




Washington State Water Pollution Control Revolving Fund

Final Intended Use Plan FY 2005

July 22, 2004
Publication No. 04-10-051


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I. Funds Available for Projects

This Final Intended Use Plan (IUP) describes how the state of Washington plans to use the monies available to the Washington State Water Pollution Control Revolving Fund (SRF) during state fiscal year 2005 (FY 2005). Total funds available for this year's IUP will be \$90,873,246. This total is based on receiving the federal fiscal year (FFY) 2004 Title VI capitalization grant from the U.S. Environmental Protection Agency (EPA), the required 20 percent state match to the federal grant from Washington State's 2003 - 2005 biennial appropriations, deobligated funds from previous funding cycle loan recipients, interest earned from investments, and principal and interest repayments from previous funding cycle loan recipients. Four percent of the federal Title VI capitalization grant is designated for the Department of Ecology's (Ecology) eligible administration costs. The remaining \$89,951,366 will be available as loans for water pollution control projects.

The following table illustrates SRF funds available for FY 2005:

Federal Fiscal Year 2004 Title VI Grant	\$23,047,002
State Match (20%) to Federal Fiscal Year 2004 Federal Title VI Grant	\$4,609,400
Projected Principal and Interest Repayments for FY 2005	\$22,396,020
Actual Principal Repaid for FY 2003	\$25,849,571
Actual Interest Repaid for FY 2003	\$7,242,728
Interest Earned from Investments for FY 2003	\$3,402,642
Projected Principal and Interest Repaid for FY 2003	(\$23,241,039)
Early Repayment during March 2004 from the City of Puyallup	\$11,573,793
Deobligated Funds from July 1, 2003, to April 12, 2004	<u>\$15,993,129</u>
Total SRF Funds	\$90,873,246
Less (4%) of Federal Fiscal Year 2004 Title VI Grant for SRF Administration	(\$921,880)
SRF Funds Available for Projects	<u>\$89,951,366</u>

Local governments' demand for SRF financial assistance this funding cycle exceeded the funds available. The SRF program received 23 eligible applications from local governments requesting over \$104.4 million. Ecology is offering approximately \$89.9 million in low-interest loans to 11 local governments for 12 high-priority water quality projects.

The list of projects offered funding in this Final IUP will help improve and protect Washington State's surface and ground water by implementing actions identified in Washington's Water Quality Management Plan to Control Nonpoint Sources of Pollution, Appendix A, which include: addressing 303(d)-listed waters and impacted beneficial uses; correction of combined sewer overflows; assisting Ecology with development and implementation of Total Maximum Daily Loads to receiving waters; upgrading existing wastewater treatment facilities to meet National Permit Discharge Elimination System requirements; and constructing two new wastewater treatment facilities to protect water quality.

II. Goals

Ecology has both long- and short-term goals that guide the administration of the SRF program. These goals are:

A. Short-Term Goals

1. Work with Ecology's Water Quality Financial Advisory Council to implement a new section in Chapter 70.146 RCW, "Water Pollution Control Facilities Financing". The new section requires Ecology to:
 - Require applicants to incorporate the environmental benefits of the project into the application for funding. Ecology already meets this requirement.
 - Develop appropriate outcome-focused performance measures to be used for management and performance assessment of the financial assistance program.
 - Coordinate its performance measure system with other natural resource related agencies.
2. Continue the process to integrate, within federal and state laws, the SRF with the Centennial Clean Water Fund (Centennial) and the federal Clean Water Act Section 319 Nonpoint Source Program (Section 319) to maximize limited state and federal grant and loan funds to improve and protect the water quality of the state of Washington.
3. Continue to develop and implement the SRF program so that financial assistance for water pollution control needs is available in perpetuity to communities statewide.
4. Provide low-interest loans to local governments for six (6) water pollution control facility projects.
5. Provide low-interest loans to local governments for six (6) nonpoint source pollution control projects.
6. Administer the SRF program and provide technical and financial assistance to loan recipients and potential applicants.
7. Continue working with EPA in implementing the SRF and developing the FY 2006 IUP and capitalization grant agreement.

B. Long-Term Goals

1. Integrate, to the greatest extent possible, the SRF with the Centennial Clean Water Fund (Centennial) and the federal Clean Water Act Section 319 Nonpoint

Source Program (Section 319) to maximize limited state and federal grant and loan funds to improve and protect the water quality of the state of Washington.

2. Provide financial assistance to communities to achieve compliance with state and federal water pollution control requirements, implement nonpoint source pollution control programs, and develop and implement estuary conservation and management programs.
3. Protect public health and water quality and achieve overall improvement and protection of the environment.
4. Encourage local governments to develop and implement projects which will prevent water quality degradation, including wetland protection projects.
5. Assist communities with financial difficulties in meeting required public health and water quality standards, while maintaining the health and perpetuity of the SRF according to federal law and guidance.
6. Provide the type and amount of financial assistance most advantageous to communities, consistent with the long-term health of the fund.
7. Administer the SRF program to ensure that the financial integrity, viability, and revolving nature are maintained.

III. Uses and Terms of Financial Assistance

A. Uses

Details of specific uses of SRF monies are contained in the state regulation (Chapter 173-98 WAC "Uses and Limitations of the Water Pollution Control Revolving Fund"), program guidelines (revised November, 2003), and the Operating Agreement (dated September 11, 1989). In summary, SRF monies can be used to support projects in two funding categories: 1) water pollution control facilities, and 2) nonpoint source pollution control and comprehensive estuary conservation and management.

SRF monies can be issued for the following purposes:

1. To make loans, at or below market interest rates, to applicants in order to finance the planning, design, implementation, development and construction of facilities and activities.
2. To buy or refinance the debt obligations for construction of water pollution control facilities incurred after March 7, 1985.
3. To guarantee or purchase insurance for local obligations to improve credit rating.

4. To provide security or a source of revenue for SRF-issued bonds.
5. To finance reasonable costs incurred by Ecology in administering the SRF program.

