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**Washington State  
Water Pollution Control Revolving Fund**

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**Final Intended Use Plan  
FY 2009**

**April 17, 2008  
Publication No. 08-10-034**



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*Prepared by the Water Quality Program's  
Financial Management Section*

**April 17, 2008  
Publication No. 08-10-034**

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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 (Revolving Fund) during state fiscal year 2009 (FY 2009). Total funds available for projects on this year's IUP will be \$57,241,133. This total is based on receiving the federal fiscal year (FFY) 2008 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 2007-2009 biennial appropriations, projected principal and interest repayments for FY 2008, and actual principal and interest repayments for FY 2007 minus projected principal and interest repayments for FY 2007, actual investment interest for FY 2007, and unused funds from previous funding cycle loan recipients.

The following table illustrates anticipated Revolving Fund monies available for FY 2009:

Anticipated Capitalization Grant from EPA	\$11,833,668
20-Percent Match to Anticipated Federal Grant	\$2,366,734
Projected Principal and Interest Repayments for FY 08	\$33,229,348
Projected Principal and Interest Repayments for FY 07	(\$30,079,387)
Actual Principal and Interest Repayments for FY 07	\$30,128,400
Interest Earned on Investments for FY 07	\$2,577,992
Deobligated Funds	\$7,657,725
Less 4% for Administration from Anticipated Federal Grant	(\$473,347)
<b>Total Funds Available for Projects:</b>	<b>\$57,241,133</b>

Local governments' demand for Revolving Fund financial assistance this funding cycle exceeded the funds available. The Revolving Fund program received 18 eligible applications and three prior commitments from local governments requesting over \$265 million. Ecology is proposing to offer approximately \$57.2 million in low-interest loans for nine high-priority water quality projects.

The list of projects proposed for 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. Activities include addressing 303(d)-listed waters and impacted beneficial uses, Puget Sound Conservation and Recovery Plan, correcting combined sewer overflows, assisting Ecology with development and implementation of Total Maximum Daily Loads (TMDLs) to receiving waters, upgrading existing wastewater treatment facilities to meet National Permit Discharge Elimination System (NPDES) requirements, and construction of four (4) new wastewater treatment facilities to protect water quality.

## II. Mission and Goals

The Department of Ecology's (Ecology) mission is to protect, preserve, and enhance Washington's environment, and promote the wise management of our air, land and water.

To achieve this mission, 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 aims to provide water quality partners with technical and financial assistance and to produce useful water quality information for the public and our partners.

Ecology also has long- and short-term goals that guide the administration of the Revolving Fund program. These goals are:

#### **A. Short-Term Goals**

1. Continue to work with Ecology's Water Quality Financial Assistance Advisory Council for critical input on ensuring consistency with:
  - The Clean Water Act
  - Chapter 70.146 RCW, "*Water Pollution Control Facilities Financing*"
  - Program rules, guidelines, and policy

For Example:

- Continuing development of environmental benefits.
  - Development of appropriate outcome-focused performance measures to be used for management and performance assessment (in coordination with other state agencies).
  - Development of a credit worthiness assessment for sub-recipients.
  - Provide affordable financing to financially-distressed communities.
2. Continue the process to integrate, within federal and state laws, the Revolving Fund with the Centennial Clean Water Program (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 ensure that the Revolving Fund is sustainable for future projects.
  4. Provide low-interest loans to local governments for seven water pollution control facilities projects.
  5. Provide a low-interest loan to a local government for one nonpoint source pollution control project.
  6. Provide a low-interest loan to a local government for one estuary project.



7. Administer the Revolving Fund program and provide technical and financial assistance to loan recipients and potential applicants.
8. Continue working with the EPA in implementing the Revolving Fund and in developing the FY 2010 IUP and capitalization grant agreement.
9. Participate in an EPA-sponsored project for measuring environmental benefits - Core Measurements for Projects.
10. Continue working with EPA to update and finalize the Revolving Fund Operating Agreement.
11. In order to assure the requirements of the Endangered Species Act (ESA) are met, Ecology will coordinate approval of facility plans with the EPA. If required, a Biological Assessment will be prepared by the project owner, under Ecology direction. The EPA will forward any biological assessments prepared during environmental review to the appropriate federal agencies for consultation. If the services concur that the proposed project is "Not Likely to Adversely Affect" (NLAA) listed species or habitat, Ecology can then approve the Engineering Report as a Facility Plan, making that community eligible to apply for Revolving Fund loan funding for the project. When finalized, the Revolving Fund Operating Agreement will be amended to include this process.

