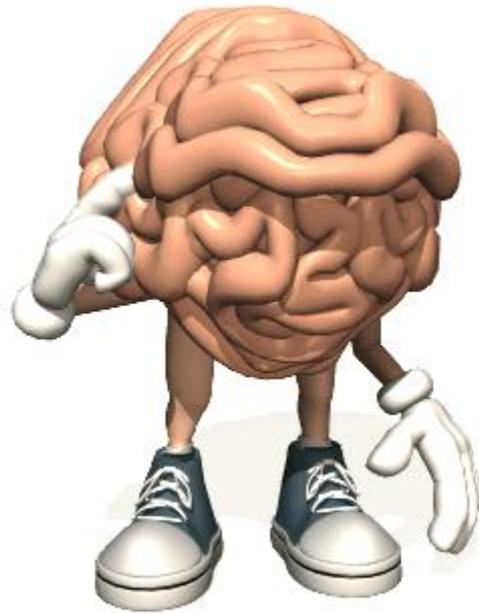
# Coordination with Other Funders

- Many other sources of funding
- Coordinate funding opportunities and requirements
  - USDA-Rural Development
  - Community Development Block Grant
  - Public Works Trust Fund

# Timelines

- November 7, 2014 (11:59 PM) – Applications must be submitted in EAGL
- February 2015 - Proposed funding list available.
- July 1, 2015 – Money available from legislature. Formal offers sent.
- January 31, 2016 – Financial Assistance Agreements must be signed.
- April 30, 2016 – Project work must be underway.
- July 1, 2020 – Project work must be completed.
  
- Ways to expedite your project
  - Prior Authorization
  - Interim Refinance

# Questions?



Application Requirements Are Next!

# Application Requirements

Vary based on type of project  
and project stage

# Step 1: Planning

- No prerequisites
- The planning project funded must include complete environmental review (SERP) as part of the scope of work\*

\* SERP is required for “Treatment Works” as defined under Section 212 of the Clean Water Act.

# Step 2: Design

- At the time of application:
  - Technical approval of planning document by Ecology
  - Complete Environmental Review (SERP)
    - Stormwater: SERP is completed as part of design
    - Wastewater: SERP is required at the time of application
  - Cost effectiveness analysis

# Step 3: Construction

- At the time of application:
  - Technical approval of planning document and design document by Ecology\*
  - Complete environmental review (SERP) \*
  - Cost effectiveness analysis \*
- Wastewater Projects: Federal Cross Cutting requirements must be complete prior to signing the loan agreement.
- Stormwater: Final design and SERP must be completed prior to signing the loan agreement.

# Step 4: Design & Construct

- Total project cost \$5M or less
- At the time of application:
  - Technical approval of planning document by Ecology
  - Complete environmental review (SERP)
    - Stormwater: SERP is completed as part of design
  - Cost effectiveness analysis
- Wastewater Projects: Federal Cross Cutting requirements must be complete prior to reimbursing for construction activities.

# State Environmental Review Process (SERP)

1. Complete and well documented SEPA process.
  - Keep Ecology involved throughout the process to ensure that Ecology can concur with the SEPA lead agency's determination.
2. Consideration Of Alternatives and Cost Effectiveness Analysis.
3. Opportunity for public input including at least one public meeting.
  - Discussion of project alternatives.
  - Environmental consequences of the project.
  - Financial and rate impacts of the project.
4. Ecology's involvement in the process and concurrence with the final determination.