B. Terms

Ecology bases interest rates for projects on the average market interest rate for tax exempt municipal bonds (as published in the *Bond Buyer's Index*). According to Chapter 173-98 WAC, Ecology calculates the average market rate before the funding cycle begins, based on the daily market interest rate for the period from sixty days before the start of the application cycle to thirty days before the start of the application cycle. The rates are determined based on repayment time. For a repayment period of up to five years, the rate is determined to be thirty percent of market rate for tax exempt municipal bonds. For a repayment period of more than five years but no more than 20 years the rate is determined to be sixty percent of market rate for tax exempt municipal bonds.

However, the rule also allows Ecology to set interest rates lower than this if a financial analysis of the fund demonstrates that lower interest rates for that year are not detrimental to the perpetuity of the fund. An analysis has shown that lower interest rates for the FY 2005 funding cycle will not affect the perpetuity of the SRF program. In addition, the lower rates have a positive impact on the water quality of the state and the fiscal health of small towns struggling to fund projects. Lower interest rates have also helped to market the program.

For FY 2005, the following terms are offered to applicants:

Repayment Period	Interest Rate
Up to five years:	0.5 percent
Over five years, but no more than 20 years:	1.5 Percent

Applicants may be considered for financial hardship terms if their proposed project(s) would cause user charges to exceed 1.5 percent of the median household income. If Ecology determines that financial hardship exists, it may structure SRF loan agreements with terms to help keep user charges below the financial hardship level, if possible. Hardship terms may include lengthening the repayment period to a maximum of 20 years and/or adjusting the interest rate to as low as zero percent.

Ecology proposes to provide SRF financial hardship assistance to the following local government:

Application Number	Applicant Name/Project Title	Interest Rate	Term In Years	Funds Proposed
FP05029	Chehalis, City of Chehalis Regional Water Reclamation Facility	0%	20	\$33,315,649

IV. Assurances and Certifications

The necessary assurances and certifications required by Title VI of the Clean Water Act, as amended by the Water Quality Act of 1987, and the United States Environmental Protection Agency (EPA) have been included in the Operating Agreement between the state of Washington and EPA.

Section IV.C of the Operating Agreement states, "The Department of Ecology shall transfer into the SRF a state match consisting of either cash or a letter of credit, which equals 20 percent of each federal grant payment, on or before the date when the state of Washington receives the federal grant payment." To further clarify this, Washington State will provide EPA with a "Letter of Commitment", which shows that the required state match has been committed. Washington's matching share will be deposited into the SRF account when an actual draw is made for the federal share of SRF monies.

V. Criteria and Method for Distribution of Funds

The following approach was used to develop the proposed distribution of \$89.9 million to local governments from the SRF:

A. Applications for Funding

Information about the SRF program, workshops, and the application period for SRF assistance was distributed to local governments and interested persons statewide. During December 2003, four public workshops were held statewide in these locations: Spokane, Yakima, Lynnwood, and Tacoma. At the workshops, information on the SRF program and the application process was presented.

Applications for funding were accepted during the application period from December 1, 2003, through February 3, 2004. Based on information provided in the applications, projects were evaluated and prioritized. A detailed description of the application and project evaluation process is found in Chapter 3 of the FY 2005 Funding Guidelines. A summary of the process is described below.

B. Project Evaluation

Ecology used a new evaluation process during the FY 2000 funding cycle. This process was refined for the SRF FY 2005 funding cycle. The process incorporates changes from previous funding cycles which were suggested by Ecology's external group, the Water Quality Program Financial Assistance Council (Council). The Council is comprised of representatives from many stakeholder groups which include grant and loan recipients. The Council reviewed the previous evaluation and ranking process and identified areas where changes were needed. Ecology used these recommendations to assist in the development the evaluation system for the FY 2005 funding cycle. In addition, Ecology also incorporated these recommendations in the SRF rule, Chapter 173-98 WAC, "Uses and Limitations of the Water Pollution Control Revolving Fund", updated in 2000.

In its most important guidance, the Council recommended to continue using evaluation criteria with assigned point values. Ecology had used points in the past, but had not used them for several funding cycles. In the revised system, evaluators assigned points for answers provided by applicants to questions in five categories. The categories are:

1. Public health and water quality threats or impairments caused by the problem.
(Category total: 340 points)
2. How the proposed project address the water quality problem and measures of success.
(Category total: 340 points)
3. Local initiatives taken or being taken that will help make the project a success.
(Category total: 120 points)
4. State of Washington or federal mandates that this proposed project addresses.
(Category total: 100 points)
5. Local Priority-Setting Process. (Category total: 100 points)

Ecology evaluated the proposals, assigned points, and used the points to develop a statewide priority list in numerical order. At their discretion, other state agency staff involved in water pollution control and public health provided funding recommendations to Ecology evaluators.

The above process was followed to evaluate projects that have not yet been constructed/implemented.

A new evaluation process was developed for the FY 02 funding cycle for refinance projects. The refinance evaluation process was also used for the FY 05 funding cycle. In past funding cycles, refinance projects were evaluated along with projects that have not yet been constructed/implemented. One of Ecology's goals is to help improve and protect the water quality of Washington. As a result, Ecology decided that local governments with projects that have not yet been constructed/implemented should be offered funding before refinance projects.

If there are any funds remaining after all local governments with new projects are proposed/offered funding, then those local governments requesting funds to refinance a wastewater treatment facility would be considered for funding.

For refinance projects, applicants requesting funding use a shorter, simpler application form. The form asks basic questions about the project and about the applicant's financial capability to pay for the project with and without the refinance.

All applicants with refinance projects applying for funding in a fiscal year are ranked by financial capability, using the same criteria used for evaluating hardship and giving the highest ranking to the applicants with the greatest financial need.

Ecology incorporated this new process in the SRF rule update.

After some of the new FY 2005 projects were proposed for funding there were no funds remaining for the refinance proposal.

