

Water Quality Grant and Loan Financial Assistance

Providing state
and federal
funding to
implement
projects
statewide that
protect and
improve water
quality

- Annual Funding Cycle (now in FY 2011)
- Integrated Application/Award Process
- Multiple State and Federal Funding Sources Leveraged Together
 - Water Pollution Control Revolving Fund Loan Program
 - Centennial Clean Water Program
 - Clean Water Act Section 319 Grant Program
 - Stormwater Retrofit and Low-Impact Development Grant Program (Stormwater RLID) *(special FY 2011 proviso \$)*



DEPARTMENT OF
ECOLOGY
State of Washington

Recovery Act Funding Update

American Recovery and Reinvestment Act of 2009 (ARRA) provided \$65 M through the FY2010 Water Pollution Control Revolving Fund Loan Program

Funded:

18 projects total

- 10 wastewater facilities
- 8 Green Reserve

- **Project Certification Process**
 - Projects must meet federal requirements (environmental review, wage requirements, buy American, added reporting)
 - Ready to go to construction
- **50 percent forgivable principal**
 - Used existing small community financial hardship process to distribute this subsidy
- **20 percent in “Green Project Reserve”**
 - 5 Stormwater/LID
 - 2 Water Efficiency
 - 1 Energy Efficiency
 - 1 Environmentally Innovative
- **Projects must be under construction/contract by February 16, 2010**

Centennial
Clean Water
Grant and
Loan Program
(state funds)

Clean Water
Act Section 319
Nonpoint
Source Fund
(federal funds)

Washington State
Water Pollution Control
Revolving Fund
(federal & state funds)