## **B. Long-Term Goals**

1. Integrate, to the greatest extent possible, the Revolving Fund with the Centennial Clean Water Program (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 to 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 Revolving Fund 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 Revolving Fund 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 Revolving Fund monies are contained in the state regulation (Chapter 173-98 WAC, “*Uses and Limitations of the Water Pollution Control Revolving Fund*”), program guidelines (revised August 2007), and the Operating Agreement (dated September 11, 1989.) In summary, Revolving Fund 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.

Revolving Fund 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 Revolving Fund-issued bonds.
5. To finance reasonable costs incurred by Ecology in administering the Revolving Fund 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, “*Uses and Limitations of the Water Pollution Control Revolving Fund*,” 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 and on a percent of the market rate for tax-exempt municipal bonds.

For FY 2009, the following terms are offered to applicants:

Repayment Period	Interest Rate
Up to five years:	1.4 percent
Over five years but no more than 20 years:	2.7 Percent

Applicants may be considered for financial hardship terms for the existing residential population at the time of application if their proposed projects have a service population of 25,000 or below and would cause user charges to be two percent above the median household income. If Ecology determines that financial hardship exists, it may structure Revolving Fund loan agreements with terms that reduce the financial impact to the residential rate payer. These terms could include a combination of lengthening the repayment period to 20 years and reducing the interest rate.

The following table is used to determine the financial hardship:

**Table 1:**

<b>Sewer User Fee divided by MHI</b>	<b>Below 2.0%</b>	<b>2.0% and above, but Below 3.0%</b>	<b>3.0% and above, but below 5.0%</b>	<b>5.0% and above</b>
<b>Hardship Designation</b>	<i>Non-Hardship</i> (Low sewer user rates in relation to MHI) (Not funded with grant dollars)	<i>Moderate Hardship</i>	<i>Elevated Hardship</i>	<i>Severe Hardship</i> (Very high sewer user rates in relation to median household income(MHI))
<b>Loan hardship-Funding Continuum</b>	Loan at 60% of market rate	Loan at 40% of market rate	Loan at 20% of market rate	Loan at 0% interest

Ecology proposes to provide Revolving Fund financial hardship assistance to the following local governments:

<b>Application Number</b>	<b>Applicant Name/Project Title</b>	<b>Interest Rate</b>	<b>Term in Years</b>	<b>Funds Proposed</b>
FP09C07023	<b>Town of Concrete</b> Concrete Wastewater Treatment Facility	0%	20	\$287,000
FP09C0866	<b>Coulee City</b> Coulee City Wastewater Facility Expansion	0%	20	\$141,881
FP09024	<b>City of Blaine</b> Blaine Lighthouse Point Water Reclamation Facility	1.8%	20	\$1,000,000
FP09047	<b>City of Ritzville</b> Wastewater Treatment Lagoon Rehabilitation and Upgrade Project	2%	20	\$4,460,000
			<b>Total:</b>	<b>\$5,888,881</b>

#### **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 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 Revolving Fund 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 Revolving Fund account when an actual draw is made for the federal share of Revolving Fund monies.

#### **V. Criteria and Method for Distribution of Funds**

The following approach was used to develop the proposed distribution of \$57.2 million to local governments from the Revolving Fund:

##### **A. Applications for Funding**

Information about the Revolving Fund program, workshops, and the application period for Revolving Fund assistance was distributed to local governments and interested persons statewide. During September 2007, four public workshops were held statewide in these locations: Lynnwood, Lacey, Spokane, and Ellensburg. At the workshops, information on the Revolving Fund program and the application process was presented.

Applications for funding were accepted during the application period, from September 1, 2007, through October 31, 2007. Based on information provided in the applications, projects were evaluated and prioritized. A detailed description of the application and project evaluation process can be found in the *Guidelines for the FY 2009 Water Quality Program Funding Cycle*, Chapter 3. A summary of the process is described below.

##### **B. Project Evaluation**

Ecology used a new evaluation process for the FY 2009 funding cycle. This process was developed with input from 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. In addition, cities, towns, conservation districts, interested parties, and other stakeholders contributed advice and guidance during the development of the new evaluation process.

In the revised system, evaluators assigned points for answers provided by applicants to eight questions.

The questions are:

Question Number	Application Questions	Points Available
1	Scope of Work	Up to 25
2	Proposed Budget	Up to 15
3	Water Quality and Public Health Improvements	Up to 25
4	State and Federal Requirements	Up to 10
5	Project Team	Up to 5
6	Project Development and Local Support	Up to 10
7	Readiness to Proceed	Up to 5
8	Ratepayer Impact	5
	<b>Total Points:</b>	<b>100</b>

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 refinance evaluation process was not used for the FY 2009 funding cycle because no refinance applications were submitted.

Refinance projects are a lower priority than new projects. If there are any funds remaining after funding new projects, refinance may be considered.

The refinance application is a shorter and simpler form with basic questions about the project and the applicant's financial capability to pay for the project with and without refinancing assistance.