VI. Distribution of Funds

The SRF state rule requires Ecology to distribute money according to the following category allocations: eighty percent of the fund is to be used for water pollution control facilities; twenty percent of the fund is reserved for nonpoint source pollution control and for comprehensive estuary conservation and management. Unless the demand for funds is limited, not more than 50 percent of each funding category allocation can be awarded to any one applicant. In addition, if requests for SRF assistance in one category do not result in the offer of all available funds, any remaining funds are transferred to other categories. Loans may be provided for up to 100 percent of the total eligible project cost.

Loan offers identified on the Final IUP will be effective for up to one year from the date of the offer. All SRF loan offers that do not result in a signed SRF loan agreement within the effective offer period are automatically terminated. Funds reserved for SRF loan agreements that are not signed within the effective period may be carried over and made available for the next year's funding cycle, offered to applicants who did not receive all funds requested, or to other applicants on the Final IUP who did not receive funding offers.

The SRF Final IUP for FY 2004 discussed that Ecology had started a pilot program which allows local governments to use SRF funding for Alternative Contracting/Service Agreement Provisions (AC/SA). Ecology received two requests from local governments to participate in the program. They included Spokane County and the city of Tacoma. The County requested \$73,400,000 to construct a new wastewater treatment facility and the City requested \$52,000,000 to upgrade its existing wastewater treatment facility.

Both the County and the City were offered funding on the SRF Final IUP for FY 2004. In accordance with the AC/SA program, applicants will be evaluated the year they are ready to proceed. If offered funding, recipients will not be required to have their projects evaluated during subsequent funding cycles. The project will be placed at the top of the funding offer list each year in relative priority order based on past offer lists until the project is fully funded. AC/SA recipients need to apply for subsequent funding and need to include a budget for the entire project and indicate the amount of funding required to complete work from October first through September thirtieth.

During FY 2004 an SRF loan agreement was negotiated and signed by Ecology and the city of Tacoma. The City applied for \$20,130,000 this funding cycle and is offered funding on the FY 2005 Final IUP.

Spokane County is currently negotiating its SRF loan agreement with Ecology. The County did not apply for any additional funding for FY 2005.

VII. Allocation of Funds among Projects

This Final IUP contains a list of all local governments with projects considered for funding and those that are offered financial assistance during this funding cycle. This list was established based on the total amount of funds available for each category and after the eligible applicants' projects had been evaluated and prioritized. The list of local governments considered for funding and those with projects proposed for funding are included as Attachment 1.

VIII. Descriptions of Projects Proposed for Funding

All projects considered and proposed for funding are described in Attachment 2.

IX. Proposed SRF Payment Schedule

The proposed schedule of payments from EPA to the state of Washington is shown on Attachment 3.

X. Public Review and Comment

A. Funding Cycle

The FY 2005 Draft IUP was mailed to applicants on May 20, 2004. Notification of the availability of the Draft IUP was also mailed to interested parties on May 20, 2004. There was a 30-day public review and comment period on the Draft IUP, beginning on May 20, 2004, and ending on June 21, 2004.

A public meeting was held to discuss the preparation of the Draft IUP. The public meeting was held at the following location:

Location:	Pierce County Library Administrative Service Center 3005 112 th Street East Tacoma, Washington
Date:	Wednesday, June 9, 2004
Time:	10:00 a.m.

B. Responses to Comments

During the 30-day public review and comment period Ecology received one comment letter on the Draft IUP. Staff carefully reviewed and addressed all comments. All issues identified by the applicant are addressed in this section, with the comment summarized first and the

response following. Any resulting changes to the list are identified in the response as well as on the Final IUP.

1. City of Asotin, The Honorable Steve Cowdrey, Mayor, FP05028/Wastewater Treatment Plant Improvements

Comment: Mayor Cowdrey wrote to Ecology expressing disappointment that the City was only proposed to receive part of the funds for which they had applied. Mayor Cowdrey also requested that the amount shown on the Final Offer and Applicant List be increased to \$900,000.

Response: Total funds available under the Centennial Clean Water Fund program shown on the *Fiscal Year 2005 Draft Offer and Applicant List* (Ecology Publication Number 04-10-036) included money that Ecology expected to be deobligated prior to issuance of the Fiscal Year 2005 Final Offer and Applicant List and this Final IUP. Unfortunately, those funds were not deobligated and as a result:

1. The city of Chehalis proposed grant offer was reduced and the proposed loan offer was increased to fully fund the project as requested by the City,
2. The Okanogan Conservation District proposed grant offer was reduced,
3. No grant funds were available for the Adams Conservation District, and
4. The city of Asotin proposed loan offer was reduced due to the increase in the loan amount offered to the city of Chehalis.

If loan funds become available prior to the end of fiscal year 2005, which will end on June 30, 2005, Ecology will offer those funds in project priority order to applicants who were only offered partial funding for their project, followed by those who were not offered funding for their project.

XI. FY 2004 IUP Projects Carried Over to the FY 2005 IUP

One of the federal Clean Water Act requirements for the SRF program is that there can only be one valid Final IUP in existence at any time. More specifically, a new Final IUP completely replaces the previous Final IUP. If there are loan offers on the previous Final IUP that have not been negotiated and signed by the time the new Final IUP is issued and they are not identified on the new Final IUP, Ecology would not be able to sign loan agreements with those applicants

Loan offers in a Final IUP are valid for one year from the date on which the Final IUP is issued. The expiration date for the FY 2004 loan offers is August 16, 2004. In order to ensure that loan offers to applicants on the FY 2004 IUP can remain valid until the expiration date of those offers, they are identified on Attachment 5.

