Water Quality Combined Funding Program (WQC)
State Fiscal Year 2024 (SFY24)
Applicant Workshops- WASTEWATER
Kim Prisock, P.E. – Water Quality Program
August 25, 2022
Overview of Ecology’s WQC Funding Program for Wastewater Projects

• Funding Sources and Availability
• Eligible applicants and project types
• Hardship for wastewater projects
• Green Project Reserve
• Agreement Conditions

FY24 Funding Guidelines & Program Updates

• Changes from FY23
• Refinance Projects
• Small Disadvantaged Community Projects (aka ‘Table 12’)
• BABA

Writing a Successful Application
## Acronyms/Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BABA</td>
<td>Build America, Buy America</td>
</tr>
<tr>
<td>BIL</td>
<td>Bipartisan Infrastructure Law</td>
</tr>
<tr>
<td>Centennial</td>
<td>Centennial Clean Water Fund</td>
</tr>
<tr>
<td>CSO</td>
<td>Combined Sewer Overflow</td>
</tr>
<tr>
<td>CWSRF, SRF</td>
<td>Clean Water State Revolving Fund</td>
</tr>
<tr>
<td>DEP</td>
<td>Designated Equivalency Projects</td>
</tr>
<tr>
<td>Draft List</td>
<td>Draft Water Quality Funding Offer List and Intended Use Plan</td>
</tr>
<tr>
<td>EAGL</td>
<td>Ecology Administration of Grants and Loans</td>
</tr>
<tr>
<td>Ecology, ECY</td>
<td>Washington State Department of Ecology</td>
</tr>
<tr>
<td>EJ</td>
<td>Environmental Justice</td>
</tr>
<tr>
<td>ER</td>
<td>Engineering Report (aka Facility Plan) per WAC 173-240-060</td>
</tr>
<tr>
<td>EPA</td>
<td>Environmental Protection Agency</td>
</tr>
<tr>
<td>Final List</td>
<td>Final Water Quality Funding Offer List and Intended Use Plan</td>
</tr>
<tr>
<td>FP</td>
<td>Forgivable Principal OR Facility Plan (Engineering Report)</td>
</tr>
<tr>
<td>GSP</td>
<td>General Sewer Plan per WAC 173-240-050</td>
</tr>
<tr>
<td>I/I</td>
<td>Infiltration and inflow</td>
</tr>
<tr>
<td>MHI</td>
<td>Median Household Income</td>
</tr>
<tr>
<td>NEPA</td>
<td>National Environmental Policy Act</td>
</tr>
<tr>
<td>NPDES</td>
<td>National Pollutant Discharge Elimination System</td>
</tr>
<tr>
<td>PE</td>
<td>Professional Engineer</td>
</tr>
<tr>
<td>POTW</td>
<td>Publicly Owned Treatment Works</td>
</tr>
<tr>
<td>SERP</td>
<td>State Environmental Review Process</td>
</tr>
<tr>
<td>SSO</td>
<td>Sanitary Sewer Overflows</td>
</tr>
<tr>
<td>TMDL</td>
<td>Total Maximum Daily Loads</td>
</tr>
<tr>
<td>WAC</td>
<td>Washington State Administrative Code</td>
</tr>
<tr>
<td>WQP, WQ</td>
<td>Ecology’s Water Quality Program, Water Quality</td>
</tr>
</tbody>
</table>
Overview of Ecology’s WQC Funding Program for Wastewater Projects
Funding Sources for Wastewater Projects

- **Clean Water State Revolving Fund (CWSRF, SRF)**
  - Approximately $250M available for FY24
  - Standard Loan
  - Forgivable Principal Loan

- **Centennial Clean Water Program (Centennial)**
  - Approximately $20M available for FY24
  - Grants

NO MATCH REQUIRED for SRF or Centennial
Eligible Applicants (Section 1.1 Funding Guidelines)

- Cities
- Towns
- Counties
- Sewer Districts
- Tribes
- Irrigation Districts
Eligible Projects (Section 1.2 Funding Guidelines)

- Wastewater Treatment
- Wastewater Conveyance
- Infiltration and Inflow (I/I)
- Reclaimed Water
- Combined Sewer Overflows (CSO)
- Large On-site Sewage Systems (LOSS)
- On-site Sewage Systems
- Public Outreach and Education
Cost Effective Projects

The right project, designed to be the right size, built at the right time, using the right technology, embracing the right amount of complexity for the community.
Eligible Project Types (Section 2.1 Funding Guidelines)

Step 1- Planning
- General sewer plans
- Engineering reports
- Value planning or engineering studies
- Rate studies
- Environmental and cultural resources review