To determine the priority for funding refinance projects, applicants are ranked using the same hardship criteria used for other wastewater treatment projects with most financially-distressed communities receiving the highest priority (see Table 1).

## **VI. Distribution of Funds**

The Revolving Fund 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; 20 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 Revolving Fund assistance in one category do not result in the offer of all available funds, any remaining funds are transferred to the other category. 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 six months from the publication date of the Final IUP. All Revolving Fund loan offers that do not result in a signed Revolving Fund loan agreement within the effective offer period may be terminated. Funds reserved for Revolving Fund loan agreements that are not signed within the effective period

may be carried over and made available for the next year's funding cycle or offered to applicants who did not receive all funds requested, or offered to other applicants on the Final IUP who did not receive funding offers.

The Revolving Fund Final IUP for FY 2004 discussed that Ecology had started a pilot program which allows local governments to use Revolving Fund funding for Alternative Contracting/ Service Agreement Provisions (AC/SA). This pilot was rescinded and restructured in the new Revolving Fund rule as Design-Build / Design-Build-Operate, WAC 173-98-600.

Before the pilot was rescinded, Ecology received one request from King County to participate in the program. The County requested \$23,866,700 to construct a new marine outfall for the new Brightwater wastewater treatment facility. The project was eligible for \$16,015,812. King County accepted this funding offer.

**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 projects had been evaluated and prioritized. The list of local governments considered for funding and those with projects offered funding are included in Attachment 1.

The following applicant is offered a combination of funding. This funding includes the FFY 2008 Title VI capitalization grant, state match, and principal and interest repayments.

Application Number	Applicant Name	Funds Offered	Term Years	Interest Rate
FP09010	Lake Stevens Sewer District	\$25,970,567	20	2.7%

**VIII. Descriptions of Projects Offered Funding**

All projects considered and offered funding are described in Attachment 2.

**IX. Proposed Revolving Fund 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 2009 Draft IUP was mailed to applicants on January 14, 2008. Notification of the availability of the Draft IUP was mailed to interested parties on January 14, 2008. The public comment period was open until 5:00 p.m. on February 15, 2008.

One 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 112th Street East Tacoma, Washington
Date:	Wednesday, January 30, 2008
Time:	Beginning at 10:00 a.m.

## B. Response to Comments

### Comments from External Parties:

During the public review and comment period, Ecology received one comment letter on the Draft IUP. The comment is summarized first and response following.

#### 1. King County Department of Natural Resources, Ms. Maryann Ness, FP09030/Brightwater Treatment Plant - Solids/Odor Control Facilities

**Comment:** Ms. Ness commented on King County's application strategy and the rating and ranking of applications for the Brightwater project. Specifically, she raised questions regarding scoring of environmental benefits where the proposed project is part of a larger project.

**Response:** Ecology appreciates the comments provided and will follow up with King County staff to discuss future project applications. Ecology staff understands that the Brightwater project has an enormous funding requirement and Revolving Fund loan resources are limited. Ecology evaluators have discussed the rating of projects that represent part of a larger project. The resulting scoring strategy reflects a balance in scoring between the beneficial outcomes of the proposed partial project and the beneficial outcomes of the ultimate final project. This scoring strategy would result in a higher score for a project that represents the funding of a whole project with all the resulting benefits realized. In reviewing past scores on Brightwater projects, there are variations in scoring but overall scores have been relatively consistent from year to year.

It may be beneficial for the County to look at other project needs that have a high water quality benefit and may fit better with the funding available under the Revolving Fund program.

### Department of Ecology Initiated Comments:

#### 1. City of Blaine, FP09024 Blaine Lighthouse Point Water Reclamation Facility

During the public review and comment period the City obtained additional funding for the water reclamation project. Consequently, not all funds proposed on the Draft IUP are needed

for the project. The loan amount shown on the Draft IUP of \$22,750,000 is reduced to \$1,000,000 with a 1.8 percent interest rate and a 20 year term.

**2. City of Ritzville, FP09047 Wastewater Treatment Lagoon Rehabilitation and Upgrade Project**

Funds proposed on the Draft IUP exceeded the total eligible construction cost. The preparations of the Facilities Plan and the Plans and Specifications for the project were funded from other sources and were included in the City’s funding request. As a result, funds offered on this Final IUP have been adjusted. The following table shows the Revolving Fund loan adjustment:

Draft IUP Funds Proposed	Final IUP Funds Offered
\$4,810,000	\$4,460,000

During the public review and comment period, over \$5 million was deobligated from previous Revolving Fund loan awards, the cities of Blaine and Ritzville did not need all funds identified on the Draft IUP, and the city of Olympia declined Ecology’s proposal to fund their project. Those funds have been redirected to the following projects.

