Funding Guidelines

Stormwater Management
Implementation Grants Program
FY 2008

July 2007

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http://www.ecy.wa.gov/biblio/0710067.html

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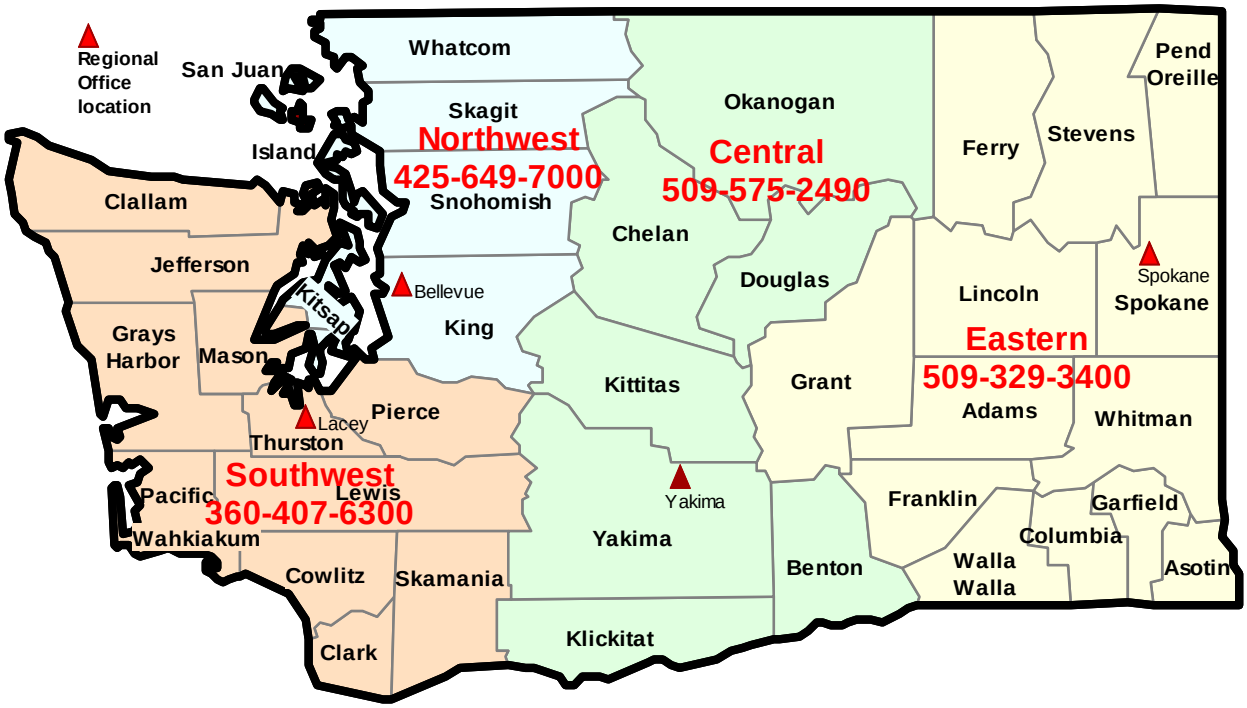

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Chapter 1: Overview and Award Provisions

How to use these guidelines

These guidelines describe the process to receive water quality financial assistance under the *Stormwater Management Implementation 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.

Stormwater management needs - where we are today

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

There are several environmental regulatory programs that focus on stormwater:

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

Funding program purpose

To help address some of these pressing needs, the 2007 Washington State Legislature appropriated $20.92 million for stormwater related projects:

- **$17.92 Million for Puget Sound stormwater projects**
- **$3 Million for non-Puget Sound stormwater projects**

The appropriations are intended for local governments to receive grants for municipal stormwater projects, including but not limited to:

1. Retrofit of existing stormwater projects in urban areas where stormwater is a significant source of contamination.
2. Identification and removal of non-stormwater discharges into municipal storm sewer systems.
3. Demonstration of low-impact development stormwater management projects.

Eligible applicants

This is a competitive grant program open to all local governments in Washington State. 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.

Application process

The application packet, including the application form and these guidelines, is available by request from Ecology staff. They are also available on the Web at:

http://www.ecy.wa.gov/programs/wq/funding/funding.html

The application has two parts:

Part 1 requires the applicant to provide general applicant information, project location, and the amount of funds requested.

Part 2 requires the applicant to provide detailed information about the project and the water quality results envisioned. Ecology staff will use Part 2 for the evaluation process.

Application Submittal:

1. Mail one hard copy original with original signature.
2. Email the entire application to: FY2008StormwaterApps@ecy.wa.gov (return receipt should be requested).
3. All application materials must be received at Ecology headquarters prior to 5:00 p.m., October 15, 2007.
4. Faxed submittals will not be accepted.

