Draft Framework and Key Provisions for *Reclaimed Water Grants Program, FY 2008*

Purpose	Solely for grants to local governments in Puget Sound to complete reclaimed water projects. Priority shall be given to projects in water short areas and where reclaimed water will restore important ecosystem functions in Puget Sound.
Eligible Applicants	Local governments are defined as any city, town, county, water-sewer district, public utility district, port district, irrigation district, conservation district, flood control district, or any other municipal corporation, or quasi-municipal corporation. In addition, other political subdivisions in the Puget Sound region authorized to levy special benefit assessments for sanitary or storm sewerage systems, domestic water supply or distribution systems, or road construction or improvement purposes may be considered.[1]
Total Funds Available	**$5,455,000** Capital Building Construction Account – 2007-09 Biennium Budget.
Funding Provisions	• No ceiling amount. • The target is to fund three to six high priority capital projects. • Up to 20 percent is set aside for feasibility studies. If the demand for high priority feasibility studies or capital facilities projects is low, additional funds may be used for the other project type.
Match Provisions	**A.** 100 percent grant for feasibility assessments, up to $250,000 each (scaled to the scope of project and area). **B.** 75 percent grant with 25 percent match for projects that provide a "Very High" ecological benefit to Puget Sound (*see* Evaluation Criteria). **C.** 60 percent grant with 40 percent match for all other eligible projects.
Project Goals	Water quality improvement and protection where reclaimed water will restore important ecosystem functions in Puget Sound (e.g., restoration of impaired or protection of shellfish habitat), augment in-stream flows in water short areas (especially addressing endangered/threatened salmonid habitats), and provide water for existing water supplies in water short areas.
Eligible Projects	Feasibility assessments, planning, design, and construction of reclaimed water facilities (including delivery systems on public property).
Evaluation Criteria[2]	**1. <u>Ecological Benefit</u> (Up to 300 points are available):** Proposed projects will be evaluated for their contributions to the "bio-hydrology" in water short areas where reclaimed water can be used to replace other water sources and to restore important ecosystem functions in Puget Sound (e.g., restore shellfish and salmonid habitats); to protect water quality and public health; to restore water quality and other positive impacts and in water short areas of Puget Sound. Points will be awarded as outlined below:

Priority	Water Short Area	Ecosystem Function
Very High 300 point maximum	• Eliminate insufficient instream flow as a limiting factor as identified in a salmon recovery or watershed management plan, *or* • Improve in-stream flow for threatened or endangered species. (Consideration is given to specific percentage flow increases and types and number of species benefited).	• Eliminate outfall into Puget Sound (except for emergency use). • Upgrade water quality for threatened or endangered species. (Consideration will be given to types and the number of species benefited). • Improve water quality where there is a high likelihood that the State Department of Health (DOH) will upgrade classification of a previously downgraded shellfish bed. • Improvement of water quality in an area of Puget Sound that is unclassified. But where DOH has gone on record as stating if an area was classified, it would be restricted or prohibited and would have a high likelihood of being upgraded at project completion. (The degree to which improvement is projected (e.g., from restricted to unrestricted or prohibited) will be a consideration for points.

High 200 point maximum	• Provide critical base flows needed to meet established minimum in-stream flows.	• Prevents DOH classification downgrade of existing beds. • Improve water quality by replacement of on-site septic systems in an area with a reclaimed water facility. (Consideration will be given for the sensitivity of receiving water body and the degree to which this action would improve water quality).
Medium 100 point maximum	• Improve base in-stream flow • Substantively recharge and replenish ground water aquifers used for potable water supplies • Projected increase in minimum instream flows, consideration given to number of days projected and length of reach of river or stream. • Replenish groundwater aquifers used for potable water to prevent saltwater intrusion.	• Improve water quality or flows to address impairments of other beneficial uses. *Or* • Create new wetlands or restore historic wetlands.
Low 50 point maximum	• Offset significant use of potable water supplies for non-potable use.	• Improve water quality or flows to address impairments to other wildlife.

Combinations of the types of water quality and hydrologic impacts noted above will receive additional priority up to a maximum of 300 points.

2. **Overall quality of project proposed and likelihood of success (Up to 200 points are available):** Measurable outcomes must be achieved by projects proposed.

3. **Actions Required or Recommended (Up to 100 points are available):**
   A. Actions required under Total Maximum Daily Load (TMDL) criteria, such as minimum flows and dissolved oxygen, maximum temperature, etc.; federal and state water rights and National Pollutant Discharge Elimination System (NPDES) permits and compliance orders.
   B. Actions recommended by watershed planning groups in approved Watershed Planning Act Plans.

4. **Local interest and commitment (Up to 200 points are available):**
   - Completed Watershed Management Act, Watershed Plans.
   - TMDL, "Detailed Implementation Plans."
   - Approved feasibility studies, inter-local agreements, adequacy of user rates, etc.

5. **Readiness to Proceed (Up to 200 points are available):** For Capital Facilities Projects
   A. Construction. Consideration will be given for how long it will be until project is ready to go to bid.
   B. Design/Construction. Consideration will be given for approval status of plans and designs and readiness to proceed with construction.
   C. Design. Consideration will be given for approval status of plans and designs.
   D. Engineering Reports and Facilities Planning. Consideration will be given for findings and completion of feasibility assessments. (Local governments are encouraged to complete "facilities plans[3]" in order to potentially receive low interest loans from the State Water Pollution Control Revolving Funds [SRF]). However, facilities plans are neither required nor will the applicant receive additional priority consideration.