Step 2- Design
- Engineering plans and specifications
- Environmental and cultural resources review

Step 3- Construction
- Construction
- Construction management

Step 4- Design & Construction
- Combined facility design and construction projects
- Total project cost up to $7M
- 5-years to complete project
- Design must be complete within 1-year of signing funding agreement

Submit planning/design docs by 10/12/22 (application deadline). Approvals due by 12/14/22.
Preconstruction Hardship (Section 3.1.4 Funding Guidelines)

Preconstruction Hardship Eligibility

• Includes planning (Step 1) and design (Step 2 or 4) projects
• Two criteria:
  • Population less than 25,000
  • Median Household Income (MHI) is less than 80% of the state’s MHI
    (see appendix M of Funding Guidelines, example next slide)

Preconstruction Hardship Funding

• If criteria above is met, Ecology will offer
  50% standard loan and 50% forgivable loan (grant)
  towards the preconstruction (planning and/or design) project.
## Preconstruction Hardship Eligibility

### Table 22: Median Household Incomes, Population, and Hardship Eligibility for SFAP and CWSRF/Centennial Preconstruction

<table>
<thead>
<tr>
<th>Place</th>
<th>MHI</th>
<th>Population</th>
<th>Eligibility for SFAP Hardship and CWSRF/Centennial</th>
<th>2% of Monthly MHI</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Washington</td>
<td>$77,006</td>
<td>7,512,465</td>
<td>Preconstruction Hardship</td>
<td></td>
</tr>
<tr>
<td>Aberdeen city</td>
<td>$42,203</td>
<td>16,571</td>
<td>Eligible</td>
<td>$70.34</td>
</tr>
<tr>
<td>Aberdeen Gardens CDP</td>
<td>$96,250</td>
<td>305</td>
<td>Ineligible</td>
<td>$160.42</td>
</tr>
<tr>
<td>Acme CDP</td>
<td>-</td>
<td>123</td>
<td>Ineligible</td>
<td>n/a</td>
</tr>
<tr>
<td>Adams County</td>
<td>$51,601</td>
<td>19,702</td>
<td>Eligible</td>
<td>$86.00</td>
</tr>
<tr>
<td>Addy CDP</td>
<td>-</td>
<td>40</td>
<td>Ineligible</td>
<td>n/a</td>
</tr>
<tr>
<td>Ahtanum CDP</td>
<td>$70,179</td>
<td>3,701</td>
<td>Ineligible</td>
<td>$116.97</td>
</tr>
<tr>
<td>Airway Heights city</td>
<td>$54,690</td>
<td>8,885</td>
<td>Eligible</td>
<td>$91.15</td>
</tr>
<tr>
<td>Albion town</td>
<td>$73,800</td>
<td>677</td>
<td>Ineligible</td>
<td>$123.00</td>
</tr>
<tr>
<td>Alder CDP</td>
<td>$103,750</td>
<td>134</td>
<td>Ineligible</td>
<td>$172.92</td>
</tr>
<tr>
<td>Alderton CDP</td>
<td>$93,448</td>
<td>2,695</td>
<td>Ineligible</td>
<td>$155.75</td>
</tr>
<tr>
<td>Alderwood Manor CDP</td>
<td>$101,989</td>
<td>9,618</td>
<td>Ineligible</td>
<td>$169.98</td>
</tr>
<tr>
<td>Alger CDP</td>
<td>$70,478</td>
<td>150</td>
<td>Ineligible</td>
<td>$117.46</td>
</tr>
<tr>
<td>Algona city</td>
<td>$73,611</td>
<td>3,207</td>
<td>Ineligible</td>
<td>$122.69</td>
</tr>
</tbody>
</table>

1. MHI is less than 80% of the State MHI ($61,605), and
2. Population is less than 25,000

(Appendix M of Funding Guidelines, pg. 216)
Construction Hardship (Section 3.1.4 Funding Guidelines)

Construction Hardship Eligibility

- Includes construction (Step 3 or 4) projects, two criteria:
  - Population less than 25,000
  - Financing the project without subsidy would cause existing residential sewer fees to be 2% or more of the MHI

Construction Hardship Funding

- If criteria above is met, Ecology may structure an offer that includes further subsidized loan terms, Centennial grant, and/or forgivable principal loan.

