

Funding Guidelines

Local Government Stormwater Grants Program FY 2008

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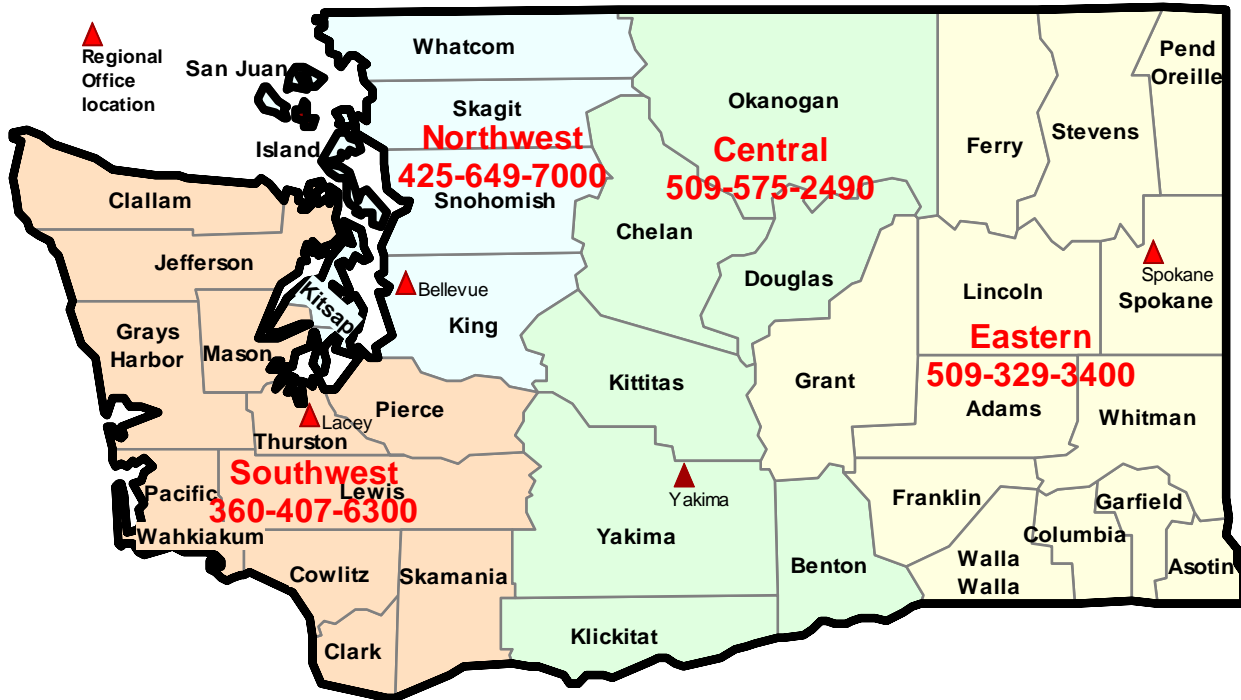
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Chapter 1: Overview and Award Provisions

How to use these guidelines

These guidelines describe the process to receive water quality financial assistance under the *Local Government Stormwater Grants Program FY 2008* from the Washington State Department of Ecology (Ecology) Water Quality Program. The guidelines also explain what will be required of a local government once a grant is awarded. The guidelines are not meant to be a comprehensive listing and explanation of all rules and policies that may apply to funding. The guidelines are intended to facilitate the grant approval process and initial steps of administering a funded project. Local governments eligible to be offered funding are referred to as “Designated Local Governments.” They should request additional information and consultation whenever needed.

The appendices of these guidelines contain additional information that will be useful to most Designated Local Governments. Please review the appendices and use them as a resource.

The following terms are used throughout the guidelines:

- Grant Acceptance Intent Notices (GAINs) – for Designated Local Governments offered grants
- Notices of Intent – for those intending to accept a Phase II Stormwater NPDES permit

GAINs are distinguished from Notices of Intent, because many Phase II Stormwater NPDES permit recipients may have only recently submitted Notices of Intent to accept their permits.

Stormwater management needs – where we are today

Stormwater is a leading contributor to water pollution in our urban waterways. Stormwater is Washington’s fastest growing water quality problem with the nearly exponential growth of many urban areas. While many local governments have established stormwater programs and are addressing stormwater infrastructure needs, historically their focus was to address stormwater flooding problems and only to incidentally address the water quality impacts associated with urban stormwater runoff.

