

# Funds for Water Quality Improvement and Protection

## Overview

The Washington Department of Ecology (Ecology) administers an integrated funding program for three state and federal financial and technical assistance programs to improve and protect water quality.

Ecology manages the three water quality grant and loan programs as one. There is one combined funding cycle, one application form and submittal period, and a combined funding offer list.

Each year, Ecology's Water Quality Program accepts applications from cities, counties, tribes, conservation districts, and some qualified non-profit organizations seeking financial help to improve or protect water quality in their communities. Ecology makes grants and loans available through an integrated competitive rating process. To make the process simpler and more efficient for the applicants and the department, Ecology allows applicants to submit one application for all of the possible funding sources.

Each funding cycle begins in the fall when Ecology accepts project applications. A general timeline of the funding cycle is provided at the end of this document. Ecology rates and ranks applications based on the highest-priority water quality needs. Projects include:

- Upgrading of aging wastewater treatment infrastructure.
- Planning, design, and construction of new wastewater treatment infrastructure.
- Stormwater control and treatment.
- Nonpoint pollution abatement and stream restoration activities.
- Water Quality education and outreach.

## MORE INFORMATION

### Contact information

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### Special accommodations

To ask about the availability of this document in a version for the visually impaired, call the Water Quality Program at 360-407-6502.

Persons with hearing loss, call 711 for Washington Relay Service. Persons with a speech disability, call 877-833-6341.

The amount of available grant and loan funding varies from year to year based on the state's biennial budget appropriation process and the annual congressional federal budget. Ecology's website has up-to-date information about the program and the current funding cycle process. The website also has the published funding lists from past funding cycles.

[www.ecy.wa.gov/programs/wq/funding/funding.html](http://www.ecy.wa.gov/programs/wq/funding/funding.html)

### **Annual combined water quality funding sources and process**

Ecology administers three sources of funding under the annual integrated funding cycle for water quality projects:

1. **Centennial Clean Water Grant Program** (Centennial), which historically received money from the Water Quality Account (cigarette tax dedicated to water quality), but as of 2009 is funded through state bonds.
2. **Federal Clean Water Act Section 319 Nonpoint-Source Grant Program** (Section 319), which is allocated through the federal General Fund - Environmental Protection Agency (EPA) funds.
3. **Washington State Water Pollution Control Revolving Fund Loan Program** (Revolving Fund), which is supported by a federal EPA Capitalization grant, state match, and interest and loan repayments.

The state Legislature appropriates funds for the Centennial and Revolving Fund programs through the capital budget and for the Section 319 program through Ecology's operating budget. Ecology applies Centennial funds to nonpoint source pollution abatement projects to provide the required match to the federal Section 319 funds.

In 2009, the Revolving Fund program received an additional \$68 million through the American Reinvestment and Recovery Act of 2009. Ecology integrated these funds with the combined program and distributed them through the Fiscal Year 2010 Final Offer and Applicant List and federal Intended Use Plan.

### **Water Quality Financial Assistance Program goals and objectives**

The Water Quality Financial Assistance Program has evolved over many years with influence from:

- Legislative and statutory directives.
- Changing water quality priorities and standards.
- Ecology policy, procedure, and guidance.
- Input on funding processes from clients and stakeholders.

The Water Quality Financial Assistance Program's principal goals and objectives include:

- Ensure available funds are awarded to the highest water quality and public health priorities.
- Address environmental investment and water quality outcomes.
- Provide low-interest loan funds for rate-based water pollution control infrastructure, such as wastewater treatment facilities and stormwater treatment and management.
- Award grant funds for water quality activities to address diffuse pollutants (nonpoint pollution, or pollution that comes from people's activities).
- Assist small, financially distressed communities with grants and low-interest loans for water pollution control infrastructure projects.
- Provide grant and loan recipients with administrative and technical assistance to ensure effective management of water quality projects.
- Provide financial and technical assistance in partnership with other state and federal funding agencies.