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Attachment 1

List of Projects Considered and Proposed for Funding

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**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005 Final Intended Use Plan
List of Projects Considered and Offered Funding**

Application Number	Rank	Applicant Name/Project Title	Permit Number & Effluent Limits	Time Frame	Funds Requested	Funds Offered	Category	Interest Rate	Term in Years	Footnotes
FP05001		Tacoma, City of Tacoma Central Treatment Plant Upgrade	WA0037087 BOD 30mg/l TSS 30 mg/l	3/1/03 - 5/1/08 (62 Months)	\$20,130,000	\$20,130,000	Water Pollution Control Facilities	1.5%	20	1
FP05029	1	Chehalis, City of Chehalis Regional Water Reclamation Facility (CRWRF)	WA0021105 BOD 30mg/l TSS 30 mg/l	3/1/04 - 12/31/07 (46 Months)	\$36,282,316	\$33,315,649	Water Pollution Control Facilities	0%	20	2 & 3
FP05040	2	Seattle Public Utilities Venema Creek Natural Drainage System	N/A	3/21/04 - 3/21/08 (36 Months)	\$2,293,696	\$2,293,696	Nonpoint	1.5%	20	
FP05009	3	Thurston County Environmental Health Division On-Site Financial Assistance Program	N/A	1/1/05 - 12/31/06 (24 Months)	\$200,000	\$200,000	Nonpoint	1.5%	20	
FP05083	4	LOTT Wastewater Alliance Hawks Prairie Reclaimed Water Satellite	STG6159 BOD 30mg/l TSS 30 mg/l	6/1/04 - 7/1/06 (27 Months)	\$29,224,000	\$29,224,000	Water Pollution Control Facilities	1.5%	20	
FP05020	5	Seaview Sewer District Lift Station Improvements	N/A	9/21/04 - 1/1/05 (6 Months)	\$481,050	\$481,050	Water Pollution Control Facilities	1.5%	20	
FP05023	6	Sunnyside, Port of Sunnyside Port Sequencing Batch Reactor	ST5304 BOD 60mg/l TSS 100 mg/l	3/1/04 - 3/1/05 (12 Months)	\$3,381,818	\$3,381,818	Water Pollution Control Facilities	1.5%	20	
FP05028	7	Asotin, City of Wastewater Treatment Plant Improvements	WA0020818 BOD 30mg/l TSS 30 mg/l	11/1/04 - 8/1/05 (10 Months)	\$1,580,000	\$47,553	Water Pollution Control Facilities	1.5%	20	4
FP05026	8	Brewster, City of Wastewater Treatment Plant Upgrade Phase II	WA0021008 BOD 30mg/l TSS 30 mg/l	3/1/04 - 3/1/05 (12 Months)	\$500,000	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05064	9	Zillah, City of 2005 WWTF Improvements	WA0020168 BOD 30mg/l TSS 30 mg/l	3/1/04 - 3/1/05 (12 Months)	\$2,471,000	\$0	Water Pollution Control Facilities	1.5%	20	5

**Washington State Water Pollution Control Revolving Fund
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List of Projects Considered and Offered Funding**

Application Number	Rank	Applicant Name/Project Title	Permit Number & Effluent Limits	Time Frame	Funds Requested	Funds Offered	Category	Interest Rate	Term in Years	Footnotes
FP05098	10	San Juan County Health and Community Services San Juan On-Site Failure Repair	N/A	9/1/04 - 8/1/07 (24 Months)	\$450,000	\$450,000	Nonpoint	.5%	5	
FP05070	11	King County Department of Natural Resources & Parks S. Magnolia CSO Control Project Facilities Plan	WA0029181 BOD 30mg/l TSS 30 mg/l	1/1/05 - 12/31/07 (36 Months)	\$794,600	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05071	12	King County Department of Natural Resources & Parks Barton CSO Control Project Facilities Plan	WA0029181 BOD 30mg/l TSS 30 mg/l	1/1/05 - 12/31/07 (36 Months)	\$1,109,949	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05066	13	King County Department of Natural Resources & Parks Murray CSO Control Project Facilities Plan	WA0029181 BOD 30mg/l TSS 30 mg/l	1/1/05 - 12/31/07 (36 Months)	\$576,150	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05067	14	King County Department of Natural Resources & Parks North Beach CSO Control Project Facilities Plan	WA0029181 BOD 30mg/l TSS 30 mg/l	1/1/05 - 12/31/07 (36 Months)	\$457,201	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05011	15	Castle Rock, City of Wastewater Treatment Plant Upgrade & Expansion	WA0022683 BOD 30mg/l TSS 30 mg/l	1/9/04 - 3/19/05 (14 Months)	\$655,000	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05096	16	Sumner, City of City of Sumner Surface Water Quality Sampling	N/A	9/1/04 - 9/1/06 (24 Months)	\$57,300	\$57,300	Nonpoint	1.5%	10	
FP05056	17	Rosalia, Town of Sewer Line Rehabilitation - Phase 1	WA0044687 BOD 30mg/l TSS 30 mg/l	9/1/04 - 3/1/06 (12 Months)	\$40,000	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05097	18	Sumner, City of City of Sumner Groundwater and Stream Flow Monitoring	N/A	9/1/04 - 9/1/06 (24 Months)	\$108,300	\$108,300	Nonpoint	1.5%	10	

**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005 Final Intended Use Plan
List of Projects Considered and Offered Funding**

Application Number	Rank	Applicant Name/Project Title	Permit Number & Effluent Limits	Time Frame	Funds Requested	Funds Offered	Category	Interest Rate	Term in Years	Footnotes
FP05068	19	King County Department of Natural Resources & Parks Carnation Wastewater Treatment Plant	N/A	1/1/03 - 10/31/04 (30 Months)	\$1,787,500	\$0	Water Pollution Control Facilities	1.5%	20	5
FP05025	20	Sultan, City of Surface Water Utility Implementation	N/A	11/1/04 - 12/1/05 (13 Months)	\$262,000	\$262,000	Nonpoint	1.5%	20	
FP05021	21	Sunnyside, City of Wastewater Treatment Plant Upgrade	WA0020991 BOD 30mg/l TSS 30 mg/l	7/1/04 - 2/1/07 (30 Months)	\$1,085,000	\$0	Water Pollution Control Facilities	1.5%	20	5