There are at least three regulatory programs that are changing this focus:

- EPA-mandated National Pollutant Discharge Elimination Permit System (NPDES) Phase II Municipal Stormwater Requirements.
- Total Daily Maximum Loads (TMDLs) and their subsequent detailed implementation plans for urban water bodies.
- Water quality issues, such as endangered and threatened species, watershed plans, and underground injection issues.

Funding program purposes

The 2007 Washington State Legislature passed the Operating Budget for the 2007-2009 Biennium with funds to assist local governments with stormwater management needs.

In the budget, the Legislature appropriated **\$9 Million for local governments to receive grants for municipal stormwater programs**, including but not limited to:

- A. Implementation of Phase II municipal stormwater National Pollutant Discharge Elimination System (NPDES) permits
- B. Stormwater source control for toxics in association with clean-up of contaminated sediment sites

- C. Stormwater source control programs for shellfish protection districts where stormwater is a significant contributor

The Legislature and the Department of Ecology (Ecology) refer to this new program as the Local Government Stormwater Grants Program. The Legislature specified the allocation as follows:

- **Projects within the Puget Sound Basin: \$7 million**
- **Projects outside the Puget Sound Basin: \$2 million**

Designated Local Governments – defined

Ecology has defined local governments being offered grants as Designated Local Governments. Designated Local Governments are defined as: Any city, town, county, water-sewer district, public utility district, port district, shellfish district, irrigation district, conservation district, flood control district, or any other municipal corporation, or quasi-municipal corporation. Additionally, other political subdivisions authorized to levy special benefit assessments for sanitary or storm sewerage systems, domestic water supply or distribution systems, or road construction or improvement purposes that are charged with meeting one or more of the *program purposes* are eligible.

Project duration

Projects must be completed by **June 30, 2009**.

Ceiling amounts and match

Designated Local Governments will receive **an offer up to \$75,000** and are encouraged to form partnerships to address issues of common concern and economies of scale. There are **no** match requirements.

Eligible activities

Examples of eligible activities include but are not limited to:

1. Conducting inventories of stormwater sources.
2. Establishing and refining stormwater utilities (including stable rate structures, developing stormwater ordinances and regulations, initial staffing, and other capacity building activities to facilitate ongoing stormwater management needs).
3. Reviewing existing and model stormwater regulations.
4. Mapping or geographic information systems of stormwater system infrastructure.
5. Implementing source control activities, such as drain stenciling, business inspections, and public information and communication.
6. Identifying and removing illicit stormwater discharges into municipal separate storm sewer systems.
7. Completing detailed plans, for example, stormwater management plans, engineering reports or facilities plans (including financing options and choices), education and outreach plans, source control progress reports.
8. Purchasing equipment for conducting stormwater monitoring.
9. Evaluating stormwater quality.
10. Other activities consistent with legislative provisos for this program or local and regional stormwater management programs or permit compliance, which can be completed within the **June 30, 2009**, deadline.

Allocation of funds, offer, and award provisions

The Washington Legislature intended to provide money primarily for the objectives noted in the *funding program purposes*. Ecology must ensure that the money will be spent on projects in the time allowed. Because of legislative budget provisions (2007-09 Operating Budget):

- Grants must be signed, and recipients must be ready to proceed *no later than January 31, 2008*.
- Grant eligible work *must be completed by June 30, 2009*.

All local governments offered funds are considered to need immediate grant assistance to meet at least one of the *program purposes*. Allocations of \$75,000 were made to Designated Local Governments in the following order¹:

1. Primary Phase II Permit recipients not awarded grants under the *Phase II Stormwater Management Grants Program, FY 2006*
2. Secondary Phase II Permit recipients
3. All active Shellfish Protection Districts established under Chapter 90.72 RCW, which propose to develop or enhance a stormwater source control program. The Shellfish Districts are listed in order by the date they were established, except for two districts that are listed by Ecology's Toxic Waste Cleanup Program (Areas of Aquatic Concern). The two districts listed by Ecology's Toxic Waste Cleanup Program are priorities.
4. Local governments covered by the Phase I municipal stormwater permit.
5. Remaining funds, up to \$75,000 each, will be offered to prospective secondary Phase II permit recipients submitting a Notice of Intent to Ecology. Notices of Intent must be received by **August 1, 2007, at 5:00 p.m. at:**

Department of Ecology
Water Quality Program
Municipal Stormwater Permits
P.O. Box 47696
Olympia, WA 98504-7696