# State Environmental Review Process (SERP)

- Required to apply for design or construction projects\*
- SERP is separated from the Federal cross cutting requirements
- Ecology can adopt NEPA to satisfy SERP requirements.
- SERP guidance available on Ecology website
- Questions? Contact your Regional Project Manager

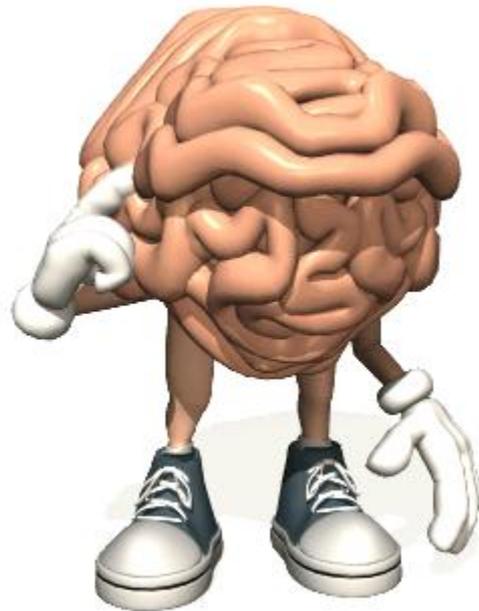
# Federal Cross Cutting Requirements

- The National Historic Preservation Act
- Protection of Wetlands
- Flood Plain Management
- The Farmland Protection Policy Act
- The Coastal Zone Management Act
- Environmental Justice
- The Wild and Scenic Rivers Act
- The Endangered Species Act
- The Magnuson-Stevens Act (Essential Fish Habitat)
- The Clean Air Act
- The Safe Drinking Water Act (Sole Source Aquifers)

# Requirements for funded projects

- Comply with conditions of SERP and Cross cutters
- Applicant must be in compliance with the Growth Management Act (GMA) before finalizing agreement.
- Federal Davis-Bacon wage law
- Federal Disadvantaged Business Enterprise
- Federal Equal Employment Opportunity
- Federal debarment and transparency
- State procurement requirements
- Investment Grade Efficiency Audit
- American Iron and Steel requirements
- Fiscal Sustainability Plan requirements

# Questions?



The Application is Next!

# **We're Half way done...**

# Application

The EAGL has landed

# Scored Portions

## Eight questions:

- |  |                    |
|--|--------------------|
| <b>1: Scope of Work</b>                                | <b>(up to 250)</b> |
| <b>2: Proposed Budget</b>                              | <b>(up to 150)</b> |
| <b>3: Water Quality and Public Health Improvements</b> | <b>(up to 250)</b> |
| <b>4: State and Federal Requirements</b>               | <b>(up to 100)</b> |
| <b>5: Project Team</b>                                 | <b>(up to 50)</b>  |
| <b>6: Project Development/Local Support</b>            | <b>(up to 75)</b>  |
| <b>7: Readiness to Proceed</b>                         | <b>(up to 75)</b>  |
| <b>8: Hardship</b>                                     | <b>(up to 50)</b>  |

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**Total: Up to 1000**

# SCOPE OF WORK

<b>Scoring Guide</b>	<b>Total Up to 250 Points</b>
Complete and concise description of the project tasks and outcomes. Clear detailed description of deliverables, timelines, and purpose.	Up to 100 pts.
Project directly and measurably addresses a water quality problem.	Up to 150 pts.

# SCOPE OF WORK

Hints for better scores:

- Clearly describe the work you will do (and how it creates a water quality or public health benefit)
  - Why are you hiring an engineer?
  - What will the Contractor actually build?
  - Are your staff doing any of the work?
- Always include a map.
- The scope is the basis for any offer of funding.
- Use numbers if you have them.

# TASK COST GENERAL QUESTIONS

<b>Scoring Guide</b>	<b>Up to a Total of 150 Points</b>
Complete project budget is consistent with the scope of work.	Up to 20 pts
The cost estimate process is reasonable.	Up to 30 pts
The project budget represents a good value for the work and water quality benefits achieved. Applicant identifies match sources.	Up to 100 pts

# TASK COST GENERAL QUESTIONS

Hints for better scores:

- Make sure scope of work items match budget items.
- YOU MUST attach detailed cost estimates and engineering proposals.
- Prove the cost estimates are solid.