Totals: \$103,926,880 \$89,951,366

Footnotes:

1. This project is offered funding under the Alternative Contracting/Service Agreements in accordance with "pilot" SRF rulemaking provisions for Alternative Contracting/Service Agreements. Applicants are evaluated the year they first apply for funding and are not required to have their projects evaluated during subsequent funding cycles. Projects are then put at the top of the funding offer list each year in relative priority order based on past offer lists until the project is fully funded. This is the second year for this project and therefore it was not ranked, but moved to the top of the list.
2. Funds offered are less than funds requested, because the applicant is also offered a Centennial Clean Water Fund hardship grant that is identified on the FY 2005 Centennial Clean Water Fund/Clean Water Act Section 319 Nonpoint Source Fund/Washington State Water Pollution Control Revolving Fund Final Offer and Application List.
3. The applicant requested that Ecology staff conduct a financial hardship analysis on the effect of the project on residential sewer user fees. A financial hardship analysis was prepared and Ecology has determined that financial hardship exists. The applicant is offered SRF financial assistance at 0 percent interest with a term of 20 years.
4. Funds offered are less than funds requested, because no funds remain in the Water Pollution Control Facilities Category after higher priority projects were offered funding.
5. No loan funds remain after higher priority projects in the Water Pollution Control Facilities Category were offered funding.

**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005 Final Intended Use Plan
List of Refinance Projects Considered and Offered Funding**

Application Number	% User Fee/MHI	Applicant Name/Project Title	Permit Number & Effluent Limits	Time Frame	Funds Requested	Funds Offered	Category	Interest Rate	Term in Years	Footnotes
FP05074	2/16%	Mossyrock, City of RD Loan Standard Refinance	WA0021024 BOD 30 mg/l TSS 30 mg/l	N/A	\$490,000	\$0	Water Pollution Control Facilities	1.5%	20	1

Totals: \$490,000 \$0

Footnotes:

1. No loan funds remain after higher priority projects were offered funding.

Attachment 2

Project Summaries

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**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005
Intended Use Plan Project Summaries**

FP04013; Kahlotus City of; City of Kahlotus Sewer Facility Plan; The city of Kahlotus is seeking funding to hire an engineering firm to prepare a "sewer facility plan". The sewer facility plan will evaluate options for a wastewater treatment facility to serve the City. If on-site sewer systems serving residents, business or the public, that entity will be evicted.

FP04038; Clark County Health Department; Gibbons Creek TMDL Implementation Project; The Gibbons Creek TMDL Implementation Project is designed to meet the bacteria TMDL that Ecology established in 2000 by identifying and controlling failing septic systems. Project implementation will assure that the Clark County Health Department meets the provisions set forth in an 11/00 Memorandum of Agreement between Ecology and CCHD. Implements Washington States Nonpoint Plan

FP04043; Seattle Public Utilities; High Point Natural Systems Drainage; SPU's High Point project will install innovative natural drainage elements such as bioswales, soil reservoirs, and porous pavement along 34 blocks to improve stormwater management throughout a 120

FP04065; Whatcom Conservation District; Whatcom Dairy Manure Methane Project; This project will provide financial assistance to construct a methane digester(s) in Whatcom County. Methane digesters decompose manure and reduce greenhouse gases, pathogens and odor from dairy manure. The digester would aide nutrient management by producing marketable fiber that, when removed, will reduce loading of organic sources of nitrogen and phosphorus. Implements Washington States Nonpoint Plan, Appendix A: Implements TMDLs for Nooksack River, Fishtrap Creek, and Johnson Creek.

FP04072; Kitsap County Public Works; Kingston Wastewater Treatment Plant & Outfall; The Kingston wastewater treatment plant construction implements SEPA approved facilities plans to serve current and expanded community service areas. Kitsap County will simultaneously undertake replacement of outfall, damaged by Washington State ferries while dredging for expansion of their terminal, with an extended pipe into deeper waters bypassing geoduck/shellfish harvest areas.

FP04081; Warden City of, Collection System & WWTF Improvements Design; This project will implement a public education and awareness campaign and "on the ground" restoration projects in the Lyon and McAleer Creek watersheds to correct factors leading to poor water quality inventoried by the Adopt-A-Stream Foundation under G0200026.

FP04085; Stevens Pass Sewer District; Stevens Pass Wastewater Treatment Facility Improvements; Upgrade of the existing treatment plant facilities to meet advanced wastewater discharge permit limits. Treatment plant process to include installation of membrane filter technology. Treatment facility improvements consist of already completed emergency repairs, improvements to Summit Pump Station, Pretreatment/Flow Equalization Facility and improvements to the wastewater treatment plant.

**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005
Intended Use Plan Project Summaries**

FP04094; Spokane County; Spokane County Regional Wastewater; The project is the design and construction of an 8 mgd wastewater treatment plant. The plant will incorporate two primary clarifiers, membrane bioreactors, UV disinfection, cascade aeration and biosolid storage. The entire facility will be enclosed. This project is sized to meet the County's treatment needs through the next 20 years.

FP04097; Bremerton City of; Cherry/Trenton CSO Reduction - Final Improvements; The project will construct the Cherry Avenue Basin Beachmain Improvements, and also the Trenton Avenue Basin 18-inch Shore Drive Slipline. The Cherry Avenue improvements will provide conveyance capacity to the City's CSO treatment plant, and also allow cleaning of the beachmain. The Trenton Avenue Improvements will safeguard a critical pipeline.

FP05001; Tacoma, City of; Tacoma Central Treatment Plant Upgrade; Design and construct an upgrade to the Central Wastewater Treatment Plant to increase the capacity to a maximum monthly flow of 60 mgd. and a peak hydraulic capacity of 150 mgd. Improvement areas include: influent screening; influent and effluent pumping; grit removal; installing a peak wet weather flow treatment process; disinfection; solids handling.