<table>
<thead>
<tr>
<th>Sewer fee divided by MHI is:</th>
<th>&lt; 2% (non-hardship)</th>
<th>&gt; 2% to &lt; 3% (moderate hardship)</th>
<th>&gt; 3% to &lt; 5% (elevated hardship)</th>
<th>&gt; 5% (severe hardship)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 year term</td>
<td>0.6%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>20 year term</td>
<td>1.2%</td>
<td>0.7%</td>
<td>0.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>30 year term</td>
<td>1.6%</td>
<td>1.1%</td>
<td>0.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Grant/forgivable principal loan eligibility</td>
<td>Not eligible</td>
<td>50% up to $5M</td>
<td>75% up to $5M</td>
<td>100% up to $5M</td>
</tr>
</tbody>
</table>
Construction Hardship Eligibility

**CONSTRUCTION HARDSHIP CRITERIA**
1. Population is less than 25,000
2. Current costs for the system (annual facility costs, debt service, etc.) + project costs (assuming 30yr loan term, standard interest rate) > 2% of monthly MHI

**Considerations for Hardship**
1. Can’t subsidize growth
2. Can’t subsidize non-residential

(Appendix M of Funding Guidelines, pg. 216)

“Residential” = single family residence; multi-family residences; local public facilities such as schools, city hall, police, fire, community centers; and small commercial customers (wastewater flow < 3,500 gpd)
Construction Hardship Example

**Anytown, WA**

**Constitutional Hardship Criteria**
1. Population is less than 25,000
2. Current costs for the system (annual facility costs, debt service, etc.) + project costs (assuming 30yr loan term, standard interest rate) > 2% of monthly MHI

**Assumptions for Anytown, WA**
1. City growing annually ~0.5%
2. 2,500 Residential ERUs, 300 Commercial/industrial ERUs

**Considerations for Hardship**
1. Can’t subsidize growth
2. Can’t subsidize non-residential (commercial, industrial, institutional)

**Population**
- MHI = $42,000
- 2% of Monthly MHI = $70

**Annual facility costs**
- $2.6M
- $216,147

**New Annual Debt Service (30yr, 1.6%)**
- Estimated project costs $5.2M
- New monthly facility costs = $234,679
- ~$84/month (residential)

**Current monthly facility costs**
- $216,667

**2.4% of MHI = MODERATE HARDSHIP**

50% of project cost eligible for grant/forgivable principal & reduced interest rate
Green Project Reserve (GPR) (Section 3.1.4 Funding Guidelines)

Projects or project components that focus on:
- green infrastructure,
- water efficiencies,
- energy efficiencies, or
- “environmentally innovative” activities

For more info, see EPA’s GPR website

Eligible projects may receive up to 25% forgivable loan.
Agreement Conditions (Section 6.2 Funding Guidelines)

- State public works and A/E procurement rules
- Growth Management Act (GMA) compliance (pg. 80)
- Environmental and Cultural Resources Review (Appendix N)
- Investment Grade Efficiency Audit (IGEA) (pg. 81)
- American Iron and Steel (AIS) and Build America, Buy America (BABA) (pg. 83)
- Federal Davis-Bacon Act wage requirements (pg. 84)
- Fiscal Sustainability Plan (FSP), aka Asset Management Plan (pg. 86)

See Table 15 on pgs. 88-90 for more complete list
FY24 Funding Guidelines and Funding Program Updates
Chapter 1- Program Overview
Chapter 2- Eligible Project Categories
  2.1 Wastewater Facility Projects (pg. 12)
Chapter 3- Funding Programs
  3.1 CWSRF (pg. 49)
  3.3 Centennial (pg. 62)
Chapter 4- Preparing and Submitting Your Application
Chapter 5- Project Evaluation, List Development, and Public Comment
Chapter 6- Agreement Development, Management, and Conditions
  6.2 Agreement Conditions (pg. 79)
FY24 Funding Guidelines- Appendices

Appendix A: WQ Grant/ Loan Contacts

Appendix B: Acronyms/ Abbreviations

Appendix C: Applicant Prep Tool, Scoring Criteria & Guidance

Appendix F: WQP/ Ecology Terms and Conditions

Appendix M: Median Household Income, Population, Hardship Eligibility

Appendix N: Environmental and Cultural Resources Review Guidance

Appendix O: Public Outreach and Engagement and Environmental Justice Guidance

Appendix P: Metrics Guidance
FOR WASTEWATER PROJECTS:

• Bipartisan Infrastructure Law (BIL) additional funding (Section 3.1)

• Buy America, Build American (BABA) Act expands requirements to use goods produced domestically (Section 3.1.4 and 6.2.14)
  • Includes construction materials and manufactured products

• Sewer Overflow and Stormwater Reuse Municipal Grant Program (OSG) (Section 3.5)

• Clarifications to environmental review and Endangered Species Act requirements (Appendix N, 2.1 & 5.2)
## Refinance Projects

SRF loans available for refinancing of existing (sewer related) debt.