# WATER QUALITY AND PUBLIC HEALTH IMPROVEMENTS

<b>Scoring Guide</b>	<b>Up to a Total of 250 Points</b>
How severe is the water quality problem and how well is it defined?	Up to 50 pts
The project will achieve substantial water quality and public health benefits.	Up to 100 pts
Project success can be measured, and proposed methods to measure success are reasonable.	Up to 50 pts
The project provides long-term sustainability of water quality benefits (e.g., operation and maintenance of the system, long-term on-site sewage program follow-up).	Up to 50 pts

# WATER QUALITY AND PUBLIC HEALTH IMPROVEMENTS

Hints for better scores:

- WATER QUALITY and PUBLIC HEALTH!
- Focus on the water body.
- Think about how you can document success.
- Provide Long term, sustainable improvements.
- Don't overstate project benefits.

# COORDINATION WITH STATE AND FEDERAL PRIORITIES

<b>Scoring Guide</b>	<b>Up to a Total of 100 Points</b>
<p>How well does this project address a current permit requirement or TMDL implementation?</p> <p>OR</p> <p>How well does this project address other state or federal water quality requirements?</p> <p>OR</p> <p>How well does this project address the Puget Sound Partnership Action Agenda or current approved plan or program, other than a TMDL, specifically designed to address water quality problems?</p> <p>AND</p> <p>How well does the applicant and the project address greenhouse emission reductions in accordance with RCW 70.235.070?</p>	<p>Up to 100 pts</p>

# COORDINATION WITH STATE AND FEDERAL PRIORITIES

Hints for better scores:

- List all possible planning requirements
- Describe how this project supports the goals of all the planning documents.
- Don't forget greenhouse gas emissions (both applicant policies and design elements)
- Look at all parts of the permit.

# PROJECT TEAM

<b>Scoring Guide</b>	<b>Up to a Total of 50 Points</b>
Team members' roles and responsibilities are well defined and adequate for the scope of work.	Up to 20 pts
Team members' past experience is relevant.	Up to 20 pts
Staffing commitment is well described.	Up to 10 pts

# PROJECT TEAM

Hints for better scores:

- Focus on project roles not resume's
- Include team members for all elements of the project.
- Describe team members experience.

# PROJECT DEVELOPMENT, LOCAL SUPPORT, AND PAST PERFORMANCE

<b>Scoring Guide</b>	<b>Up to a Total of 75 Points</b>
A comprehensive decision making process was used to arrive at the proposed project.	Up to 20 pts
Plans for long-term project success and sustainability will be considered.	Up to 20 pts
The level of local support and commitment for the project.	Up to 20 pts
Past performance on other water quality projects, including Ecology funded projects.	Up to 15 pts

# PROJECT DEVELOPMENT, LOCAL SUPPORT, AND PAST PERFORMANCE

Hints for better scores:

- Describe the planning process (including public outreach).
- Develop citizen and rate-payer support .

# READINESS TO PROCEED

<b>Scoring Guide</b>	<b>Up to a Total of 75 Points</b>
Project elements are in place for the project to proceed and documentation is provided.	Up to 75 pts

# READINESS TO PROCEED

Hints for better scores:

- Describe everything you have done to get ready. (Elements not discussed are usually assumed to be incomplete)
  - Land and Right of Way acquisition
  - Local land owner agreements
  - GMA compliance
  - Permitting
  - Environmental Review
  - Planning or Design elements complete
  - Local land owner agreements
- Could you sign a loan agreement and start work on July 1, 2015?

# RATEPAYER IMPACT

<b>Scoring Guide</b>	<b>Up to a Total of 50 Points</b>
Based on Ecology's assessment of the hardship.	50 Points

Hints for better scores:

- Complete the hardship analysis form.