FP05009; Thurston County Environmental Health Division; On-Site Financial Assistance Program; This project will continue Thurston County's local loan fund, which makes long-term, low-interest funding available to repair failing on-site sewage systems and allow connection to sewer for properties with failing on-site systems where sewer is available. Lack of low-cost funding often discourages or prevents citizens from repairing on-site sewage systems which contribute to pollution of ground and surface waters in Thurston County.

This application implements Thurston County's Septic Operation and Maintenance Program, identified in Appendix A of Washington State's Nonpoint Plan. Appendix A identifies 303(d)-listed waters, impacted beneficial uses, and approved programs and plans that local governments, tribes, and special purpose districts may address through the Centennial Clean Water Fund, 319 funding, or SRF funding. Thurston County is clearly implementing the approved county wide Septic O&M program.

FP05011; Castle Rock, City of; Wastewater Treatment Plant Upgrade & Expansion; The project is a major upgrade and expansion of the City's existing wastewater treatment plant to provide approved secondary treatment. Major new and upgraded components include: new headworks; upgraded influent pump station; new oxidation ditch and two secondary clarifiers; new ultraviolet disinfection; and new biosolids thickening and dewatering.

FP05020; Seaview Sewer District; Lift Station Improvements; The proposed project consists of the removal of existing concrete roof slabs, access ways, drywell pumps, valves, piping, and controls equipment and the installation of new wall sections, slabs, hatches, vaults, submersible pumps, valves, piping, electrical and controls equipment and accessories at six raw sewage lift stations.

**Washington State Water Pollution Control Revolving Fund
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FP05021; Sunnyside, City of; Wastewater Treatment Plant Upgrade; Based on the City's 2003 Wastewater Facility Plan, the city plans to make major upgrades to the Clarification processes, Aeration and Re-aeration Systems, Solids Process and Handling System, UV System, and Operations/Lab Building. The improvements are necessary to meet new NPDES permit limits, redundancy requirements, and to provide for future growth.

FP05023; Sunnyside, Port of; Sunnyside Port Sequencing Batch Reactor; The addition of the sequencing batch reactor to the Port treatment system will reduce loadings of nitrogen and dissolved solids to the aquifer beneath the land application sprayfield. Reduced nitrogen loadings are intended to eliminate elevated groundwater nitrate concentrations.

FP05025; Sultan, City of; Surface Water Utility Implementation; The grant will be used to implement the Surface Water Quality Management Plan that was prepared last year under a DOE loan (Phase I - COMPLETE). Activities for Phase II: formation of the utility; development of the organization, including position descriptions, staffing plan, and budget; and purchase and installation of accounting and task tracking software.

This application implements the Surface Water Quality Management Plan for the City of Sultan. The program is listed in Appendix A of Washington State's Nonpoint Plan. Appendix A identifies 303(d)-listed waters, impacted beneficial uses, and approved programs and plans that local governments, tribes, and special purpose districts may address through the Centennial Clean Water Fund, 319 funding, or SRF funding. Sultan's surface water quality plan addresses listed waters and impacted beneficial uses.

FP05026; Brewster, City of; Wastewater Treatment Plant Upgrade Phase II; The City of Brewster wastewater facility is facing non-compliance with its permits for effluent and biosolids handling and is approaching plant capacity. This project is Phase II of upgrades to increase efficiency and replace outdated and marginally functioning components of the plant and collection system.

FP05028; Asotin, City of; Wastewater Treatment Plant Improvements; The City of Asotin is proposing a comprehensive upgrade to their wastewater treatment facility. These improvements will improve the performance and reliability of the treatment plant. Asotin's facility operates under a discharge permit issued by the Department of Ecology and these improvements are needed to ensure compliance with this permit.

FP05029; Chehalis, City of; Chehalis Regional Water Reclamation Facility (CRWRF); This project is to construct a new wastewater treatment plant capable of producing Class A reclaimed water to irrigate a poplar tree plantation, reconstruction of the City's two largest wastewater pumping stations to meet new hydraulic requirements, and the construction of a forcemain to convey treated water to the poplar plantation.

FP05040; Seattle Public Utilities; Venema Creek Natural Drainage System; The Venema Creek Natural Drainage System project will use low-impact development techniques to reduce urban stormwater runoff and achieve TMDL implementation objectives in the most important subbasin of Seattle's Piper's Creek. The project will significantly benefit water quality, wet weather flow reduction, and salmon survival in the watershed.

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This application implements the Surface Water Quality Management Plan for the City of Sultan. The program is listed in Appendix A of Washington State's Nonpoint Plan. Appendix A identifies 303(d)-listed waters, impacted beneficial uses, and approved programs and plans that local governments, tribes, and special purpose districts may address through the Centennial Clean Water Fund, 319 funding, or SRF funding. Sultan's surface water quality plan addresses listed waters and impacted beneficial uses.

FP05056; Rosalia, Town of; Sewer Line Rehabilitation - Phase 1; Rosalia has an existing wastewater collection pipe system that results in increasingly expensive and ineffective hydraulics at the treatment lagoon. This project will reduce inflow and infiltration rates. The project goal is to reduce the hydraulic loading on the existing lagoon and the planned future treatment facility.

FP05064; Zillah, City of; 2005 WWTF Improvements; The proposed project provides for the construction element of the WWTF improvements outlined in the Wastewater Facilities Plan. The improvements upgrade several of the wastewater treatment processes that are currently overloaded by existing flows and will provide increased capacity for the 20-year projected population growth.

FP05066; King County Dept. Natural Resources & Parks; Murray CSO Control Project Facilities Plan; The Murray CSO overflows approximately 5 times per year with an annual overflow volume of approximately 6 million gallons per year. KCWTD planning recommended construction of a storage tank to control overflows to the required state standard of one untreated event per year on average (Washington State Water Pollution Control Act (RCW 90.48) and WAC 173-245). This application is for the facilities plan only.