<table>
<thead>
<tr>
<th>Interim</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Available to projects that will begin work prior to the time Ecology issues the Final Offer List</td>
<td>• Project successfully completed using non-Ecology funding source</td>
</tr>
<tr>
<td>• Traditional application process</td>
<td>• Refinance at a lower interest rate</td>
</tr>
<tr>
<td>• Project is rated/ranked, funds awarded competitively</td>
<td>• Shorter application (same process)</td>
</tr>
<tr>
<td>• Must meet all applicable requirements for project type</td>
<td>• NOT rated/ranked, funded if SRF money is still available after awarding competitively ranked projects</td>
</tr>
</tbody>
</table>
Standard Refinance Projects

Can you answer **YES** to these questions?

Backup documentation needed for:
- Ecology project approvals
- Environmental review
- Wages paid (construction)
- AIS compliance

Assistance may be available to complete refinance applications.
Small Disadvantaged Community Projects

New, simplified funding process to help meet the anticipated wastewater infrastructure needs for small financially disadvantaged communities. Funds may be awarded to hardship eligible projects, if available, for the next project phase once the current phase is completed and approved. (See pg. 21 of FY23 Final Offer List, aka ‘Table 12’)

Current List of Small Disadvantaged Community Projects (SDCP)

<table>
<thead>
<tr>
<th>Aberdeen</th>
<th>Main Street SD</th>
<th>Sequim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clallam Co</td>
<td>Mossyrock</td>
<td>Snoqualmie Pass</td>
</tr>
<tr>
<td>Clarkston</td>
<td>Newport</td>
<td>Utility District</td>
</tr>
<tr>
<td>Cle Elum</td>
<td>Oakesdale</td>
<td>Springdale</td>
</tr>
<tr>
<td>Cusick</td>
<td>Okanogan</td>
<td>Tekoa</td>
</tr>
<tr>
<td>Dayton</td>
<td>Oroville</td>
<td>Wapato</td>
</tr>
<tr>
<td>Fisherman Bay</td>
<td>Othello</td>
<td>Winthrop</td>
</tr>
<tr>
<td>Garfield</td>
<td>Palouse</td>
<td></td>
</tr>
<tr>
<td>Grand Coulee</td>
<td>Pateros</td>
<td></td>
</tr>
<tr>
<td>Holmes Harbor</td>
<td>Republic</td>
<td></td>
</tr>
<tr>
<td>Hoquiam</td>
<td>Ritzville</td>
<td></td>
</tr>
<tr>
<td>Kittitas</td>
<td>Royal City</td>
<td></td>
</tr>
</tbody>
</table>

PLEASE CONTACT ECOLOGY BEFORE STARTING AN APPLICATION IF YOU ARE ON THIS LIST (OR HAVE A CURRENTLY FUNDED PROJECT)
BABA Guidance

...is still in the works...

- Guidance from Made in America Office (MIAO) released 4/18/2022:

- Waiting on specific guidance from EPA for SRF programs

- EPA held first webinar for BABA Act Implementation in April 2022
Writing a Successful Application
## Scoring Criteria (Appendix C of Funding Guidelines)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Point Value</th>
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</thead>
<tbody>
<tr>
<td>Funding Request</td>
<td>0 to 15 pts</td>
</tr>
<tr>
<td>Scope of Work</td>
<td>0 to 75 pts</td>
</tr>
<tr>
<td>Task Costs and Budget</td>
<td>0 to 135 pts</td>
</tr>
<tr>
<td>Project Team</td>
<td>0 to 65 pts</td>
</tr>
<tr>
<td>Project Planning and Schedule</td>
<td>0 to 160 pts</td>
</tr>
<tr>
<td>Water Quality and Public Health Improvements</td>
<td>0 to 500 pts</td>
</tr>
<tr>
<td>Financial Hardship (Construction)</td>
<td>0 to 50 pts</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0 to 1,000 pts</strong></td>
</tr>
</tbody>
</table>
Scope of Work (0 to 75 pts)

Complete and concise description of tasks and deliverables MUST align with schedule and detailed budget

Forms/Questions Applicable to Scope of Work:
• General Information
• Scope of Work
• Task Costs and Budget (including uploaded detailed budget)
• Project Planning and Schedule (including uploaded schedule)
Task Costs and Budget (0 to 135 pts)

0 to 50 points:
• Demonstrate how you arrived at cost estimate for each task
  • Other project examples, materials estimates, etc.
  • Based on real-world data

0 to 85 points:
• Is this the most cost-effective alternative? If not, what’s the justification?
  • Describe the cost analysis
  • Reasonable when compared to similar projects in the region

Upload:
• Detailed budget
• Supporting documents (engineers’ estimates, cost analysis, etc.)
Project Team (0 to 65 pts)

0 to 50 points:
• Roles & responsibilities
• Team member experience
• Include contractors, consultants, partners
• If individual person not yet known, use position title and required qualifications

0 to 15 points:
Previous Performance
• Past projects on time? Within budget?
• Lessons learned
Project Planning and Schedule (0 to 160 pts)

0 to 40 points:
• Criteria used and defined to evaluate project alternatives
• Value analysis - Why is THIS project the best option to meet the need?

