

Extend loan terms for State Revolving Fund to match federal changes

The problem

In June 2014, the Federal Water Pollution Control Act (Clean Water Act) was amended to allow Clean Water State Revolving Fund (CWSRF) programs to offer extended loan terms of up to 30 years or the projected useful life of the project, whichever is less.

Currently Chapter 90.50A RCW (Water Pollution Control Facilities - Federal Capitalization Grants) only allows for a maximum of 20-year loans. In addition, the statute references the 1987 version of the Clean Water Act, which is outdated; the Clean Water Act was updated in 2014.

The solution

Amend Chapter 90.50A RCW to allow the CWSRF to offer extended loan terms of 30 years or the projected useful life of the project, whichever is less. Also amend the outdated citations of the Clean Water Act. The proposal would not affect other programs or agencies.

Ecology's proposal

The proposed approach is to amend Chapter 90.50A RCW to remove references to "twenty years" and replace it with the same language on loan terms specified in the current Clean Water Act. This proposal also amends the outdated citations of the Clean Water Act to align with the 2014 amendments.

How it will work

If the proposal is approved, Ecology will begin working with cities, counties, tribes, and other stakeholders on a rule amendment process to determine how to revise the rule to fully incorporate the option for up to 30-year loans.

WHY IT MATTERS

Managing and maintaining a financially sound Water Pollution Control Revolving Fund protects clean water in our growing state for current and future generations.

Website

<http://www.ecy.wa.gov/programs/wq/funding/fundprgms/CWSRF/oppSRF.html>

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Accommodation Requests

To request ADA accommodation including materials in a format for the visually impaired, call Ecology at 360-407-6600.

Persons with impaired hearing may call Washington Relay Service at 711. Persons with speech disability may call TTY at 877-833-6341.

How it will benefit Washington

The CWSRF is a long-standing, successful program that provides low-interest loans to local governments, tribes, and special purpose districts for water quality improvement projects across the state.

- Loan-term options would be more attractive to borrowers, helping Washington address its statewide needs for water infrastructure improvements.
- Improves alignment with other state and federal infrastructure loan programs and the municipal bond market. Without the proposed extension of loan terms, some applicants may seek funding from other sources such as the bond market.
- Improves our ability to better coordinate with other funders and provide competitive rate structures through the CWSRF.

Representatives from numerous public bodies that participate in the CWSRF loan program are supportive of the proposal because 30-year loan terms would not only reduce the amount of each repayment, it would also increase the savings resulting from funding projects through the CWSRF relative to bonding.

More information

<http://www.ecy.wa.gov/programs/wq/funding/fundprgms/CWSRF/oppSRF.html>