FP05067; King County Dept. Natural Resources & Parks; North Beach CSO Control Project Facilities Plan; The North Beach CSO overflows approximately 17 times per year with an annual overflow volume of approximately 6 million gallons per year. KCWTD planning recommended construction of an underground storage tank and upgrading the existing pump station to control overflows to the required state standard of one untreated event per year on average (Washington State Water Pollution Control Act (RCW 90.48) and WAC 173-245). This application is for the facilities plan only.

FP05068; King County Dept. Natural Resources & Parks; Carnation Wastewater Treatment Plant; Preparation of facilities plan and EIS for a new 0.36 mgd wastewater treatment plant and outfall into the Snoqualmie River to serve the City of Carnation. Alternatives to the outfall being considered include wetlands enhancement and upland infiltration. The County will be responsible for construction, operation, and maintenance of the treatment plant. The City of Carnation will be responsible for the collection system. This application is for the County's work on the treatment plant. The City will submit their own application for their work.

FP05070; King County Dept. Natural Resources & Parks; S. Magnolia CSO Control Project Facilities Plan; The S. Magnolia CSO overflows approximately 25 times per year with an annual overflow volume of approximately 14 million gallons per year. KCWTD planning recommended

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construction of a storage tank to control overflows to the required Washington state standard of one untreated event per year on average (Washington State Water Pollution Control Act (RCW 90.48) and WAC 173-245). This application is for the facilities plan only.

FP05071; King County Dept. Natural Resources & Parks; Barton CSO Control Project Facilities Plan; The Barton CSO overflows approximately 9 times per year with an annual overflow volume of approximately 8 million gallons per year. KCWTD planning recommended building a new pump station to control overflows to the required standard of one untreated event on average per year (Washington State Water Pollution Control Act (RCW 90.48) and WAC 173-245). This application is for the facilities plan only.

FP05074; Mossyrock, City of; RD Loan Standard Refinance; In 2001, the City of Mossyrock commissioned a new activated sludge treatment plant that uses an activated sludge process and biological nitrification and UV disinfection. The new 0.297 MGD plant was completed at total cost of \$2.5 million. Financing for the project was through a Community Development Block Grant and a USDA Rural Development (RD) grant and loan package. The loan portion of the financing is provided by a 40-year RD loan at 4.5% interest. The current sewer rates are \$35.70 per month for a low-income community. While refinancing would slightly increase the annual debt payment for the City, it would allow the debt to be retired in 20 years rather than 40 and would save the City almost \$500,000 in interest payments.

FP05083; LOTT Wastewater Alliance; Hawks Prairie Reclaimed Water Satellite; Construction of the Hawks Prairie Reclaimed Water Project will provide the first increment of new wastewater treatment capacity and the first reclaimed water satellite under LOTT's Wastewater Resource Management Plan. It includes a reclaimed water treatment plant, constructed wetlands ponds, groundwater recharge basins, wastewater pipelines, and reclaimed water distribution pipelines.

FP05096; Sumner, City of; City of Sumner Surface Water Quality Sampling; The City of Sumner intends to implement a surface water quality monitoring program to (1) establish a water quality baseline for surface waters receiving stormwater runoff from within city limits, and (2) to assess whether flow from existing Sumner stormwater outfalls are negatively impacting receiving water quality.

This application addresses water quality problem areas that are identified in Appendix A of Washington State's Nonpoint Plan. Appendix A identifies 303(d)-listed waters, impacted beneficial uses, and approved programs and plans that local governments, tribes, and special purpose districts may address through the Centennial Clean Water Fund, 319 funding, or SRF funding. The first step in addressing a 303(d) listed problem area is to understand the source of nonpoint pollution and then to refine the loadings from those various sources. Sumner's application for SRF funds fulfills the nonpoint plan strategy.

FP05097; Sumner, City of; City of Sumner Groundwater and Stream Flow Monitoring; The City of Sumner intends to collect baseline data to evaluate stream flow and groundwater impacts resulting from the urbanization of the northern part of the city. The proposed project will allow the City to collect stream flow and groundwater level data in the White River valley, especially during low-flow periods.

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This application addresses water quality problem areas that are identified in Appendix A of Washington State's Nonpoint Plan. Appendix A identifies 303(d)-listed waters, impacted beneficial uses, and approved programs and plans that local governments, tribes, and special purpose districts may address through the Centennial Clean Water Fund, 319 funding, or SRF funding. There are two impacted beneficial uses in the Puyallup-White Basin: groundwater quality has nitrate levels detected greater than 10mg/l; and the Central Pierce County Aquifer is designated sole source. It is important to the State's Nonpoint Plan that both are addressed. Sumner's application for SRF funds fulfills the nonpoint plan strategy.

FP05098; San Juan County Health and Community Services; San Juan On-site Failure Repair; This project will continue to provide revolving loan funds to property owners in San Juan County for the repair of failing on-site septic systems. Eligible recipients will be identified through marketing and through education of on-site septic system contractors (designers, installers, pumpers, O&M).

This application implements San Juan County's Septic Operation and Maintenance Program, identified in Appendix A of Washington State's Nonpoint Plan. Appendix A identifies 303(d)-listed waters, impacted beneficial uses, and approved programs and plans that local governments, tribes, and special purpose districts may address through the Centennial Clean Water Fund, 319 funding, or SRF funding. San Juan County is clearly implementing the approved county-wide Septic O&M program.

