



# DRINKING WATER STATE REVOLVING FUND

Office of Drinking Water

# Construction and Lead Service Line Loans

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## Updates and Changes

**Jocelyne Gray**

*Environmental Engineer*

DWSRF Program

# Learning Expectations

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- Post questions in the chat.
- There will be future training that covers more details about the loan cycle.
  - August 21 and September 18
  - Question and Answer Session October 16
  - Various conferences including IACC in October
- Current information about the DWSRF program is located at [www.doh.wa.gov/DWSRF](http://www.doh.wa.gov/DWSRF) - we regularly update the webpage.

# Agenda

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- Highlights
- Changes
- WALT
- Loan Terms and WC Changes
- More Information
- Questions
- Contacts



# Highlights

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# Two Separate Applications

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## **Construction Loan**

Standard construction projects – new or replacement sources, storage, treatment, or water mains

Emerging Contaminant projects such as PFAS or manganese treatment

Standard consolidations



## **Lead Service Line Loan**

Service line inventories

Lead and galvanized service line replacements.

## Timeline

- WAC 246-296 permanent rule is published July 31, 2024.
- WAC 246-296 changes go into affect September 1, 2024.
- Guidelines to be published July 31 at [www.doh.wa.gov/dwsrf](http://www.doh.wa.gov/dwsrf).
- Guideline comment period closes September 13, 2024.
- Guidelines effective October 1, 2024.
- Construction and Lead Service Line application cycle closes November 30, 2024.

## Timeline continued

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- Applications scored – December 2024.
- Priority Project List published to webpage and sent to the Public Works Board and the Legislature by February 1, 2025.
- First offer letters with subsidy emailed out in late March 2025.
- Final offer letters with subsidy emailed out in April 2025.



## Timeline continued

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- Intended Use Plan (IUP) published to our webpage May 1, 2025.
- Comment period for IUP ends June 1, 2025.
- Funding agreements start going out after July 1, 2025.
- Notice to Proceed must be issued in 18 months of signing the loan contract.
- Complete the project within 4 years of signing the loan contract.

# Applications

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- Accepted year-round
- Must submit by 11:59 p.m. November 30, 2024, to be scored and ranked in 2024
- Submit each project separately for scoring
  - One application for treatment project
  - One application for storage project unless the storage tank is required as part of the treatment system
  - One application for source
  - One application for water mains
  - One application for lead service line replacement

# Eligible Applicants

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## **Construction Loans**

Group A Community

Group A Noncommunity  
– not-for-profit

Group A Tribal

Group B systems  
becoming Group A  
Community



## **Lead Service Line Loans**

Group A Community

Group A Noncommunity  
– not-for-profit

Group A Tribal

# Planning Document for Eligibility

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- **Approved and current** planning document.  
Contact your Regional Planner
  - Either a Water System Plan or Small Water System Management Program
  - Project in the application must be identified in the planning document.
- For LSL loan projects, include planning document in scope of work if you do not have a current and approved document.

# Regional Planner Contacts

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## Eastern Regional Office

[Jamie.Clark@doh.wa.gov](mailto:Jamie.Clark@doh.wa.gov) or 509-329-2137

[Brenda.Smits@doh.wa.gov](mailto:Brenda.Smits@doh.wa.gov) or 509-329-2122

## Northwest Regional Office

[Krista.Chavez@doh.wa.gov](mailto:Krista.Chavez@doh.wa.gov) or 564-669-0757

[Crystal.Nuno@doh.wa.gov](mailto:Crystal.Nuno@doh.wa.gov) or 253-395-6750

## Southwest Regional Office

[Meredith.Jones@doh.wa.gov](mailto:Meredith.Jones@doh.wa.gov) or 360-236-3030

[Benjamin.Majors@doh.wa.gov](mailto:Benjamin.Majors@doh.wa.gov) or 360-236-3030

# Water Rights for Eligibility

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- Water Right permit or certificate is required for the area to be served – contact Regional Ecology office. Water rights are required for:
  - Source projects (point of withdrawal)
  - Consolidations and Interties (point of use)
  - Infill projects increasing capacity within the service area (point of use)
- Area to be served must match service area map in the approved planning document.