### **Funding priorities and project ranking process**

Ecology is tasked with leveraging available grant and loan funds to meet numerous water quality priorities across the state. Priority water quality needs include:

- Stream restoration and protection.
- Stormwater management and control.
- Construction of wastewater treatment plants and upgrades in small, financially-distressed towns.
- Planning, design and construction or upgrade of wastewater treatment facilities in large urban areas.
- On-site septic repair and replacement.

Meeting these needs becomes a challenge as funding levels from state and federal programs decline while the demand for funding clean water projects continually increases.

In an effort to maximize the effective and efficient use of all available funds, Ecology develops a statewide priority list of proposed water quality projects by evaluating the project proposals based on rating criteria established in statute, rule, guidelines, including any recommendations from other state agencies.

The principal rating and ranking criteria and relative scoring weight are outlined below:

<b>Rating Criteria</b>	<b>Maximum Points</b>
The quality of the proposed scope of work.	250
Reasonableness of the project budget.	150
The overall water quality and public health problem and the benefits of the proposed solution, including water quality goals and the measures of success.	250
State or federal mandates the project addresses (e.g., permit requirements, enforcement orders).	100
Project team.	50
Local government initiatives and support to ensure success (e.g., what other projects have been accomplished and what government and public support exists for the project).	75
Readiness to proceed (e.g., technical prerequisites for planning, design, implementation).	75
Sewer ratepayer impacts for small, financially challenged communities.	50

**Types of financial assistance**

Applicants Ecology proposes to fund may receive the following:

- 75 percent grants for projects that do not have a rate base to help cover the cost (for example, stream restoration and other nonpoint pollution projects). Maximum grant amounts are \$250,000 or up to \$500,000 of the total eligible cost, depending on the type of local matching funds provided for the project.
- 100 percent low-interest loans for facilities and activities that are supported by a local rate base (for wastewater and stormwater infrastructure, irrigation efficiencies, on-site septic system repair and replacement).

Ecology may offer funding packages to small communities that qualify for financial hardship for construction projects to control water pollution that include grant, variable, low-interest loan, or a combination of grant and loan. Based on a sliding scale of financial hardship, Ecology may offer grants of up to 100 percent and loan interest rates as low as zero percent to the most severe financially distressed communities. Ecology bases its hardship calculations on project cost to ratepayers in relation to median household income. Ecology considers a community project that

will increase in a sewer user rate to 2.0 percent or higher eligible for financial hardship funding consideration.

### **Client and stakeholder involvement**

In an effort to provide effective and efficient administration of state and federal grant and loan programs, the Water Quality Program has established a Financial Assistance Council to provide advice and guidance on funding processes and emerging issues. The council is comprised of representatives from cities, counties, tribes, conservation districts, special purpose districts, environmental groups, and state and federal agencies. The council is not mandated in state law but was formed by Ecology to help ensure that the process of administering state and federal grants and loans is transparent and is supported by Ecology's clients and stakeholders.

### **Ongoing and emerging funding needs**

There are a number of ongoing and emerging issues that drive Washington's water quality funding needs. The Water Quality Program works with its clients and stakeholders to help ensure that the financial assistance programs are meeting these changing and challenging water quality needs:

- Aging wastewater treatment infrastructure.
- Water quality cleanup plans required under the federal Clean Water Act.
- Advanced wastewater treatment needed to meet designated uses of the receiving water.
- Reclamation and reuse of wastewater.
- Stormwater control and treatment.
- Nonpoint pollution from agricultural, forested, and urban areas.
- Failing on-site septic systems.
- Water quality infrastructure needs of small financially distressed communities.
- Sustainable water quality infrastructure integrating green building techniques, low impact development, and energy and water efficiency.

Ecology documented nearly \$5 billion in water quality infrastructure needs for Washington in the 2008 Clean Water Needs Survey that EPA is now preparing for Congress.

**Funding cycle schedule—dates to remember**

The following diagram provides a summary of the annual Water Quality Program funding cycle process. Approximate time frames are provided here. Specifics for each year’s funding cycle are available on the Water Quality Program's website:

[www.ecy.wa.gov/programs/wq/funding/funding.html](http://www.ecy.wa.gov/programs/wq/funding/funding.html)