Attachment 3

Proposed Schedule of Payments from EPA to the State of Washington

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**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005 Final Intended Use Plan
Proposed Schedule of Payments from EPA to the State of Washington**

Federal Quarter	Requested FFY 2002 Title VI Grant Payments
10/1/03	\$0
1/1/04	\$7,682,334
4/1/04	\$7,682,334
7/1/04	\$7,682,334
TOTAL	\$23,047,002

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Attachment 4

Estimated Schedule of Binding Commitments

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**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005 Final Intended Use Plan
Estimated Schedule of Binding Commitments**

Application Number	Applicant Name/Project Title	Date	Funds Offered
FP04038	Clark County Health Department Gibbons Creek TMDL Implementation Project	8/16/2004	\$100,000
FP04097	Bremerton City of Cherry/Trenton CSO Reduction - Final Improvements	8/16/2004	\$1,075,000
FP04072	Kitsap County Public Works Kingston Wastewater Treatment Plant & Outfall	8/16/2004	\$14,188,000
FP04043	Seattle Public Utilities High Point Natural Systems Drainage	8/16/2004	\$2,714,959
FP04081	Warden City of Collection System & WWTF Improvements Design	8/16/2004	\$429,000
FP04094	Spokane County Spokane County Regional Wastewater	8/16/2004	\$8,500,000
FP04085	Stevens Pass Sewer District Stevens Pass Wastewater Treatment Facility Improvements	8/16/2004	\$5,500,171
FP04013	Kahlotus City of City of Kahlotus Sewer Facility Plan	8/16/2004	\$30,000
FP04065	Whatcom Conservation District Whatcom Dairy Manure Methane Project	8/16/2004	\$500,000
FP05020	Seaview Sewer District Lift Station Improvements	9/1/2004	\$481,050
FP05096	Sumner, City of City of Sumner Surface Water Quality Sampling	9/1/2004	\$57,300
FP05097	Sumner, City of City of Sumner Groundwater and Stream Flow Monitoring	9/1/2004	\$108,300
FP05001	Tacoma, City of Tacoma Central Treatment Plant Upgrade	10/1/2004	\$20,130,000
FP05029	Chehalis, City of Chehalis Regional Water Reclamation Facility (CRWRF)	10/1/2004	\$33,315,649
FP05040	Seattle Public Utilities Venema Creek Natural Drainage System	10/1/2004	\$2,293,696
FP05098	San Juan County Health and Community Services San Juan On-Site Failure Repair	10/1/2004	\$450,000
FP05028	Asotin, City of Wastewater Treatment Plant Improvements	11/1/2004	\$47,553
FP05025	Sultan, City of Surface Water Utility Implementation	11/1/2004	\$262,000
FP05009	Thurston County Environmental Health Division On-Site Financial Assistance Program	1/1/2005	\$200,000
FP05083	LOTT Wastewater Alliance Hawks Prairie Reclaimed Water Satellite	1/1/2005	\$29,224,000
FP05023	Sunnyside, Port of Sunnyside Port Sequencing Batch Reactor	1/1/2005	\$3,381,818

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Attachment 5

FY 2004 IUP Projects Carried Over to the FY 2005 IUP

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**Washington State Water Pollution Control Revolving Fund
State Fiscal Year 2005 Final Intended Use Plan
List of FY 2004 IUP Projects Offered Funding and Carried Over to the FY 2005 IUP**

Application Number	Rank	Applicant Name/Project Title	Permit Number & Effluent Limits	Time Frame	Funds Requested	Funds Proposed	Category	Interest Rate	Term in Years	Footnotes
FP04038	2	Clark County Health Department Gibbons Creek TMDL Implementation Project	N/A	1/1/04 - 6/30/05 (18 Months)	\$100,000	\$100,000	Nonpoint	.5%	5	
FP04097	3	Bremerton City of Cherry/Trenton CSO Reduction - Final Improvements	WA-0029289 BOD 30 mg/l TSS 30 mg/l	6/1/04 - 10/1/04 (4 Months)	\$1,075,000	\$1,075,000	Water Pollution Control Facilities	1.5%	20	
FP04072	4	Kitsap County Public Works Kingston Wastewater Treatment Plant & Outfall	WA-0023264 BOD 25 mg/l TSS 30 mg/l	12/1/03 - 9/30/05 (31 Months)	\$14,188,000	\$14,188,000	Water Pollution Control Facilities	1.5%	20	
FP04043	9	Seattle Public Utilities High Point Natural Systems Drainage	N/A	6/1/03 - 6/1/08 (60 Months)	\$2,714,959	\$2,714,959	Nonpoint	1.5%	20	
FP04081	10	Warden City of Collection System & WWTF Improvements Design	ST-5380 BOD 45 mg/l TSS 45 mg/l	11/1/03 - 6/1/04 (10 Months)	\$429,000	\$429,000	Water Pollution Control Facilities	1.5%	20	
FP04094	14	Spokane County Spokane County Regional Wastewater	N/A	4/1/04 - 12/1/06 (32 Months)	\$73,400,000	\$8,500,000	Water Pollution Control Facilities	1.5%	20	1
FP04085	31	Stevens Pass Sewer District Stevens Pass Wastewater Treatment Facility Improvements	WA-0029521 BOD 30 mg/l TSS 30 mg/l	5/15/03 -2/1/04 (4 Months)	\$5,500,171	\$5,500,171	Water Pollution Control Facilities	1.5%	20	

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List of FY 2004 IUP Projects Offered Funding and Carried Over to the FY 2005 IUP**

Application Number	Rank	Applicant Name/Project Title	Permit Number & Effluent Limits	Time Frame	Funds Requested	Funds Proposed	Category	Interest Rate	Term In Years	Footnotes
FP04013	32	Kahlotus City of City of Kahlotus Sewer Facility Plan	N/A	12/1/03 - 12/1/04 (12 Months)	\$30,000	\$30,000	Water Pollution Control Facilities	1.5%	20	2
FP04065	33	Whatcom Conservation District Whatcom Dairy Manure Methane Project	N/A	10/1/03 - 9/30/06 (36 Months)	\$500,000	\$500,000	Nonpoint	1.5%	20	

Totals: \$97,937,130 \$33,037,130

Footnotes:

1. Funds Requested are less than Funds Offered, because this is a pilot project for Alternative Contracting/Service Agreement. See page 7 for additional information.
2. The remaining funds from the federal Hardship Grants Program for Rural Communities are offered to a higher rated project.