# How to be Eligible for a Loan

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- Dedicated water fund to pay back the loan – separate rates and assessment from other funding.
- If the water system has an audit, there should be no findings. Not all audit findings make an entity ineligible.
- Governing body must approve the submittal of the application for the specific project and loan amount – submit signed meeting minutes.
- Cash flow must be POSITIVE and show you can pay off the loan.
- Be a legal entity with the state of [Washington Secretary of State](#).

# How to be Eligible for a Loan

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- Have control of the property – obtain ownership, lease, or easement for the life of the infrastructure for a construction loan.
- Signed construction agreement with property owner for lead service line replacement or potholing.

# Changes

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## Reirements

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- Sara Herrera retired in May – the WALT guru
- Dennis Hewitt retired in July – Contract Manager
- Both positions are currently vacant

# Changes

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- Maximum award is \$15 million per jurisdiction.
- Disadvantaged community (DAC) permanent rule effective September 1, 2024.
- Updated DAC criteria.
- Small Water System Management Programs must be approved **after** November 30, 2019.
- PFAS must exceed the new EPA maximum contaminant levels (MCL). Sample must be confirmed.

# Risk Category Changes

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## Risk Category 2

- PFAS must exceed the new EPA maximum contaminant levels (MCL). Sample must be confirmed.
- Water shortages across the state are now eligible. Must include a water shortage response plan in the scope of work. And must submit aquifer measurements with the application.

## Risk Category 4

- Climate change response projects included.



# Readiness to Proceed Scoring Changes

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- Bid Documents separate from Construction Documents. For water main replacements, construction documents are typically bid documents. All other projects require Project Report and Construction Documents approval and Bid Documents approval.
  - Please allow **30 days for review** and comments of bid documents.
- Ten points given for completing a Consolidation Feasibility Study Grant for consolidation/restructuring projects.
- Points given for completing a Lead Service Line Inventory Loan to complete the service line replacement project.

## Bonus Points Scoring Changes

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- More bonus points for consolidations and restructuring. Ten points for each water system eliminated or ownership change.
- [Asset inventory spreadsheet](#) updated by RCAC and up to 6 points available. Link on our webpage under Asset Management.

# Disadvantaged Community (DAC) Criteria

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- See Appendix B.
- Community water system is owned or operated by a federally-recognized tribe serving residential connections or,
- 50 percent of a project location is within census tract(s) that meet at least one of the following criteria:
  - Rank 7 or more on the federal funding friendly\* Environmental Health Disparities (EHD) or,
  - Ranking 7 or more for the federal funding friendly\* Social Vulnerability Index (SVI) or,
  - More than 30 percent of the population is below 185 percent of the federal poverty level.

\*"federal funding friendly" removes race and ethnicity

# Disadvantaged Community (DAC) Scoring

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DAC Criteria	Points
Meet 3 criteria or a federally-recognized tribal community	10
Meets 2 criteria	6
Meets 1 criteria	3

# Washington Loan Tracker (WALT)

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# WALT

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1. Applications accepted in WALT until 11:59 pm November 30, 2024.
2. Applicants must contact [DWSRF@doh.wa.gov](mailto:DWSRF@doh.wa.gov) to get preregistered with WALT or you will not be able to access WALT successfully.
3. Register with [Secure Access Washington](#) (SAW) with the **same email address** as you gave for the WALT preregistration.
4. A complete application includes all attachments.
5. Submit the application.
6. Applicants will receive a confirmation email if the application is fully submitted. If you do not receive the e-mail within 24 hours, **contact Scott Kugel.**



# Washington Loan Tracking (WALT) External User Guide

## Drinking Water State Revolving Fund (DWSRF)



## WALT Demonstration

# Loan Terms

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## WAC 246-296-050

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DWSRF loan terms. (1) The department may approve a DWSRF loan for a project that will not serve a disadvantaged community:

- a) *That partially or fully forgives the principal amount of the loan; or*
- b) *At an interest rate at or below market interest rates for a maximum of 20 years from project completion.*

(2) The department may approve a DWSRF loan for a project that will serve a disadvantaged community:

- a) *That partially or fully forgives the principal amount of the loan; or*
- b) *At an interest rate at or below market interest rates for up to 30 years, as long as the DWSRF loan does not exceed the useful life of the project.*

# Longer Loan Term

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- To qualify for 30-year repayment period, design engineer must complete and sign the Engineering Certification in the loan contract.
- The certification form must state the infrastructure life span is 30 years or more.
- Length of the loan term CANNOT exceed the life of the infrastructure.

# Loan Principal Forgiveness

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- Underwriter determines who is eligible for subsidy (loan principal forgiveness)
- Applicant must pass underwriting
- If eligible for funding AND identified as DAC,
  - DWSRF leadership will determine who much, if any, subsidy is assigned to each DAC project.
- Subsidy may be
  - Up to 100 percent loan principal forgiveness OR
  - Partial loan principal forgiveness OR
  - Not offered



# Loan Eligibility



## WAC 246-296-100 (2)

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**DWSRF loan eligibility and applications requirements.** To be eligible for a DWSRF loan, an applicant shall:

- 2) *Except when applying for a DWSRF loan that addresses lead service line identification or lead service line replacement, the applicant shall have a current department-approved WSP or SWSMP that:*
  - a) Includes the proposed project; and
  - b) Addresses any difficulties with system capacity

# Project Rating

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## WAC 246-296-130 (2)

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### **Project priority rating and ranking criteria.**

- 2) Additional points based on the type of project being proposed, if the project:
  - a) *Is ready to proceed to construction;*
  - b) *Completes projects previously funded by DWSRF grants or loans;*
  - c) *Is to consolidate or restructure a public water system;*
  - d) *Creates a sustainable regional public health benefit;*
  - e) *Is a water main replacement project that coincides with other infrastructure projects:*
  - f) *Qualifies as a green project; or*
  - g) *Has an affordability index equal to or greater than one percent.*

More Information

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information

# Online Training

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**August 21 at 10am: Overview Webinar 1**