Program schedule

- A. Beginning June 27, 2007: Offers made to Designated Local Governments. Offer letters require a GAIN be submitted and received by Ecology no later than **August 31, 2007, at 5:00 p.m. at:**

Department of Ecology
Water Quality Program
Financial Management Section
(Attn: Shawna Beers)
PO Box 47600
Olympia, WA 98504-7600
sbee461@ecy.wa.gov
Phone: 360-407-6502
FAX: 360-407-7151

¹ The list and order of grants offered can be found at:
<http://www.ecy.wa.gov/programs/wq/funding/2008/LocalGovtStormwaterGrantsPrograms.pdf>

- B. When grant offer letters are issued, all eligible activities will be enclosed with a sample GAIN. These samples are also available in pdf or Word format on our website.
- C. Designated Local Governments completing a GAIN will have until **January 31, 2008**, to sign the grant agreement.
- D. If funds still remain after any of the following deadlines:
 - 1. **August 1, 2007:** For prospective secondary Phase II permit recipients to submit their Notices of Intent to accept a Phase II NPDES Permit
 - 2. **August 31, 2007:** For submission of Grant Acceptance Intent Notices (GAINs) or for Designated Local Governments to decline grant offers
 - 3. **January 31, 2008:** For Designated Local Governments submitting a GAIN to sign an agreement

The Program Manager of Ecology's Water Quality Program will have discretion to allocate funds for other needed projects. Multi-purpose projects with statewide or regional benefits or other project(s) consistent with the Legislative intent may be selected by the Water Quality Program Manager. The Program Manager may allocate other amounts of grants to *any* local government(s) (including, but not limited to, those that were awarded grants under the *Phase II Stormwater Management Grants Program FY 2006*) that propose to meet one or more of the *program purposes*.

Local governments *not* receiving adequate funding or those constrained by the June 30, 2009, timeline are encouraged to apply for grants from the competitive \$21.92 million *Stormwater Management Implementation Grants Program FY 2008*. See *cross program provisions* (below)

For information on all Water Quality Program Financial Assistance Programs go to: <http://www.ecy.wa.gov/programs/wq/funding/funding.html>. The new Stormwater Management Programs for FY 2008 are found under "Special Programs."

Advantages of partnerships

Designated Local Governments are *strongly* encouraged to form partnerships to address issues of common concern and economies of scale. Grants for multiples of \$75,000 will be issued to the "lead partner" who will collaborate and coordinate with other partners. Prospective recipients should recognize that other local governments in the area may be of assistance. Local or regional citizen groups, environmental groups, etc., can also assist with stormwater management programs. Partnership grants are also efficient for both local governments and Ecology, because such grants may be more ably processed and administered.

Cross program provisions

Adequate funding may not be available to Designated Local Governments, and the *Local Government Stormwater Grants Program*, is *not* available to many other local governments where these same or similar activities are in need of being completed.

Therefore, Ecology encourages all local governments to apply for *any* eligible unmet stormwater management need in the separate program: the *Stormwater Management Implementation Grants Program FY 2008*. Even though priority of activities is somewhat different in these two programs, the demand for grant funds is difficult to predict. Therefore, all local governments are urged to proceed with all opportunities available.

Chapter 2: Developing and Managing a Phase II Municipal Stormwater Grants Program Agreement

Financial assistance agreements overview

The grant agreement, referred to as the “financial assistance agreement” or “agreement,” is the formal written contractual arrangement signed by authorized representatives of the recipient and Ecology. The agreement includes at a minimum: an approved scope of work, total project costs, a budget, and performance schedule.

Performance measures

Water Quality Program goals

The goals of the Water Quality Program are to prevent and clean up water pollution and to help communities make sustainable choices that reduce and prevent water quality problems. The program also will provide water quality partners with technical and financial assistance and to produce useful water quality information for the public and our partners.