Applicant Name	Draft IUP Funds Proposed	Final IUP Funds Offered
Lake Stevens Sewer District	\$7,331,317	\$25,970,567
Alderwood Water & Sewer District	\$0	\$9,015,745

**XI. Water Quality Performance Measures**

Ecology agrees to complete and submit a one-page environmental benefits reporting worksheet for each project that receives a loan during the fiscal year in the annual report.

**XII. Growth Management Act Compliance**

To be eligible for Revolving Fund funding, certain applicants with facilities projects must be in compliance with the Washington’s Growth Management Act (GMA). For Ecology’s purposes, applicants must comply with the requirements for comprehensive planning and development regulations (see RCW 36.70A, *Growth Management-Planning by Selected Counties and Cities*, and RCW 70.146.070, *Water Pollution Control Facilities Financing*). Ecology may make exceptions in situations involving a public health need or a significant environmental degradation.

Ecology includes the Revolving Fund in this prohibition because:

- The state’s match for the federal funds comes from the Water Quality Account (source of the Centennial fund).
- There is a need for consistency between the funding programs.
- Ecology must comply with legislative intent and the statutory requirements of the GMA.



Any public body required to comply with the GMA must certify its compliance with the applicable GMA requirements at the time a loan or grant agreement is signed unless exceptional situations exist. The public body certifies its compliance by signing the loan agreement.

The GMA does not affect activity project applications, such as watershed planning, water quality monitoring, public information and education. Facilities projects proposed by local governments not planning under the GMA and facilities projects proposed by special districts (such as sewer districts or public utility districts) are also unaffected.

GMA compliance impacts the program in several ways:

1. GMA compliance status may have an impact on the priority evaluation of proposed facilities projects, because facilities projects in areas out of compliance with the GMA may not be ready to proceed.
2. Ecology coordinates with the Washington State Department of Community, Trade, and Economic Development to help ensure that the applicants are in compliance when the financial assistance agreement is signed. Revolving Fund loan offers are effective for one year from the publish date of the Final IUP. If GMA compliance is achieved during that time period, the agreement may be signed.
3. Ecology exceptions do not relieve applicants of their responsibilities to comply with the GMA requirements. However, under certain circumstances Ecology will make temporary exceptions to the GMA compliance requirement if the proposed projects are required to address a "serious public health need" or a "significant environmental degradation." Such determinations based on designations proposed by applicants are scrutinized very carefully and determinations are made on a case-by-case basis. For details on the processes for determining these situations, see Chapter 173-98-710 WAC, *Uses and Limitations of the Water Pollution Control Fund*.

All local governments offered funding are in compliance with the GMA.

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## **Attachment 1**

### **List of Projects Considered and Offered Funding**

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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	Loan Term (yrs)	Loan Interest Rate	Notes
FP09C07004	N/A	King County DNR-WwT Div.	Brightwater Marine Outfall	Pending	<u>BOD:</u> mg/l <u>TSS:</u> mg/l	06/01/07 - 06/30/10  36 Months	\$11,065,940	\$11,065,940	Water Pollution Control Facility	20	2.7%	1, 8
FP09C07023	N/A	Concrete, Town of	Concrete Wastewater Treatment Facility	WA0020851	<u>BOD:</u> 30 mg/l <u>TSS:</u> 75 mg/l	07/01/06 - 07/31/07  12 Months	\$287,000	\$287,000	Water Pollution Control Facility	20	0%	2, 8, 9
FP09C08066	N/A	Coulee, City of	Coulee City Wastewater Facility Expansion	ST8049	<u>BOD:</u> mg/l <u>TSS:</u> mg/l	06/01/07 - 10/01/07  4 Months	\$141,881	\$141,881	Water Pollution Control Facility	20	0%	3, 8, 9
FP09024	1	Blaine, City of	Blaine Lighthouse Point Water Reclamation Facility	WA-002264-1	<u>BOD:</u> 30 mg/l <u>TSS:</u> 30 mg/l	04/01/08 - 04/01/10  24 Months	\$1,000,000	\$1,000,000	Water Pollution Control Facility	20	1.8%	4, 8, 9
FP09047	2	Ritzville, City of	Wastewater Treatment Lagoon Rehabilitation and Upgrade Project	ST 8028	<u>BOD:</u> 45 mg/l <u>TSS:</u> 45 mg/l	01/01/08 - 10/31/09  22 Months	\$4,460,000	\$4,460,000	Water Pollution Control Facility	20	2%	5, 8, 9
FP09010	3	Lake Stevens Sewer District	Sunnyside Wastewater Treatment Facilities Project	002089-3	<u>BOD:</u> 25 mg/l <u>TSS:</u> 30 mg/l	01/01/08 - 01/01/11  36 Months	\$60,183,500	\$25,970,567	Water Pollution Control Facility	20	2.7%	6, 8
FP09022	4	Alderwood Water and Ww Dist.	Picnic Point Wastewater Treatment Facility Upgrade Project	WA0020826	<u>BOD:</u> 30 mg/l <u>TSS:</u> 30 mg/l	02/01/08 - 04/01/11  38 Months	\$85,500,000	\$9,015,745	Water Pollution Control Facility	20	2.7%	7
FP09008	5	Airway Heights, City of	City of Airway Heights Water Reclamation and Recharge Project	Pending	<u>BOD:</u> mg/l <u>TSS:</u> mg/l	03/01/10 - 09/01/11  18 Months	\$30,602,000	\$0	Water Pollution Control Facility			10

