



Water Quality Financial Assistance Program

Funding Overview & Quick Reference

Centennial Clean Water Fund

**Washington State Water Pollution
Control Revolving Fund**

**Clean Water Act Section 319
Nonpoint Source Fund**

**July 2001
Publication Number 01-10-043**



Printed on Recycled Paper

Water Quality Financial Assistance Program

The Department of Ecology's Water Quality Program administers three major funding programs that provide low-interest loans and grants for projects that protect and improve water quality in Washington State:

- Centennial Clean Water Fund (Centennial)
- Washington State Water Pollution Control Revolving Fund (SRF)
- Clean Water Act Section 319 Nonpoint Source Fund (Section 319)

Ecology acts in partnerships with state agencies, local governments and Indian Tribes by providing financial assistance for their water quality efforts. As much as possible, Ecology manages the three programs as one; there is one funding cycle, application form and offer list.

The types of projects funded include:

- Planning, design and construction of wastewater and stormwater treatment facilities
- Agricultural best management practices projects
- Stream and salmon habitat restoration
- Local loan funds for water quality projects
- Watershed planning
- Water reuse planning and facilities
- Water quality monitoring
- Lake restoration
- Wellhead protection
- Acquiring wetland habitat for preservation
- Construction of public boat pump-outs
- Public information and education projects

Frequently Asked Questions

Who is eligible for funding?

Local governments (counties, cities and towns); federally recognized Indian tribes; special purpose districts such as sewer, health and conservation districts; not-for-profit groups (limited funding only, contact Ecology for details).

What types of funding are available?

Low interest loan and grant combinations may be available for up to 100 percent of eligible project costs.

Are there eligibility restrictions?

Wastewater or stormwater from commercial, industrial or institutional sites is ineligible for funding when the cumulative amount comprises more than 30 percent of the total flows, or the individual flow comprises more than 5 percent of the total flows.

Centennial and SRF funds are intended to address existing residential need; funds are not available for excess capacity, and counties, cities and towns not in compliance with the Growth Management Act are ineligible for funding for facilities projects.

Flood control projects and water supply projects are ineligible for funding through these programs; however Funding programs from other groups may be able to provide funding for these projects.

Please see the Ecology publication *Funding Guidelines Volume 2*, Appendix A for the complete eligibility matrix.

How can a loan project be more affordable?

Ecology may offer special funding consideration for facilities projects which would cause a financial hardship on the local ratepayers. If a project would cause rates to exceed 1.5 percent of the community's median household income, Ecology considers it to be causing a hardship, and will attempt to reduce the impact through longer loan terms, lower interest rates, or by offering funding through a grant and loan combination.

What are the loan terms?

Interest rates are based on a percent of the market rate for tax-free municipal bonds. The rates are established at the beginning of each application cycle. For example, interest rates for fiscal year 2002 were:

0 to 5 year term: 0.5 %

6 to 20 year term: 1.5 %

Funding Cycle

January – February

Applications accepted, funding workshops held

Mid April

Local Priority deadline

August

Final Offer List issued

12 months from award notification

Loan or grant agreement must be signed

18 months from award notification

Project work must begin

Evaluation Criteria

Ecology staff review applications to determine if the proposed projects meet general eligibility criteria. Ecology regional water quality specialists, with recommendations from other state agencies involved with water quality and environmental health issues, then evaluate eligible applications and assign a number score to each project proposal. Project proposals can receive up to 1000 points based on the following scoring matrix:

- The specific water quality impairments being addressed by the proposed project 340 points
- How the proposed project will improve the water quality problem, and how project success will be measured 340 points
- Local comprehensive planning and monitoring efforts, and completion of project prerequisites 120 points
- State of Washington and/or federal mandates addressed by the proposed project 100 points
- Local Priority Ranking, as indicated on the *Statement of Agreed Priority* for the applicant's WRIA 100 points

Local Priority Setting Process

Local Priority Setting allows Ecology to respect locally determined needs in Water resource Inventory Areas (WRIAs) throughout the state while rewarding regions that take an active role in addressing water quality needs.

- 100 of the possible 1,000 points an application may receive are determined by the Local Priority Setting Process
- A group in each WRIA evaluates and assigns priorities to applications for projects in that WRIA
- Final rankings for each WRIA are presented in the *Statement of Agreed Priority*.
- The top ranked application in each WRIA will receive 100 points, the second ranked application 90 points, the third ranked application 80 points, etc.

Each WRIA must designate a group to organize the local priority setting process – either an ad hoc committee or the lead agency of a local watershed-planning group. Depending on group organization, several signatures are required to validate the Statement of Agreed Priority. Please see Ecology's *Funding Guidelines Volume 1* for specific details.