Financial assistance water quality objectives

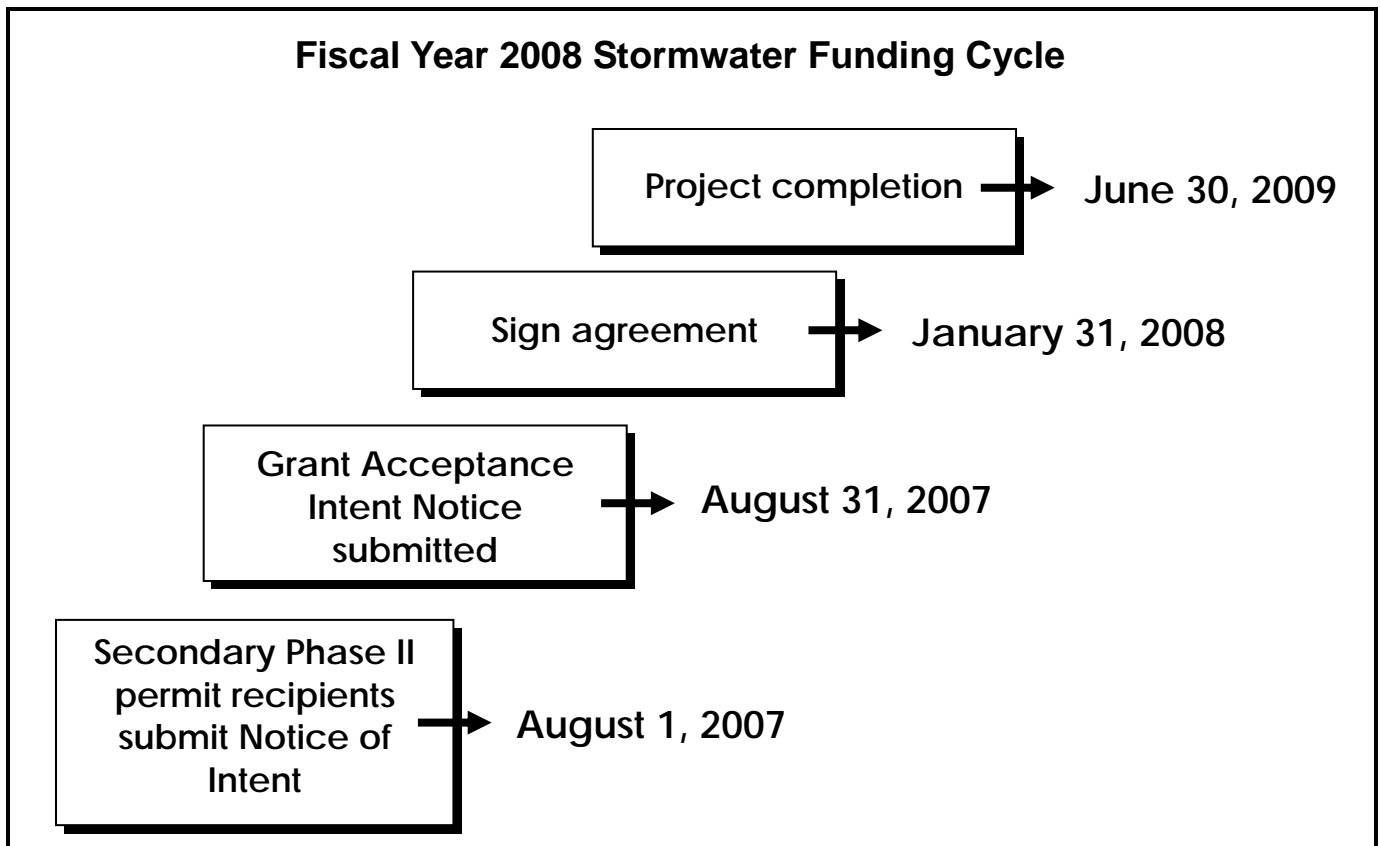
To ensure that grant investments lead to the greatest possible public health and environmental benefit, Ecology staff measures program effectiveness based on the following objectives:

- a. **Achieve regulatory compliance** – such as addressing NPDES permits (e.g., Phase I and II Stormwater Permits), compliance orders, and consent decrees.
- b. **Restore or protect designated uses** – a listed water body is restored or is prevented from being listed on the 303(d) List. The recipient will be expected to provide clear documentation, including data with clear explanations, showing surface or groundwater quality standard violations or that the standards are seriously threatened (e.g., 303(d) listing or data showing probable listing).
- c. **Eliminate severe public health hazard or public health emergency.**

Post project assessment of performance measures

The Legislature directed Ecology to implement an outcome-focused approach. As a result, Ecology is including a special condition in each grant agreement that requires recipients to develop a post project assessment plan and to participate in a brief survey or possible interview to assess project results.

The month and year of the project assessment will typically occur three to five years after project completion. This date will be negotiated between the Designated Local Government and the Ecology Project Management Team.