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Application Number	Rank	Applicant Name	Project Title	Permit Number	Effluent Limits	Time Frame	Funds Requested	Funds Offered	Category	Loan Term (yrs)	Loan Interest Rate	Notes
FP09026	6	Cheney, City of	Cheney WWTP Expansion Project	WA-0020842	<u>BOD:</u> 15 mg/l <u>TSS:</u> 15 mg/l	03/01/08 - 02/28/09  12 Months	\$12,452,500	\$0	Water Pollution Control Facility			10
FP09055	7	Raymond, City of	Raymond - South Bend Sewer Interceptor Line	WA0023329	<u>BOD:</u> 30 mg/l <u>TSS:</u> 30 mg/l	01/01/08 - 01/01/09  18 Months	\$3,855,000	\$0	Water Pollution Control Facility			10
FP09003	8	Westport, City of	Wastewater Treatment Plant Reliability Improvements	WA0020923	<u>BOD:</u> 30 mg/l <u>TSS:</u> 30 mg/l	07/09/07 - 04/30/08  10 Months	\$966,308	\$0	Water Pollution Control Facility			10
FP09059	9	Port Angeles, City of	CSO Projects, Phase 1	WA0023973	<u>BOD:</u> 25 mg/l <u>TSS:</u> 30 mg/l	08/01/08 - 12/01/10  28 Months	\$4,890,000	\$0	Water Pollution Control Facility			10
FP09007	10	Spokane County CD	Conservation Tillage Sediment Reduction Program	N/A		10/01/08 - 09/30/11  36 Months	\$5,000,000	\$5,000,000	Nonpoint	20	2.7%	11
FP09002	11	Olympia, City of	East Olympia Groundwater Quality Protection	N/A		09/30/08 - 03/30/13  54 Months	\$0	\$0	Nonpoint			12
FP09037	12	Northshore Utility District	Sewer Extension Project E-01	N/A		10/01/08 - 09/01/09  7 Months	\$542,400	\$0	Water Pollution Control Facility			10
FP09014	13	Oak Harbor, City of	On-Site Septic Management Program and Loan Program	N/A		01/01/09 - 12/31/12  36 Months	\$300,000	\$300,000	Estuary	20	2.7%	11

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FP09030	14	King County DNR	Brightwater Treatment Plant - Solids/Odor Control Facilities	Pending	<u>BOD:</u> mg/1 <u>TSS:</u> mg/1	01/01/08 - 01/31/11 37 Months	\$10,000,000	\$0	Water Pollution Control Facility			10
FP09038	15	Moses Lake, City of	Stormwater Management Plan and Pollutant Reduction in Moses Lake	WAR04-6510	<u>BOD:</u> mg/1 <u>TSS:</u> mg/1	01/01/08 - 12/01/09 24 Months	\$150,000	\$0	Water Pollution Control Facility			10
FP09048	16	Mason County	Belfair Wastewater and Reclaimed Water Force Main and Pump Station	Pending	<u>BOD:</u> mg/1 <u>TSS:</u> mg/1	01/01/08 - 09/01/09 21 Months	\$4,920,000	\$0	Water Pollution Control Facility			10
FP09063	17	Kittitas County Water District #6	Replace Sewer Lift Pump Station	WA-0050474	<u>BOD:</u> 30 mg/1 <u>TSS:</u> 30 mg/1	03/01/09 - 07/01/09 4 Months	\$378,000	\$0	Water Pollution Control Facility			10
FP09009	18	Town of Twisp	Town of Twisp Biosolids Handling Solution	WA0023370	<u>BOD:</u> 30 mg/1 <u>TSS:</u> 30 mg/1	05/01/08 - 07/01/08 2 Months	\$237,800	\$0	Water Pollution Control Facility			10