Available Funds

Each year, available fund amounts vary based on state and federal appropriations. Interest and principal payments on open SRF loans also figure into funds available. Fiscal year 2002 available funds were:

Centennial: \$ 12.2 million
Section 319: \$ 2.3 million
SRF: \$ 79.6 million

Funding Limits

Facilities Grants (in case of hardship):

- \$5 million over project life, or
- Grant must be matched with a low-interest SRF loan

Activities Grants:

- \$500,000
- \$250,000 if in-kind match

Loans:

- 100 percent of eligible project costs

Application Tips

- Read and follow the directions and tips on the Water Quality Financial Assistance Application
- Answer questions with concise, accurate detail
- Label answers to clearly correspond with application questions
- Number pages for easy reference
- Take care when photocopying completed application that each page is reproduced clearly and completely
- Assume an active role in the Local Priority Setting Process

Planning Requirements

Project applications should be consistent with all applicable water quality plans or other policy statements. These include, but are not limited to: Plans prepared under the federal Clean Water Act sections 208 (Area Wide Waste Treatment Management Plans), section 319 (Nonpoint Source Management Strategy) and 320 (National Estuary Program); The Puget Sound Water Quality Management Plan; shoreline master programs; groundwater area management programs; comprehensive or general sewer plans; stormwater plans; watershed plans; and Governor's Executive Orders.

Ecology has additional planning requirements for implementation projects. The applicable planning requirements often depend on whether the project is a facilities or activities project.

The Step Process for Facilities

To be eligible for funding facilities projects must proceed according to a systematic method known as the Step Process. All previous “steps” must be complete and approved by Ecology for a project to be eligible for funding. The steps for facilities projects are:

Step 1: Planning – Involves the preparation of a site specific facilities plan. Engineering reports may need to be upgraded to meet facilities planning requirements for SRF and Centennial eligibility.

Step 2: Design – Involves the preparation of plans and specifications for use in construction.

Step 3: Construction – Involves the building of a facility based on the approved design. Design must be approved by Ecology before a project is eligible for Step 3 funding consideration.

Step 4: Design/Construction (special case) – Applicants may combine Step 2 design and Step 3 construction into one application, which is called Step 4, if the applicant can demonstrate that Step 2 design can be complete and approved by Ecology within one year of the date the Final Offer List is made public. Step 4 projects can be funded up to \$1 million.

Ecology can allow deviation from the Step Process if the Washington State Department of Health has declared a public health emergency **and** the proposed project would remedy the situation causing the emergency. This deviation from the Step Process will only allow an application to be considered for funding, it does not guarantee funding. In this special case, projects may only deviate from the Step Process by one step.

The Step Process for Activities

In most cases Ecology does not require the Step Process for activities projects. Applications proposing to implement a specific project identified in a completed comprehensive plan may be given additional consideration.

Ecology does require the Step Process for the following activities project applications:

- Agricultural best management practices that involve improvements on private property
- Lake projects

Step 1: Activities planning involves the identification of problems and evaluation of cost-effective alternatives (based on environmental and economic considerations) for correcting and preventing water quality problems.

Step 2: Activities implementation includes the actual implementation of the project based on the approved planning document.

The State Environmental Review Process (SERP)

Applicants must complete SERP in order to apply for design or construction funds for facilities projects. To complete SERP the applicant must receive Ecology's concurrence on all SEPA documents and the *Washington State Water Pollution Control Revolving Fund (SRF) Environmental Checklist*.

Growth Management Act Compliance

Ecology is restricted by law from signing grant or loan agreements for facility projects proposed by local governments which are out of compliance with the Growth Management Act (GMA). Facilities projects include site-specific planning, design, and construction of facilities, including on-site sewer systems. Exceptions can be made for projects addressing "public health needs" or "environmental degradation," situations which require special documentation. If you are representing a local government which is not in compliance with the GMA and are thinking of applying for facilities funding, you should contact Ecology for more details about the funding prohibition and the possible exceptions.

Document Requirements

Planning & Design Document Review – Applicants should submit one copy of draft documents and two copies of final documents to the appropriate regional office of Ecology. All documents (draft or final) must be submitted to Ecology by the applicant, not by the consultant working for the applicant. Applicants must allow adequate time for review and approval of technical documents (60 days).

Approved documents are, at the time of application:

- Ecology has given written approval
- All needed signatures have been received

More Information

For more information concerning Ecology grants and loans for water quality projects, please consult the Ecology publication *Funding Guidelines, Volumes 1 & 2*, published in December of each year. Ecology announces the availability of these guidelines each year in a mailing sent to all Washington counties, cities, towns, tribes, special districts and other interested groups.

This mailing also contains the schedule for the annual funding workshops, typically held in January of each year throughout the state. Please contact Ecology if you would like to be added to this mailing list.

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Funding Guidelines Volumes 1 & 2 are also available online at:

<http://www.ecy.wa.gov/programs/wq/funding/>

Ecology is an equal opportunity agency. If you have special accommodation needs, please call Donna Lynch at (360) 407-7529 (Voice) or (360) 407-6006 (TDD). E-mail may be sent to dlyn461@ecy.wa.gov



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