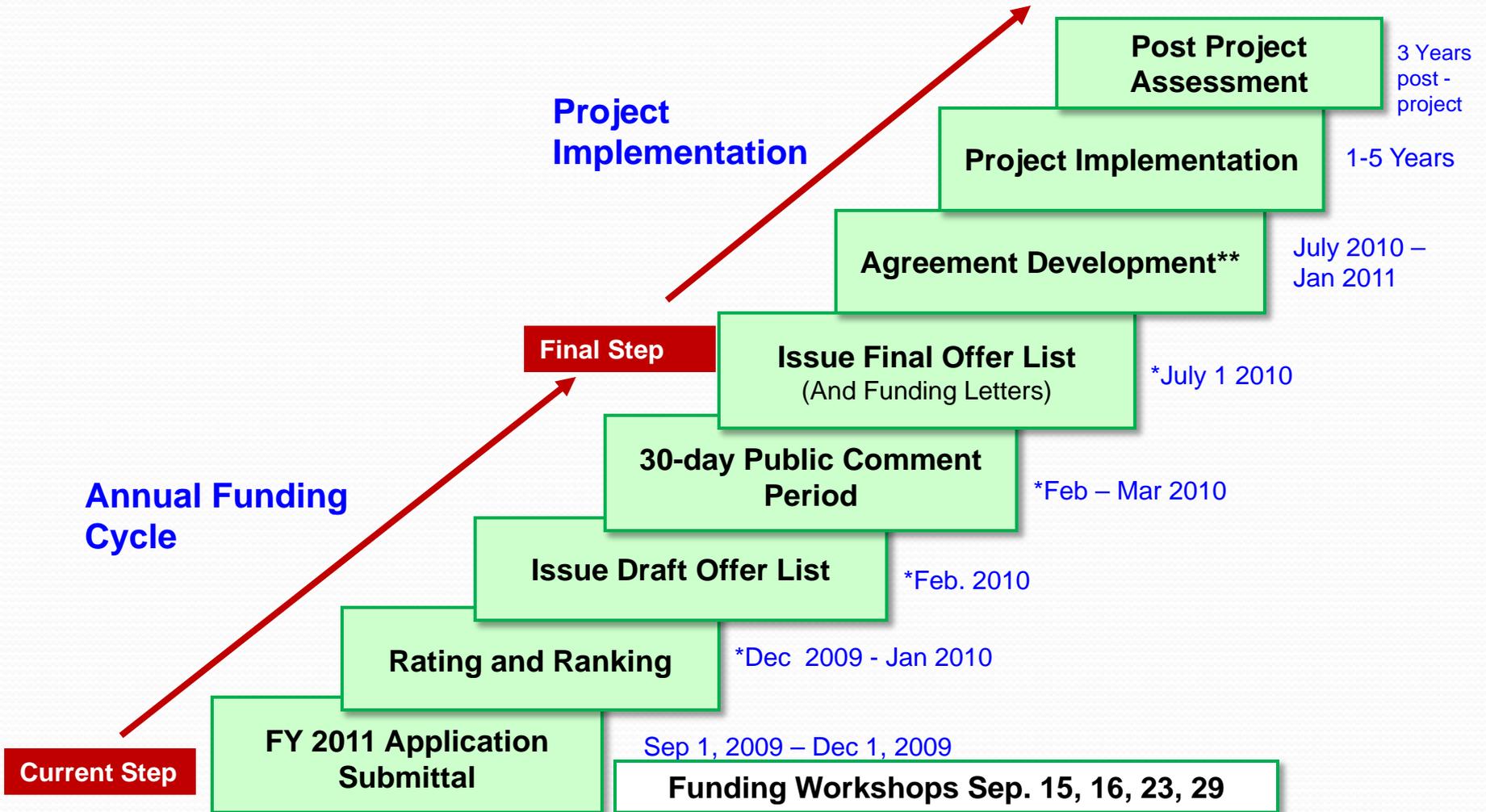
Integrated Funding Program

Stormwater
Retrofit and
Low-Impact
Development
Grant Program
(state funds)

Other Programs:

*Phase I & II SW permittee grants
Aquatic Weeds and Algae Control Grants
State and Tribal Assistance Grants*

FY 2011 Funding Cycle



* Estimated Date

** Agreements cannot be signed and activated until the Final Offer List is published

Eligible Applicants

Funding Applicants must be a “public body”

- "Public body" means the state of Washington or any agency, county, city or town, conservation district, other political subdivision, municipal corporation, quasi-municipal corporation, and those Indian tribes now or hereafter recognized as such by the federal government

Clean Water Act Section 319 program

- Can also be not-for-profit organizations that are recognized as tax exempt by the Internal Revenue Service

Water Quality Financial Assistance Goals

- To prevent and clean up water pollution
- To help communities make sustainable choices that reduce and prevent water quality problems
- To provide water quality partners with technical and financial assistance
- To assist small financially-challenged communities meet wastewater construction needs



Integrated Application Questions

Each question is assigned a possible maximum point value

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

Total:

Up to 1000

Types of Projects Funded

Facilities Projects



- a system for the control, collection, storage, treatment, disposal, and recycling of domestic wastewater or stormwater

Activities Projects

- an action taken by a public body to:
 - Control nonpoint sources of water pollution impacting surface or ground water
 - Protect and restore the water quality of streams, lakes, marine waters, and ground water



Stormwater/LID Projects

- a stormwater management strategy that emphasizes conservation and natural hydrologic features
 - Retrofit stormwater projects
 - Installation of accepted LID stormwater management techniques



Eligible Facilities Projects



- Treatment Facility Upgrades or Expansion
- Collection Sewers and Side Sewer Laterals
- Reserve Capacity
- Infiltration and Inflow Correction
- Combined Sewer Overflow Correction
- On-Site Septic System Repair/Replacement
- Comprehensive Sewer Planning
- Site-Specific Planning, Design, and Construction
- Facility construction can include green infrastructure elements (LID, cogeneration, energy and water efficiency)

Eligible Activities Projects



- Implementation of Eligible Best Management Practices
 - Public Communication and Education
 - Landowner Technical Assistance
 - Comprehensive Nonpoint Source Planning
 - Riparian Revegetation/Fencing
 - Watershed Planning
 - Stream Restoration
- Monitoring and Data Collection
 - Groundwater Management Programs
 - Wellhead Protection

Eligible Stormwater Projects



- Stormwater facility retrofit
- Low impact development implementation
- Stormwater monitoring and analysis programs
- Conducting inventories of stormwater sources, illicit discharges
- Public education, information, and communication
- Reviewing existing and model stormwater regulations
- Mapping and geographic information system of stormwater sources
- Source control activities
- Establishment and refining of stormwater utilities

Funding Levels

Estimated Competitive Funding

Biennial Budgets	2009-11	2011-13
Fund Source: State Fiscal Year (SFY)	Funding Cycle SFY 2011	Funding Cycle SFY 2012
Centennial Program (State \$: Grants & Loans)	\$ 10 million	\$ 10 million
Section 319 Fund (Federal \$: Grants)	\$ 1.8 million	\$ 1.8 million
Revolving Fund (Federal/State \$: Loans)	\$ 90 million	\$ 90 million
SWRLID (State \$: Grants)	\$ *4.3 million	=====

Biennial Budget estimates based on previous funding cycles, and Congressional Budget and Legislative appropriation estimates. Expected legislative provisos are deducted from the amounts shown in the table above. However, the total number of provisos is unknown at this time. * Legislative appropriation for second half of the State Biennial Budget.