**Totals:** \$236,932,329 \$57,241,133

## Footnotes:

1. King County Dept. of Natural Resources was offered \$23,866,700 (of which only \$16,015,812 was loan eligible) in Revolving Fund loan funds for this project in the FY 2007 funding cycle. This project is funded over several years based on cash flow projections, and the \$11,065,940 in Revolving Fund loan on this list represents the final funding request for this project. The applicant was awarded \$947,246 on the FY 2007 Final Offer and Applicant List and \$4,002,626 on the FY 2008 Final Offer and Applicant List.
2. The town of Concrete was offered and accepted a \$384,500 hardship grant and a \$384,500 zero-interest loan in FY 2007. The Town requested additional assistance to cover unanticipated project cost increases. Ecology is providing an additional \$287,000 hardship grant and a \$287,000 Revolving Fund hardship loan based on continued financial hardship eligibility and to ensure this hardship community can complete this important water quality improvement project.
3. Coulee City's project was determined to be eligible for a \$504,020 hardship grant and a \$364,980 zero-interest loan in FY 2008. The City was offered only a \$259,929 grant because it was the last priority project that could be funded based on available Centennial dollars for hardship. Ecology will provide the City, based on rule, the remaining \$244,091 in eligible grant funding. The City also applied and competed for funding to address increased project costs, and based on project ranking Ecology is providing an addition of \$17,828 in Centennial grant and \$141,881 in Revolving Fund loan based on continued financial hardship eligibility.
4. Ecology is offering less loan funding for the city of Blaine's project than was identified on the Draft IUP because the City procured funding from other sources and bids came in lower than estimated.
5. The city of Ritzville is offered less loan funds than identified on the Draft List because the City is being provided a Legislative proviso grant in the 2008 Supplemental Budget . The reduced loan interest rate of 2.0 percent is based on a blend of the hardship rate for existing residential need at the time of application (1.8 percent), and the standard rate (2.7 percent) for other eligible project cost related to future growth in accordance with Chapter 173.98 WAC, *Uses and Limitations of the Water Pollution Control Revolving Fund*.
6. Funds offered are less than requested because, by rule, an applicant cannot receive more than half of the funds available in the Revolving Fund facility category.
7. Funds offered are less than requested because this is the last priority project that can be funded based on available Revolving Fund dollars reserved for facility projects.
8. In order to be eligible to sign a Revolving Fund loan agreement with Ecology for facility construction, a local government must be in compliance with the requirements of Chapter 36.70A RCW, "Growth Management – Planning by Selected Counties."
9. The applicant's project is eligible for financial hardship grant and loan assistance in accordance with Chapter 173.98 WAC, *Uses and Limitations of the Water Pollution Control Revolving Fund*, and Chapter 173.95A WAC, *Uses and Limitations of the Centennial Clean Water Fund*.
10. The applicant requested loan funding, however after higher priority projects were offered funding no loan funds remain available.
11. The project is designated a nonpoint activity under the Revolving Fund program and funded from the 20% nonpoint activity loan category in accordance with Chapter 173.98 WAC.
12. The city of Olympia declined Ecology's proposal to fund the project.



**Attachment 2**

**Project Summaries**

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**Washington State Pollution Control Revolving Fund  
State Fiscal Year 2009  
Final Intended Use Plan Project Summaries**