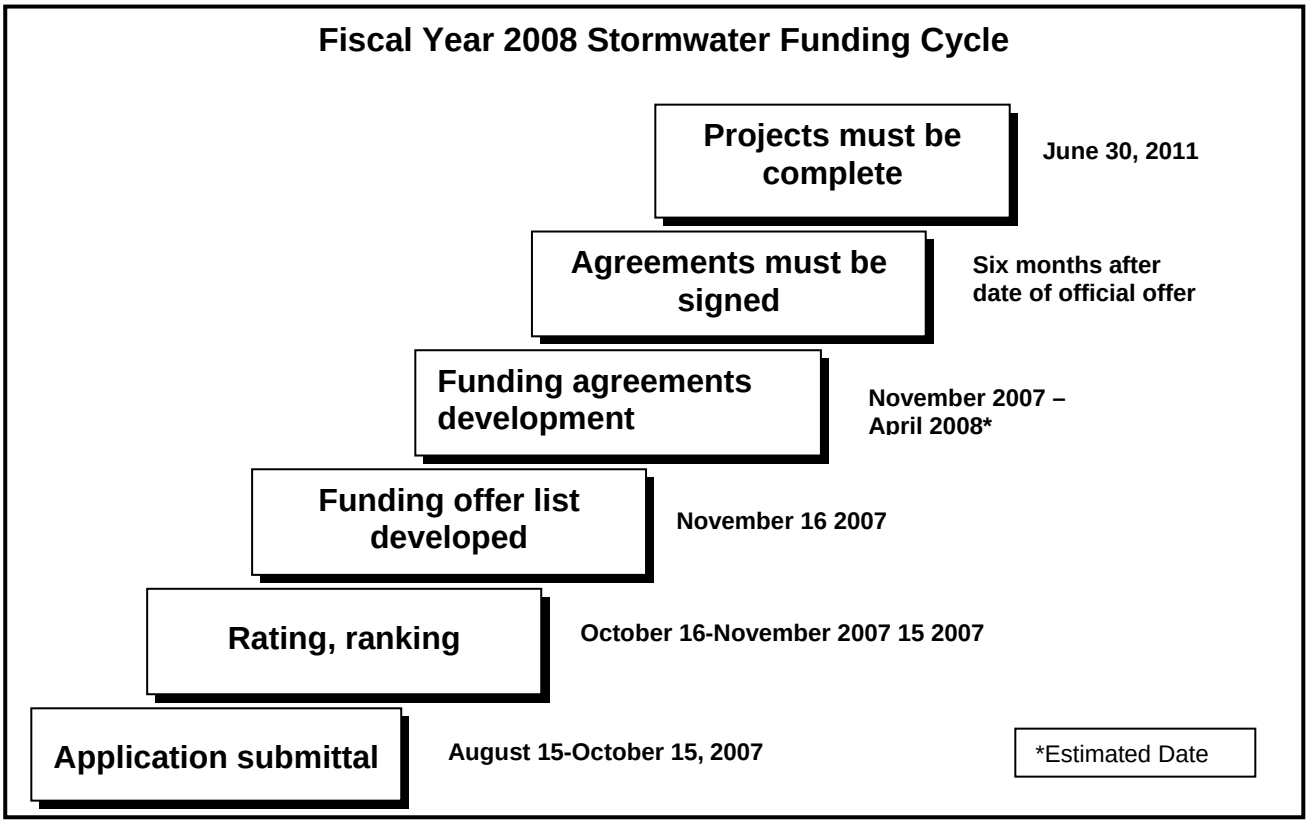
Submit original signed paper version to:

U.S. Postal Mailing Address:

Department of Ecology
Water Quality Program
Financial Management Section
P.O. Box 47600
Olympia, WA 98504-7600

Overnight Mail or Hand Delivery Address:

Department of Ecology
Water Quality Program
Financial Management Section
300 Desmond Drive
Lacey, WA 98503



Financial assistance provisions

Eligible local governments are encouraged to apply through a competitive process for grant awards.

- Ceiling amount: Up to $1 million
- Ecology grant award: Ecology will provide up to 75% of eligible project costs
- Matching requirements: 25% cash match or eligible in-kind contributions

Projects must be completed by June 30, 2011.

Requirements for construction projects

The following requirements apply to projects that contain construction elements. These requirements do not apply to projects that consist solely of site-specific planning or design.