Ineligible Project Elements	1. Projects for reserve capacity or augmentation of water supplies **only** to serve growth (e.g. no specified environmental benefit). Projects proposed must have an **existing** environmental need. *(With other funds, including Ecology administered SRF moneys, applicants are encouraged to plan, design, and construct water reclamation facilities for reserve capacity (influent flow growth) and that which is needed to augment water supplies for population growth).* 2. Piping and distribution facilities on private property unless an easement is provided by the owner to the local government.
Tentative Schedule	1. **June 12, 2007:** Overview of Framework and Key Provisions available at: *Reclaimed Water: Tapping the New Resource, A Reclaimed Water Workshop for Washington State* in SeaTac. 2. **June 29, 2007:** Program Guidelines Posted as MS™ Word documents on Water Quality Program Web site. 3. **July 2 – August 31, 2007:** Eligible applicants apply for grants in accordance with the Program Guidelines. 4. **July 11, 2007:** Application Workshop in Tacoma, WA. 5. **September 2007:** Evaluations may be completed. 6. **October 2007:** An offer list and offer letters may be issued (applicants would receive oversight review only). 7. **October/November, 2007:** Grants may be signed. (Grant offers are effective for one year).
Disbursement of Grant Funds	Funds will be disbursed in accordance with required performance measures negotiated in the agreement on a cost-incurred basis.
Compliance with State Environmental Policy Act (SEPA) and Governor's Executive Order 05-05	Financial assistance recipients of must comply with all provisions of the State Environmental Policy Act (SEPA), or if recipients complete facilities planning, (in accordance with Chapter 173.98 WAC), the State Environmental Review Procedure (SERP). In addition, recipients must consult with Department of Archaeology and Historic Preservation (DAHP), early in the planning stages of the project and often, as needed, throughout later project steps for all capital facilities construction projects unless they are categorically exempted by DAHP. This requirement is needed to assist Ecology in its timely review of all planning, design and construction documents the comply with Governor's Executive Order 05-05, regarding cultural resources at: http://www.governor.wa.gov/execorders/eo_05-05.pdf.
Assessment Provisions	Local governments must assess project performance before, during, and after (as appropriate) project completion so they can assist Ecology with the post project assessment. The self assessment form will be included in the grant agreement.
Progress Reports	Due quarterly, regardless of the amount of work, or disbursement requested. A final project report is also required.

For further information on this financial assistance program contact:

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For information on this and other Water Quality Program financial assistance programs, see:
http://www.ecy.wa.gov/programs/wq/funding/funding.html

Acknowledgments and Program Development Assistance From Local Governments, Stakeholders, and Ecology Experts

The Governor's Office, the Office of Financial Management, and the Washington State Legislature are recognized for vigorous and proactive support in the proposal and appropriation of funds for this program.

The Water Quality Program's Financial Assistance Council established its own advisory taskforce of local government representatives and a representative from the Puget Sound Action Team. A Technical Advisory Taskforce was also formed with cross-representation with the Financial Assistance Council Taskforce and two other local government representatives.

The taskforces met several times, and staff used recommendations, as it developed the final program. Staff also used recommendations provided by the Financial Assistance Council, which met twice during the development period.

Staff believe the program will be considerably more effective and better received by local governments because of the expertise, time, and energy of all involved in the development phase of this program.

For the full membership of the Water Quality Program's Financial Assistance Council see:
http://www.ecy.wa.gov/programs/wq/council/FAC_Members_2007_Roster.pdf

Financial Assistance Council Advisory Taskforce		Technical Advisory Taskforce	
Name	**Representing**	**Name**	**Representing**
Bob Hirsh	King County	Jeff Bash	Ecology/Water Resources
Robert Masonis	American Rivers (Special Member)	Lynn Coleman	Ecology/Water Resources
Scott Redman	Puget Sound Action Team	Keith Folkert	Kitsap County
Ed Thorpe	Coalition for Clean Water	Glenn Pieritz	Ecology/SWRO
		Scott Redman	Puget Sound Action Team
		Nedda Turner	Tacoma-Pierce County Health

Financial Assistance Council and Technical Advisory Taskforce Ecology's Water Quality Program Staff	
Patricia Brommer	Financial Management Section
Steve Carley	Financial Management Section
Katharine Cupps	Program Development Services
Dan Filip	Financial Management Section
Jeff Nejedly	Financial Management Section
Ken Ziebart	Northwest Regional Office

Resource Information

NEW SECTION. **Sec. 3044. FOR THE DEPARTMENT OF ECOLOGY**
13 Reclaimed Water (08-4-002)
14 The appropriation in this section is subject to the following
15 conditions and limitations: The appropriation in this section is
16 provided solely for grants to local governments in Puget Sound to
17 complete reclaimed water projects. Priority shall be given to projects
18 in water short areas where reclaimed water can be used to replace other
19 water sources and where reclaimed water can be used to restore
20 important ecosystem functions in Puget Sound.
21 Appropriation:
22 State Building Construction Account--State $5,455,000
23 Prior Biennia (Expenditures) $0
24 Future Biennia (Projected Costs) $24,320,000
25 TOTAL $29,775,000

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[1] **Derived (in part) from Title 84 RCW *Property taxes*, available at: http://apps.leg.wa.gov/RCW/default.aspx?cite=84.33.035 (in Program Guidelines)**

[2] Feasibility studies will be evaluated based on the ultimate environmental benefits and other criteria projected, but will ***not*** be evaluated against capital facilities projects.

[3] "Facilities plan" will be defined in Program Guidelines.