<b>Application Number</b>	<b>Applicant Name</b>	<b>Project Title</b>
<b>FP09C07004</b>	<b>King County DNR-WwT Div.</b>	<b>Brightwater Marine Outfall</b>
The Brightwater Marine Outfall will discharge treated effluent from the Brightwater treatment plant into the Puget Sound at Point Wells (Portal 19). The outfall will extend offshore for approximately 5,200 feet (nearshore and offshore length). Open trench construction will be used through the on-shore and nearshore areas. The pipeline will be placed directly on the seafloor offshore, and the 500-foot diffuser will be installed along with the offshore pipeline at an approximate depth of 600 feet. Design-Build Pilot funded based on cash flow projection: FY07: \$947,246, FY08: \$4,002,626, FY09: \$11,065,940.		
<b>FP09C07023</b>	<b>Concrete, Town of</b>	<b>Concrete Wastewater Treatment Facility</b>
The Town of Concrete proposes to replace its existing wastewater treatment facility with a membrane bioreactor wastewater treatment plant. The purposed facility will improve the quality of effluent discharged to the Baker River in compliance with the Order on Consent No. DE98WQ-N103 issued by Ecology on March 16, 1998.		
<b>FP09C08066</b>	<b>Coulee, City of</b>	<b>Coulee City Wastewater Facility Expansion</b>
Funds are required for construction of additional evaporation lagoons adjacent to the existing wastewater facility. Extra treatment capacity is required to protect public health from annual discharge of sewage into wetlands and Coulee Lake. Funds from USDA RD are available for engineering, land purchase, and preparation of contract documents.		
<b>FP09024</b>	<b>Blaine, City of</b>	<b>Blaine Lighthouse Point Water Reclamation Facility</b>
The city of Blaine will construct a new wastewater treatment facility using membrane-bioreactor (MBR) technology to produce Class A reclaimed water for irrigation and off-season discharge into Puget Sound, comply with legal requirements to abandon and relocate the current treatment plant, achieve NPDES permit compliance, improve water quality, and reopen shellfish beds.		
<b>FP09047</b>	<b>Ritzville, City of</b>	<b>Wastewater Treatment Lagoon Rehabilitation and Upgrade Project</b>
This project will rehabilitate and restore to service the existing failed wastewater treatment Lagoon Cell 3 and rehabilitate the remaining three lagoon cells that show indications of similar failure to eliminate groundwater and surface water contamination; it will also return the facility to usable service.		
<b>FP09010</b>	<b>Lake Stevens Sewer District</b>	<b>Sunnyside Wastewater Treatment Facilities Project</b>
The District will construct a Membrane Bioreactor wastewater treatment facility (capable of producing Class A Reuse Water) between Sunnyside Boulevard and SR 204 at 9th Street SE which will allow the District to remove the existing facility from the floodplain, providing for 20 years of growth while improving water quality in the Snohomish River.		
<b>FP09022</b>	<b>Alderwood Water and Ww Dist.</b>	<b>Picnic Point Wastewater Treatment Facility Upgrade Project</b>
Alderwood will increase capacity of the Picnic Point Wastewater Treatment Facility from 3mgd to 6mgd. The facility will be upgraded with Membrane Bioreactors, resulting in increased reliability, high water quality discharge to Puget Sound, improved water quality of local streams from the elimination of septic systems, and produce a Class A biosolids.		
<b>FP09008</b>	<b>Airway Heights, City of</b>	<b>City of Airway Heights Water Reclamation and Recharge Project</b>
The City will construct a new Water Reclamation Plant to treat and reclaim wastewater from the city of Airway Heights, eliminating effluent discharge to the Spokane River that is related to Airway Heights wastewater. Construct collection system improvements to transport wastewater to the new treatment facilities and it will construct infrastructure improvements to provide reuse water to local customers. Construct an aquifer recharge system to percolate reclaimed water to a stressed West Plains aquifer.		
<b>FP09026</b>	<b>Cheney, City of</b>	<b>Cheney WWTP Expansion Project</b>
The Cheney WWTP Expansion Project will include increased capacity for production of Class A biosolids for beneficial use, increased capacity for oxidation (aeration for improved nitrification), improvements for biological phosphorus removal capacity and efficiency, and replacement of the disinfection system (elimination of toxic gas use). The project will allow further improvements for beneficial effluent reuse.		