**September 18 at 10am: Overview Webinar 2**

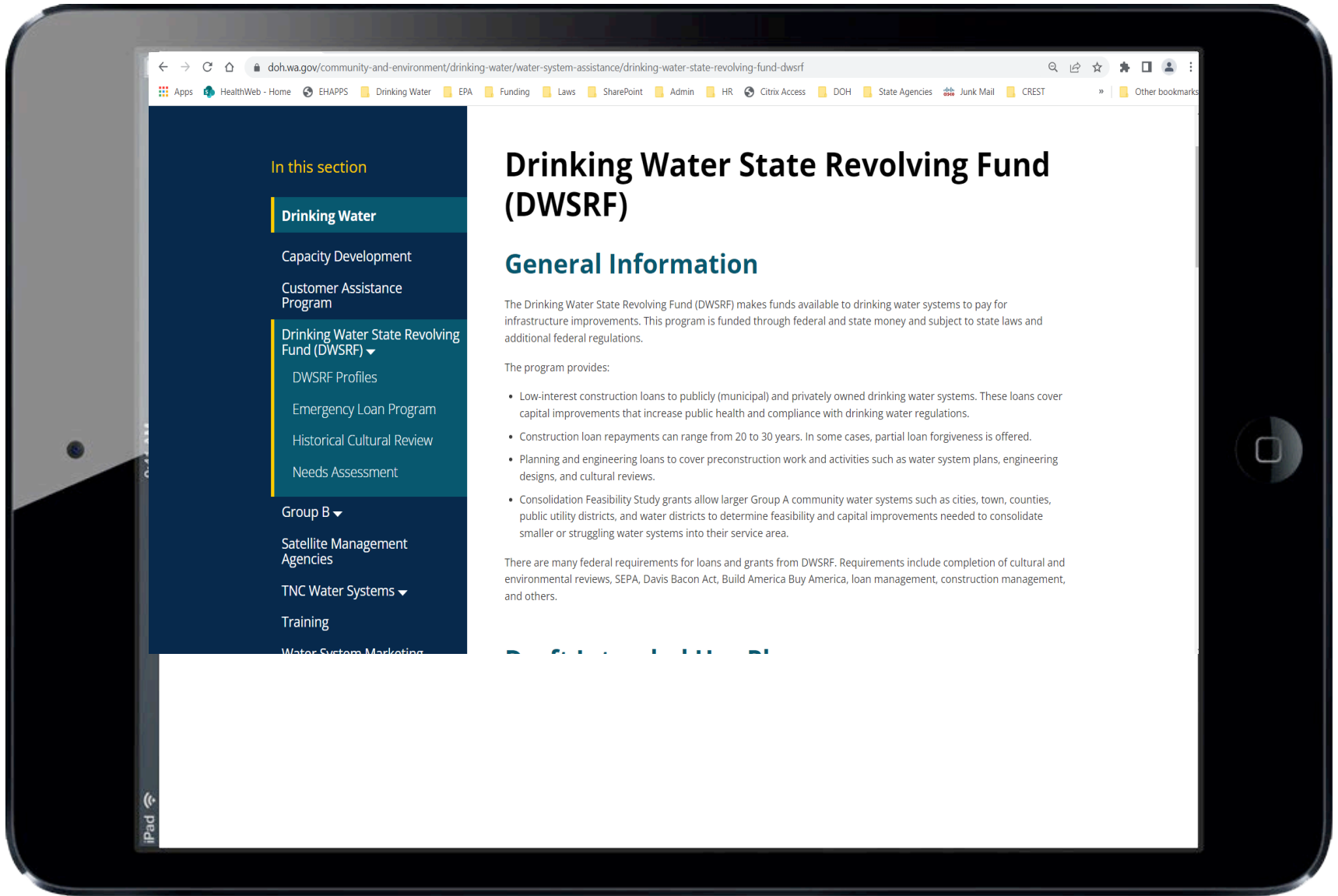
**October 16 at 10am: Q&A Session**

Webinar links are posted at

[www.doh.wa.gov/dwsrf](http://www.doh.wa.gov/dwsrf).

Meetings held on Microsoft Teams

Session slides will be posted online a week later.



Questions?

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# DWSRF Staff Contacts

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Program Manager

[Chris.Pettit@doh.wa.gov](mailto:Chris.Pettit@doh.wa.gov) or 564-233-1408

Scope of Work, Funding Cycles, and Technical Questions

[Jocelyne.Gray@doh.wa.gov](mailto:Jocelyne.Gray@doh.wa.gov) or 564-669-4893

WALT Application and General Questions

at [DWSRF@doh.wa.gov](mailto:DWSRF@doh.wa.gov)

Cultural, Historical, and Environmental Review

[Scott.Kugel@doh.wa.gov](mailto:Scott.Kugel@doh.wa.gov) or 360-480-7617

Technical Assistance Coordination

[Chelsea.Cannard@doh.wa.gov](mailto:Chelsea.Cannard@doh.wa.gov) or 564-233-1799

# DWSRF Financial Services Contacts

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Underwriting and For-Profit Eligibility (Mike)

[Michael.Copeland@doh.wa.gov](mailto:Michael.Copeland@doh.wa.gov) or 360-236-3083

Contract Manager [Eloise.Rudolph@doh.wa.gov](mailto:Eloise.Rudolph@doh.wa.gov) or 360-236-3124

Contract Manager [Brittany.Cody-Pinkney@doh.wa.gov](mailto:Brittany.Cody-Pinkney@doh.wa.gov) or  
360-236-3047

Invoicing and Payments (Steve) [Stephen.Lomnicki@doh.wa.gov](mailto:Stephen.Lomnicki@doh.wa.gov) or  
360-236-3166 or [DWSRFInvoicing@doh.wa.gov](mailto:DWSRFInvoicing@doh.wa.gov)







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