0 to 20 points:
• Who are key stakeholders?
• Letters of support, contributions to the project, etc.

0 to 25 points:
• Schedule includes all tasks
• Sufficient time to complete all elements

0 to 75 points:
• Ready to start within 10 months (by April 2024)
  • Step 3 & 4 should include projected bid date
Value and Feasibility:

• Describe criteria for choosing this project, such as:
  • Treatment/collection needs
  • Useful life
  • Installation cost
  • Operations and maintenance costs
  • Site suitability
  • Climate resiliency
  • Environmental justice
  • Other factors?
• How did alternatives rank based on those criteria?

Ready to Proceed:

• Status of designs, permits, agency reviews and approvals, interlocal agreements, easements, other secured funding, staffing
• Do you own or have clear control over the entire project area?

New (non-scored) questions:

• When was the last time the road was resurfaced or reconstructed?
• Have you reviewed the area of potential effect (APE) in WISAARD? See Appendix N

Upload:

• Project schedule includes all necessary tasks
• Includes tasks not part of the funding request
WQ and Public Health Improvements (0 to 500 pts)

0 to 135 points:
- Addresses priority pollutants in the specific water body
- Identified by local, state, or federal plan

0 to 150 points:
- Project area is directly connected to the water body
- Technical justification to reduce the pollutants of concern in the water body

0 to 50 points:
- Measuring success – quantitative (and qualitative) metrics and goals

0 to 100 points:
- WQ and public health improvements proposed represent good value

0 to 50 points:
- Plan and commitments to fund long-term maintenance and sustain the WQ benefits

0 to 15 points:
- Applicant and the project address greenhouse gas emission reductions
**WHAT IS THE WATER QUALITY PROBLEM YOU ARE TRYING TO SOLVE??**

**WHERE?**
- Is the project?
- Are the water body/bodies being protected?

**WHAT?**
- WQ plans or priorities does your project support?
- Tasks are proposed to achieve the goals?
- IS THE WQ BENEFIT??

**WHY?**
- Did you pick this project?
- Should you do it now?

**HOW?**
- Will you measure success?
- Will you support the project over the long term?
Applicant Prep Tool (Appendix C of Funding Guidelines)

**Suggestions:**

- Plain text without bullets (EAGL strips formatting)
- Character limits, check with ‘Review’ and ‘Word Count’ in word version
- Proof read!! Spell check and have someone else review
- Organize documents before uploading
- Don’t wait until last minute to copy & paste answers (or start application...)
  - Need time to ‘CHECK FOR ERRORS” (EAGL’s global error check)
Upload Guidance  (pgs. 67 & 68 of Funding Guidelines)

• Detailed budget spreadsheet and project schedule
  • Both should closely align with scope of work
  • Each task/deliverable should be included
  • Should be realistic, based on recent projects

• Letters of support

• Documents available on the internet (e.g. TMDLs) should NOT be uploaded, provide a link instead; should be relevant to project!

• Combine supporting documents into single file- easier to upload

• Use clear and easy to understand titles for uploaded documents

• Uploads should SUPPORT application information, not replace it
Questions & discussion
Resources

- Ecology’s FY24 Water Quality Combined Funding Program Guidelines
- Ecology WQ facility project (funding) resources
- Washington Administrative Code (WAC)
  - General sewer plan (173-240-050)
  - Engineering report aka facility plan (173-240-060)
  - Plans and specifications (173-240-070)
  - Construction quality assurance plan (173-240-075)
  - Declaration of construction complete (173-240-090)
- Revised Code of Washington (RCW)
  - Contracts for Architectural and Engineering Services (39.80.010)
- Davis Bacon wages:
  - Davis Bacon Act on U.S. Department of Labor’s website
  - EPA memo regarding Davis Bacon requirements
  - Guidance for David Bacon compliance
- AIS on EPA’s website
- Build America, Buy America (BABA) on EPA’s website
- Made in America Office (MIAO) website
Questions?
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kipr461@ecy.wa.gov
(509) 435-1691