Ecology's project management team

The funding agreement is the formal written contractual arrangement signed by authorized representatives of the recipient and Ecology. The agreement includes at a minimum: an approved scope of work, total project costs, a budget, and performance schedule. Ecology assigns a project management team to each funded project. The team consists of:

- A **project manager** from the regional office nearest the recipient (primary contact for technical assistance and day-to-day questions).
- A **financial manager** from the Lacey headquarters office.

The **financial manager** reviews and approves payment requests and helps the project manager negotiate agreements and track performance. The **project manager** works with the financial manager to resolve payment or eligibility issues if they arise.

Ecology may also assign a regional project engineer for certain facilities projects to provide engineering technical assistance, conduct engineering review and approvals, and determine eligibility of project components. The engineer may also serve as the project manager in some cases. When in doubt, contact any member of the team for information.

Agreement development

The Ecology project team will use information found in the Grant Acceptance Intent Notice as the basis for developing the funding agreement. To speed development and processing, much of the funding agreement content is standardized boilerplate language that includes eligible project elements, general

and special terms and conditions, and other requirements that are necessary because of state and federal law.

After the agreement is developed, the financial manager will send the agreement to the applicant for signature. After signing the agreement, the applicant will send it back to Ecology for final signature by the Water Quality Program Manager or the authorized designee.

The agreement becomes effective once signed by Ecology's Water Quality Program Manager or authorized designee. Once the agreement goes into effect, a fully executed original will be returned to the applicant, now recipient.

Project budget

The funding agreement must include a project budget that establishes eligible costs for task elements or budget objects. The budget will also detail funding sources, funding amounts, and type of matching requirements. Ecology's financial manager will help answer questions about budget development during project negotiations.

Disbursement of funds

Funds are disbursed on a cost-incurred basis.

Amendment process

Modifications and changes to the funding agreement may become necessary. Changes must be negotiated and established in writing as an amendment to a funding agreement.

Extensions and project completion

Time extensions are not allowed, no exceptions.

Progress reports

Recipients are required to submit progress reports on a regular basis. Unless specified in the funding agreement, progress reports are submitted quarterly for the following periods:

- January 1 through March 31
- April 1 through June 30
- July 1 through September 30
- October 1 through December 31

Quarterly progress reports are due 15 days following the end of the quarter being reported.

General terms and conditions

General terms and conditions are general requirements contained in all Ecology loan and grant agreements and are not negotiable. The General terms and conditions are found in the *Administrative Requirements for Grants and Loans*, Publication No. 91-18, available at:

<http://www.ecy.wa.gov/biblio/9118.html>

Special terms and conditions

Special terms and conditions are written into an agreement to modify or clarify project elements that are specific to the project or to program guidelines. Special terms and conditions are consistent with the General terms and conditions, but may be more specific or restrictive.

Incurring eligible costs

The recipient can begin incurring costs July 1, 2007, the effective date of the agreement.

- Costs incurred before July 1, 2007, are the sole responsibility of the public body.
- The applicant assumes responsibility for costs incurred before a grant agreement has been signed. Ecology cannot guarantee a grant will be awarded.

Payment processing

Payment holds or termination

If a recipient does not satisfy conditions in the funding agreement, Ecology may terminate the agreement and request that the recipient repay all of the funds disbursed, withhold a payment, or decrease the payment by the amount proportionate to the costs associated to the incomplete work.

Submitting a payment request

The recipient submits a completed A19-1A Invoice Voucher and all required forms to Ecology's financial manager. The recipient's authorized signatory must sign the A19-1A Invoice Voucher, preferably in blue ink. If the costs are eligible and project progress is acceptable, Ecology's financial manager will approve the request. If not, the financial manager and project manager will work with the recipient to resolve the issue.

Payment request forms

Payment requests must include the following forms:

- A State of Washington Invoice Voucher Form A19-1A
- Running Budget Summary Form B1 (ECY 060-3) or B2 (ECY 060-7)
- Voucher Support Form C1 (ECY 060-8) or C2 (ECY 060-9)
- Contractor Participation Report Form D (ECY 060-11)

Where applicable, payment requests should also include:

- Monthly Time Sheet Form E (ECY 060-12)
- Record of Meeting Attendance Form F (ECY 060-13)
- Sales and Use Tax Report Form G (ECY 060-14)
- Conversion to a Composite Hourly Billing Rate for an Employee Form H (F-21)
- Valuation of Donated Property Form I (ECY 060-15)

Ecology's financial manager may request additional documentation to support the costs reflected in a payment request at any time. Recipients must keep supportive documentation available in project files for the duration of the project and for five years following project completion.