**Washington State Pollution Control Revolving Fund  
State Fiscal Year 2009  
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<b>Application Number</b>	<b>Applicant Name</b>	<b>Project Title</b>
<b>FP09055</b>	<b>Raymond, City of</b>	<b>Raymond - South Bend Sewer Interceptor Line</b>
South Bend and Raymond are proposing to construct a new Regional Wastewater Treatment Facility near the site of the existing City of Raymond WWTP. The current funding proposal would provide loan funding to construct pressure sewer lines from South Bend and portions of Raymond to the new Regional WWTP.		
<b>FP09003</b>	<b>Westport, City of</b>	<b>Wastewater Treatment Plant Reliability Improvements</b>
The purpose of the improvements at the city of Westport's Wastewater Treatment Plant is to bring the facility into compliance with its current NPDES permit limitations for discharge, to comply with Administrative Order DE 1035, and to reliably meet permit requirements.		
<b>FP09059</b>	<b>Port Angeles, City of</b>	<b>CSO Projects, Phase 1</b>
This project is Phase 1 of a number of conveyance, treatment, and disposal projects that make up the city of Port Angeles' Combined Sewer Overflow Plan to address CSOs in Port Angeles Harbor.		
<b>FP09007</b>	<b>Spokane County CD</b>	<b>Conservation Tillage Sediment Reduction Program</b>
The Conservation Tillage Sediment Reduction Program will assist farmers in eleven counties with purchasing conservation tillage equipment, making the transition to direct seeding economically feasible. The direct benefits of conservation tillage operations include decreased erosion, providing improved water quality, and salmonid habitat protection through reductions in sediment and associated nutrients. This project implements Washington State's Nonpoint Plan. These programs will help prevent soil erosion from agricultural land and sediment delivery to receiving waters.		
<b>FP09002</b>	<b>Olympia, City of</b>	<b>East Olympia Groundwater Quality Protection</b>
This project pilots Waterwise fertilizing BMPs with residents and lawn care professionals in the Indian Summer subdivision. The goal is to reduce the nitrate loading from lawns to the aquifer by 50 percent. This projects implements Washington State's Nonpoint Plan. The plan identifies fertilizers as a source of nonpoint pollution.		
<b>FP09037</b>	<b>Northshore Utility District</b>	<b>Sewer Extension Project E-01</b>
This project will eliminate 51 single-family septic systems through the installation of approximately 3,000 linear feet of sewer. Approximately 41 of the 51 homes are in close proximity and hydraulic connectivity to streams, rivers, and wetlands, including Juanita Creek and the Sammamish River; known to provide habitat for Puget Sound Steelhead and Chinook salmon, both listed as threatened under the Federal Endangered Species Act.		
<b>FP09014</b>	<b>Oak Harbor, City of</b>	<b>On-Site Septic Management Program and Loan Program</b>
This project will implement an On-Site Septic System Management and Loan Programs. Included in this are an inventory and assessment of existing septic system conditions within the City, education regarding septic systems operations/maintenance, education regarding technical and financial options for failing systems, establishing liaisons between property owners, the City, and County regarding necessary improvements, and providing low-interest loans.		
<b>FP09030</b>	<b>King County DNR</b>	<b>Brightwater Treatment Plant - Solids/Odor Control Facilities</b>
King County will construction the Solids/Odor Control Facilities for the Brightwater Treatment Plant; including all temporary and permanent site, architectural, structural, process mechanical, HVAC, building services, electrical, instrumentation and control work; and will also test, train, and commission with incidental earthwork, yard piping, site electrical, stormwater management and dewatering. Solids Handling consists of anaerobic digestion, gravity belt thickening, and centrifuge dewatering.		
<b>FP09038</b>	<b>Moses Lake, City of</b>	<b>Stormwater Management Plan and Pollutant Reduction in Moses Lake</b>
This project consists of the development of a Stormwater Management Plan in compliance with NPDES requirements to coordinate water quality management issues, establish a stormwater utility, achieve mapping of City systems, permit evaluation of outfall and other structures needing repair or replacement, and result in a decrease in waterbody eutrophication.		
<b>FP09048</b>	<b>Mason County</b>	<b>Belfair Wastewater and Reclaimed Water Force Main and Pump Station</b>
Mason County will design and contract a Force Main and Pump Station to convey sewage collected in Belfair to the Water Reclamation Facility where it will be treated to Class A water for irrigation and other beneficial uses. This project will improve water quality in Hood Canal and overall Puget Sound.		

**Washington State Pollution Control Revolving Fund  
State Fiscal Year 2009  
Final Intended Use Plan Project Summaries**

<b>Application Number</b>	<b>Applicant Name</b>	<b>Project Title</b>
<b>FP09063</b>	<b>Kittitas County Water District #6</b>	<b>Replace Sewer Lift Pump Station</b>
This project consists of replacing an aging and obsolete sewage lift station at the District's wastewater treatment plant which serves the entire community of Vantage.		
<b>FP09009</b>	<b>Town of Twisp</b>	<b>Town of Twisp Biosolids Handling Solution</b>
This project will allow the town of Twisp to become self sufficient in the handling and storage of biosolids via the installation of a belt press, allowing it to meet Ecology's recommendations.		

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## **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 2009 Final Intended Use Plan  
Proposed Schedule of Payments from EPA to the State of Washington**

<b>Federal Quarter</b>	<b>Requested FFY 2008 Title VI Grant Payments</b>
7/1/08	\$2,958,417
10/1/08	\$2,958,417
1/1/09	\$5,916,834
4/1/09	\$0
<b>TOTAL</b>	<b>\$11,833,668</b>

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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 2009 Final Intended Use Plan  
Estimated Schedule of Binding Commitments**

<b>Application Number</b>	<b>Applicant Name</b>	<b>Project Title</b>	<b>Date</b>	<b>Funds Proposed</b>
FP09C07004	King County DNR-WwT Div.	Brightwater Marine Outfall	5/1/08	\$11,065,940
FP09C07023	Town of Concrete	Concrete Wastewater Treatment Facility	5/1/08	\$287,000
FP09024	Blaine, City of	Blaine Lighthouse Point Water Reclamation Facility	5/1/08	\$1,000,000
FP09C0866	Coulee City	Coulee City Wastewater Facility Expansion	6/1/08	\$141,881
FP09047	Ritzville, City of	Wastewater Treatment Lagoon Rehabilitation and Upgrade Project	5/1/08	\$3,852,000
FP09010	Lake Stevens Sewer District	Sunnyside Wastewater Treatment Facilities Project	5/1/08	\$25,970,567
FP09022	Alderwood Water and Wastewater District	Picnic Point Wastewater Treatment Facility Upgrade Project	10/1/08	\$9,623,745
FP09007	Spokane County CD	Conservation Tillage Sediment Reduction Program	10/1/08	\$5,000,000
FP09014	Oak Harbor, City of	On-Site Septic Management Program and Loan Program	10/1/08	\$300,000