A. Prerequisites for construction projects

Prior to applying for funding for **construction** of a stormwater project, applicants must complete the following:

- A construction predesign report (see Chapter 2 for specific report requirements).
- State Environmental Policy Act (SEPA) review of the environmental impacts of the project .
- Archeological and Cultural Resources review with the Department of Archeology & Historic Preservation (DHAP) and affected tribes to comply with Governor's Executive Order 05-05.

  The Governor's Executive Order 05-05, regarding cultural resources is available at: http://www.governor.wa.gov/execorders/eo_05-05.pdf.

Include documentation with the application that these prerequisites have been completed.

Preparation of a facilities plan is not required prior to applying for or to receive funding from this program. Preparation of a facilities plan is encouraged. Other funding sources may require facilities planning with environmental review to be eligible for funding.

B. Bid package requirements

Construction projects funded under this program must include the state specification insert in their bid packages. Specification inserts can be obtained from Ecology regional offices.

C. Growth Management Act compliance

Growth Management Act (GMA) compliance is not required prior to applying for or to receive funding from this program. However, GMA compliance is strongly encouraged, because other funding sources may require it to be eligible for funding. Compliance with GMA will be one factor used to evaluate the applications for available funding.

Eligible projects

Primary Activities – To meet the legislative intent, projects which address one or more of the following elements will receive priority points in the application scoring process.

1. Retrofit of existing stormwater projects in urban areas where stormwater is a significant source of contamination.
2. Identification and removal of non-stormwater discharges into municipal storm sewer systems.
3. Demonstration of low-impact development stormwater management projects.

Secondary Activities – Following are additional possible project elements. As stand alone projects, these activities will score slightly lower than the primary elements listed above. This is not an exhaustive list; additional stormwater planning, implementation, and management activities may be eligible.

1. Stormwater monitoring and analysis programs.
2. Conducting inventory of stormwater sources.
3. Public education and outreach programs focused on stormwater issues.
4. Development of stormwater regulations.
5. Mapping stormwater systems.
6. Source control program activities such as erosion control projects involving plantings and drain stenciling.
7. Establishment and refinement of stormwater utilities (including stable rate structures, developing stormwater ordinances and regulations, initial staffing, or other capacity building activities to facilitate ongoing stormwater management needs.).

Chapter 2: Guidelines for Developing Pre-Design Reports for Stormwater Infrastructure

Purpose

These guidelines will help you prepare a pre-design report for stormwater infrastructure. These reports are necessary to obtain funding from the department of Ecology for construction of stormwater projects. Stormwater infrastructure pre-design reports give the Department of Ecology an opportunity to review and comment on the technical merits and cost effectiveness of projects, ensuring that the Department's funds are used only for high quality projects. These pre-design reports are not permit requirements, but pre-requisites for applying for construction funding.

Review standards

Ecology engineers will review pre-design reports to ensure that the projects are consistent with the goals of Chapter 90.48 WAC, the Department of Ecology stormwater manuals for eastern or western Washington, and the LID technical guidance manual. The stormwater manuals apply specifically to stormwater projects for new development or redevelopment, but can also be helpful in designing stormwater retrofit projects for existing development. Best management practices (BMPs) from the stormwater manuals should be used for retrofit projects where practical. However, site constraints may interfere with strict application of the BMPs.

Required elements

The pre-design report must be sufficiently complete so that design documents can be developed from it without substantial changes. The following elements must be addressed in the stormwater pre-design reports:

- The designer's name and qualifications, including professional licenses, experience, and relationship with applicant. Include contact information for the designer.
- A project description that includes a location map and a topographical map of the drainage area overlain with project elements (buildings, swales, erosion control structures).
- The design flow for the project and a discussion of why that flow is appropriate.
- The characteristics of the stormwater, including pollutant load and the land use in the area where the flow originates.
- A discussion of the alternative projects evaluated and the reasons they are unacceptable.
- The basic design data for the proposed project.
- An estimate of the cost of the proposed project compared to the alternatives considered.
- Discussion of the various sites available and the advantages and disadvantages of the site or sites recommended.

Chapter 3: Managing an Ecology Funded Stormwater Management Implementation Project

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 can 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 Management Team will use information found in the funding proposal as the basis for developing the funding agreement. Clearly defined project proposals that include measurable objectives and accurate budgets will take less time to develop.

To speed development and processing, much of the funding agreement content is standardized language that includes general and special terms and conditions and other requirements that are necessary because of state and federal law. These requirements are incorporated as attachments.

After the agreement is developed, Ecology's Project Management Team will request a quick funding program review. The financial manger will then send the funding agreement to the applicant for signature. The applicant will send the funding agreement back to Ecology for the 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 designee. Once the agreement goes into effect, a fully executed original will be returned to the recipient. (Note that the applicant becomes the recipient once the agreement is signed).