Stormwater RLID

Funding Allocations:

- \$3.4 Million for Puget Sound
- \$0.9 Million for Non-Puget Sound
- 75% grants up to \$500k

Used to Fund:

- Retrofit stormwater projects
- Implementation of accepted LID stormwater management techniques

Basic Requirements to Receive Funding:

- State Environmental Policy Act (SEPA) required.
- Archeological and Cultural Resources review required to comply with Governor's Executive Order 05-05.
- Ecology-approved construction pre-design report required

See handout for more information

Estimated Fund Allocations

	<u>FY2011</u>	<u>FY2012</u>
Centennial (state funds)	\$ 15 M	\$ 15 M
Less Spokane Extended Payment Grant (expected legislative proviso)	\$ (5.0) M	\$ (5.0) M
Competitive Centennial Grants	\$ 10 M	\$ 10 M
*Hardship Facilities	\$ 6.0 M	\$ -
*Nonpoint Activities	\$ 2.0 M	\$ -
* Stormwater Projects	\$ 1.0 M	\$ -
*On-site Septic Repair and Replacement	\$ 1.0 M	\$ -
Revolving Fund (state & federal funds)	\$ 90.0 M	\$ 90.0 M
Less Previous Commitment for Spokane Regional WWTF	\$ (16.4) M	\$ (16.4) M
Competitive Revolving Fund Loans	\$ 73.6 M	\$ 73.6 M
80% to Facility Loans	\$ 59.0 M	\$ 59.0 M
20% to Nonpoint Activity Loans	\$ 14.8 M	\$ 14.8 M
Section 319 (federal funds) Nonpoint Activity Grants	\$ 1.8 M	\$ 1.8 M
SWRLID Construction focused	\$ 4.3 M	\$ --

FY 2011 Loan Interest Rates

Based on a percent of tax-exempt municipal bonds:

- **Twenty-year loan: 2.8%**
- **Five-year loan: 1.4%**

Funding Limits

Revolving Fund Loan

- Up to 100% of eligible cost – no match necessary
- Maximum loan amount – half of the category
- Interest Rates may be reduced for qualified hardship communities – sliding scale down to 0%

Centennial Hardship Grant (wastewater facility construction)

- Amount is based on hardship level of recipient
 - Sliding scale up to 100 percent for existing residential need
- Maximum of \$5 million based on rule and availability

Nonpoint Activities Grant

- 25% match requirement
- Up to \$250,000: match can be any combination of cash and third party contributions (donated goods or services, volunteer time, etc.)
- Up to \$500,000: cash only match requirement

Hardship WWTF Construction Funding

Hardship Funding Eligibility

- Three factors determine hardship funding eligibility for wastewater treatment facilities construction grant and loan projects:
 - Service area population 25,000 or less
 - Existing residential need at time of application
 - Financial burden on residential ratepayers based on cost of project and median household income (MHI)
- Hardship is met where annualized cost to residential ratepayers exceeds 2% of MHI



Additional Hardship Funding

On-Site Septic System Repair & Replacement

- **Combination grants and loans or just loans are available to establish and run local loan programs**
- **Program offers flexible interest rates**

Stormwater

- **Centennial grants (up to \$500k) and low-interest Revolving Fund loans are available based on a percent of the average statewide median household income (MHI) and type of project**

On The Horizon

Water Quality Account Eliminated

- Centennial Program now competing with other General Fund priorities

Federal Revolving Fund Appropriations and Reauthorization of the Clean Water Act - *House & Senate Versions of the bill may include:*

- Larger Capitalization Grant - More loan funds for local government water quality projects
- Possible “Green Project Reserves” category
- Additional federal requirements, including wage requirements
- Possible addition of “forgivable principal” on a percentage of the annual Capitalization Grant
- Longer loan repayment terms
- More reporting requirements