# Additional information

- [David.Dunn@ecy.wa.gov](mailto:David.Dunn@ecy.wa.gov) 360/407-6503
- Ecology funding program site:  
<http://www.ecy.wa.gov/programs/wq/funding/funding.html>
- FY2014 Funding information:  
<http://www.ecy.wa.gov/programs/wq/funding/cycles/2014>
- Grant and Loan listserv: <http://www.ecy.wa.gov/maillist.html>



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

# Financial Hardship Applicants

# Applicability

- **Financial Hardship only applies to wastewater treatment facility construction projects**
  - **Hardship consideration for Preconstruction is addressed via the Preconstruction Form**
- **Applicability:**
  - **Only applies to existing residential need**
  - **Does not apply to growth**
  - **Does not apply to industrial, large commercial, or state institutional customers**

# Criteria

- Population  $\leq 25,000$
- Without subsidy the project will result in sewer fees of  $\geq 2\%$  of the Median Household Income (MHI) of the community
  - Specific MHI does not matter
  - Existing sewer fee does not matter

# Financial Hardship Analysis Basis

## ■ Basis of the hardship analysis

- Look at the current costs of the system
- Add to it the costs of the project
- Examine the impact on existing residential ratepayers
  - Assumes no growth
- Assumes all Ecology funding requested is covered with a standard 20-year loan

## ■ Conservative approach

# Information Needed for Analysis

**Total Costs Requested From Ecology**

**Design Costs Needed From Ecology**

**Annual Debt Service From Committed Non-Ecology Loans for Project**

**Annual Facility Costs**

**Existing Population of Area Served by Project**

**Design Population of Area Served by Project**

**Existing Residential Equivalent Residential Units (ERUs)**

**Existing Commercial/Industrial/Institutional ERUs**

**Annual MHI of Project Area**

# Subsidy Options and Limits

## ■ Subsidy Options

- Centennial Grant
- Further reduced interest rates—down to 0%

## ■ Limits

- \$5 million grant per project

# Interest Rates and Grant Eligibility

<b>Sewer Fee divided by MHI:</b>	<b>Below 2%</b>	<b>2% - 3%</b>	<b>3% - 5%</b>	<b>&gt;5%</b>
<b>Hardship Designation:</b>	<b>Non-hardship</b>	<b>Moderate</b>	<b>Elevated</b>	<b>Severe</b>
<b>20-Year Loan Rates:</b>	<b>2.4%</b>	<b>1.6%</b>	<b>0.8%</b>	<b>0%</b>
<b>Grant Eligibility:</b>	<b>Not eligible</b>	<b>50% (up to \$5M)</b>	<b>75% (up to \$5M)</b>	<b>100% (up to \$5M)</b>

# Financial Hardship Form

- **Must complete the Financial Hardship form in EAGL in order to be considered for financial hardship funding**
- **Access the form via the Subcategory Form**
  - **Answer YES to the question, *“Is this a wastewater facility project that includes Construction tasks for which you are seeking funding and is the population of the community that will pay for the project less than 25,000 and do you want to be considered for Financial Hardship subsidy?”***

# Financial Hardship Form Sections

- Roles and Responsibilities
- Other Funding (Grants and Loans)
- Estimated Annual Facility Costs
- Population of Area Served by Project
- Number of Existing Ratepayers
- Monthly Sewer Fees
- Median Household Income (MHI)

# Annual Facility Costs

- **Asks about operations, maintenance, and repair costs**
  - Do not include Depreciation costs
  - Only include the costs for the population paying for the project
    - Example: A Local Improvement District
- **Also asks about existing debt service**
  - Only include the costs for the population paying for the project
- **Don't just guess**
  - Some weird numbers in the past

# Population of Area Served

- Only include those responsible for paying for the project
- If the project is not designed to accommodate growth, be sure the “Current Population” and the “Design Population” show this (explain if necessary)
  - Example: a collection system project

# Existing Ratepayers

- **“Residential” includes:**
  - **Single family residences**
  - **Multi-family residences**
  - **Local public facilities (e.g. fire station, schools)**
  - **Small commercial customers**
    - **<3,500 gallons/day and**
    - **<\$100,000 annual gross income**
- **Commercial/Industrial/Institutional = all others**
- **A single family residence = 1 ERU (equivalent residential unit)**
- **Can determine ERUs for others by costs**



***QUESTIONS?***