

What are the loan terms?

Interest rates are based on a percent of the market rate for tax-free municipal bonds. The rates are established at the beginning of each application cycle. Here are the interest rates:

- **0 to 5-year term:** Fiscal Year 2006 interest rate is 0.5 percent
- **6 to 20-year term:** Fiscal Year 2006 interest rate is 1.5 percent

How and when do you apply for funding?

Applications for fiscal year 2006 will be accepted from September 1, 2004, through November 1, 2004. Following the application period, Ecology will evaluate the applications received, publish a preliminary draft funding offer list, and provide the list to the Office of Financial Management. After the budget is passed by the Legislature, Ecology will issue a draft offer list, solicit public comments on the draft list, and publish a final offer list (tentatively scheduled for July 1, 2005). Funding will be available to successful applicants after the final offer list is published. Beginning with fiscal year 2006 and every year thereafter, the application period will begin September 1st and last at least 60 days.

How much money is available this year?

It is uncertain how much money will be available for fiscal year 2006. Basing an estimate on the 2003-05 State Capital Biennial Budget appropriation, Ecology had approximately \$11.3 million in competitive grants and loans for point and nonpoint source projects through the Centennial program. Based on the federal fiscal year 2004 Congressional Budget approximately \$2.2 million was available as competitive grants for nonpoint source projects from Section 319

and approximately \$89.9 million was available from the SRF for low-interest loans for point and nonpoint source projects.

How do I learn more?

The best way to learn about the programs is to review the annual funding guidelines published in September of each year, which contain information about funding for the next fiscal year.

Ecology announces the availability of these guidelines each year in a mailing sent to all Washington counties, cities, towns, tribes, special districts, and to many other groups. The mailing also gives the dates, times, and locations of our funding workshops. If you wish to be added to the list, contact us (see below for information).

If you are planning to apply for funding, we recommend that you participate in one of our workshops.

If you have questions and want to talk about the financial assistance programs, please contact:

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Financial Assistance for Water Quality Projects Fiscal Year 2006

Publication 04-10-074
(Revised October 2004)



Printed on Recycled Paper

What programs does Ecology have to help fund water quality projects?

The Department of Ecology's Water Quality Program administers three major funding programs that provide low-interest loans and grants for projects that protect and improve water quality in Washington State. Ecology acts in partnership with state agencies, local governments, and Indian tribes by providing financial and administrative support for their water quality efforts. As much as possible, Ecology manages the three programs as one; there is one funding cycle, application form, and offer list. This brochure is a guide to introduce these financial assistance programs and to direct you to the information sources that can give further assistance with planning to meet your funding needs.

The three programs sharing guidelines, application, and funding cycle are:

The **Centennial Clean Water Fund**

(Centennial), which provides low-interest loans and grants for wastewater treatment facilities and fund-related activities to reduce nonpoint sources of water pollution.

The **Section 319** Nonpoint Source Grants Program (Section 319), which provides grants to reduce nonpoint sources of water pollution.

The **State Revolving Loan Fund** (SRF), which provides low-interest loans for wastewater treatment facilities and related activities or to reduce nonpoint sources of water pollution.

What do the programs fund?

Here are some examples of the type of projects that have been funded:

- Planning, design, and construction of wastewater and stormwater treatment facilities
- Agricultural best management practices
- Stream and salmon habitat restoration
- Local loan fund programs for water quality
- Watershed planning
- Water reuse planning and facilities
- Water quality monitoring
- Lake restoration
- Wellhead protection
- Acquiring wetland habitat for preservation
- Construction of public boat pump-outs
- Public information and education

Who is eligible for funding?

The funding programs can provide funding to:

- Local governments
- Recognized Indian tribes
- Special purpose districts such as sewer, health, and conservation districts
- Not-for-profit groups (only eligible under the Section 319 program)

What types of funding are available?

Low-interest loan and grant combinations may be available for up to 100 percent of eligible project costs.

Loans are available for up to 100 percent of eligible project costs. Only loans may be used for site-specific facilities planning, facilities design, constructing point source facilities (except that in cases of demonstrated hardship

grants may be available), land acquisition, installation of collection sewers, implementation projects on private property (e.g., best management practices for landowners), and side sewers. In addition, other types of loans may be used for almost any eligible water quality project. See below for information on interest rates and supplemental financial hardship assistance.

Some innovative ways in which loans have been used in recent years include local loan funds for implementation of agricultural best management practices and for repair or replacement of on-site sewer systems.

Grants are available for up to 75 percent of eligible project costs for nonpoint source activities. Grants for comprehensive basin or watershed planning are available for 75 percent of eligible project costs. Loans may be used to provide the grant match.

Grants for constructing point source facilities are available only in cases of demonstrated financial hardship.

How can a loan project be more affordable?

Ecology provides financial hardship consideration for wastewater facility construction projects that would cause user fees to exceed 1.5 percent of the median household income in the local area. Hardship is addressed through variable interest rates, longer loan terms (not to exceed 20 years), partial grants, or a combination of these.