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, amounts, and type of matching requirements. Ecology's financial manager will help answer questions about budget development during project negotiations.

Bid overruns

Depending on funding availability:

- If the low responsive responsible construction bid(s) exceeds the engineer's estimate of construction costs, the department may approve funding increases for up to ten percent of the engineer's original estimate
- Requests for increases will be considered on a first-come-first-serve basis
- Requests for increases will be decided on a case-by-case basis
- Project ceiling amounts apply

Change orders

Depending on funding availability:

- The department may approve funding for change orders for up to five percent of the eligible portion of the low responsive responsible construction bid(s).
- Requests for increases will be considered on a first-come-first-serve basis
- Requests for increases will be decided on a case-by-case basis
- Project ceiling amounts apply.

Bids below engineer's estimate

Following a bid award to the low responsible responsive bidder, grant awards will be adjusted to comply with the ceiling and match requirements.

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 strongly supported by Ecology.
- Request needed time extensions at least three months before the funding agreement is due to expire.
- After the project-completion deadline of June 30, 2011, is reached a time extension of no more than twelve months may be made under certain circumstances, including but not limited to:
    - Schedules included in water quality permits, consent decrees, or enforcement orders
    - Work must be completed during an environmental window in a specific season of the year

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 the program guidelines. Special terms and conditions are consistent with the general terms and conditions but may be more specific or restrictive.

Light refreshments

Light refreshment costs for meetings or conferences are eligible as permitted by Ecology's travel policy. They must be approved by Ecology's Project Management Team.

Coffee and any other non-alcoholic beverages such as tea, soft drinks, juice, or milk, and snacks that may be served at meetings or conferences are considered light refreshments.

Equipment purchase/equipment fees

Equipment is eligible if it is approved by the Ecology Project Management Team. If equipment is owned by the recipient, appropriate use fees may be charged.

Use fees for equipment owned by the recipient or utilized through a valid interlocal agreement:

- Must be justifiable, fair, and reasonably attributed to the project.
- Must directly satisfy the project scope of work.
- Must be shown to be cost effective.
- Cannot exceed the acquisition cost of the equipment or facilities.
- Cannot exceed the rental rate or purchase price for comparable equipment or facilities in the recipient's market.

Incurring eligible costs

The recipient can begin incurring costs on the date that the funding agreement is signed by Ecology. In some instances, eligible costs can be incurred before the effective date of an agreement. For example:

Incurring costs prior to an agreement

Prior authorization is written authorization that allows the recipient to incur eligible project costs before the funding agreement is effective. Prior authorization is determined on a case-by-case basis. It does not guarantee funding, and Ecology cannot release funds before the effective date of the agreement.

To request prior authorization**:**

- The applicant signatory must write a letter to Ecology's Water Quality Program Manager requesting and justifying prior authorization with estimated costs to be incurred and the time frame.
- Costs incurred before the prior authorization date are the sole responsibility of the public body.
- The applicant assumes responsibility for costs incurred before a loan or grant agreement has been signed, as Ecology cannot guarantee that a loan or grant will be awarded.

Reasons for prior authorization include, but are not limited to the following:

- Work must be done in a specific environmental window
- To meet required schedules in compliance order, consent decrees, or permits
- The local government is ready to proceed immediately
- The project would otherwise be substantively delayed as the grant agreement was prepared

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 must submit 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 manger 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 the following:

- 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.

Performance measures

Water Quality Program goals

- Prevent and clean up water pollution.
- Help communities make sustainable choices that reduce and prevent water quality problems.
- Provide water quality partners with technical and financial assistance to produce useful water quality information for the public and our partners.
- For this particular funding program: help provide reclaimed water to water short areas.

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 loan and 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 Local government and Ecology's Project Management Team.

Program schedule and key dates to remember

1. **August 15 – October 15, 2007:** Eligible applicants apply for grants in accordance with the program guidelines.
2. **October 16-November 15, 2007:** Evaluations are to be completed.
3. **November 2007:** An offer list and offer letters are to be issued.
4. **November 2007-May 2008:** Agreements negotiated and signed.

   Six months after the date of the offer letter: Ecology is committed to sign all grants within the six month period following the offer letter. All grants should be signed by appropriate officials of local governments and Ecology.
5. The **expiration date** of an agreement or an amendment is the last date on which costs may be incurred and be considered eligible. Any costs incurred after the expiration date are not eligible.
6. The **project completion date** is the last date that a funding recipient may incur grant eligible costs and receive reimbursement under the financial assistance agreement. All items identified in the scope of work must be completed by this date. Costs incurred after the completion date will not be considered eligible.