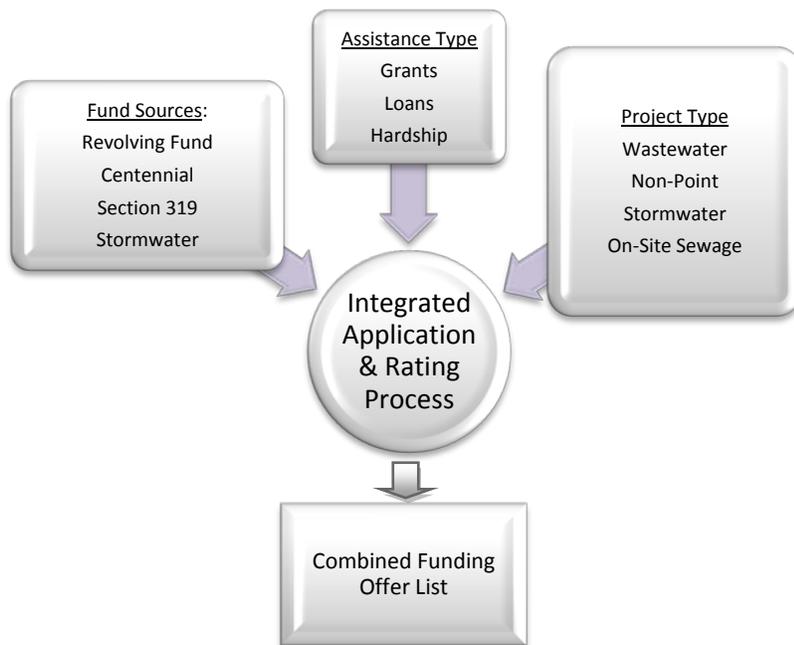


Funding for Water Quality Improvement and Protection

Overview

The Washington State Department of Ecology (Ecology) administers an integrated funding program for projects that improve and protect water quality throughout the state. The program combines grants and loans from state and federal funding sources with technical assistance to program applicants.

Ecology manages water quality grant and loan applications under one process. Ecology has one combined funding cycle, one application, one competitive rating process, and one funding offer list. Applicants submit just one application for all of the possible funding sources.



Funding sources and average annual funding levels

Ecology administers the four primary funding sources to improve and protect water quality:

MORE INFORMATION

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For details about the Water Quality Program funding cycle, visit our website at:

www.ecy.wa.gov/programs/wq/funding/Cycles/FCmain.html

Special accommodations

To request ADA accommodation or 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.

- The federal Clean Water Act Section 319 Program (Section 319)—about \$1.6 million available each year.
- The state Centennial Clean Water Program (Centennial)—about \$20 million available each year.
- The combined state and federal Washington State Water Pollution Control Revolving Fund Program (Revolving Fund)—about \$80 million available each year.
- Beginning with the Fiscal Year 2016 (FY2016) Funding Cycle, the Stormwater Financial Assistance Program (SFAP)—about \$60 million available for FY2016.

Periodically, Congress or the State Legislature provides additional sources of funding. The integrated nature of the program enables Ecology to include these added funding sources into its annual process efficiently.

Eligible funding recipients

To be eligible for funding, a recipient must be a public body in the state of Washington. These include:

- Counties, cities, and towns.
- Conservation districts.
- Political subdivisions.
- Municipal or quasi-municipal corporation (water district, sewer district, public utility district).
- Federally recognized tribes.
- Washington State institutions of higher education (provided that the project is not included in that institution's statutory responsibilities).
- Not-for-profit organizations (Section 319 funding only).

Types of funding assistance

Funding opportunities vary by funding source, funding category, and project type. With a single application process and funding list, Ecology can create funding packages that meet the financial needs of project applicants.

Grants

Ecology provides grants through the Centennial, Section 319, and SFAP funding sources. Recipients can use grants for hardship wastewater facilities, nonpoint source activities, stormwater activities, stormwater facilities, and on-site sewage system projects. The local match required for grants varies by project type and ranges from 0 percent to 50 percent of the total eligible project cost.

Loans

Ecology provides low interest loans primarily through the Revolving Fund. Although Centennial funds may be used to provide loans, Ecology typically provides only grants through this program. Ecology sets the interest rates for each year based on the average municipal bond rate (MBR). A 20-year loan will have an interest rate equal to 60 percent of MBR, and a 5-year loan will have an interest rate equal to 30 percent of the MBR. Loans are available for all Revolving Fund project categories. Ecology does not require a match for Revolving Fund loans.

Forgivable principal loans

Forgivable principal loans are loans that the borrower does not have to repay. Ecology provides forgivable principal loans (paired with conventional loans) through the Revolving Fund (when authorized through the annual federal appropriation) for projects that meet certain requirements. This type of loan provides additional subsidy for financially distressed communities or as an incentive to applicants to develop projects that meet the Environmental Protection Agency's criteria for 'Green Project Reserve (GPR).'

Hardship funding for financially distressed communities

Ecology gives special funding consideration to applicants that meet certain financial hardship criteria. Ecology provides hardship funding for wastewater and stormwater facilities construction and for preconstruction projects. Hardship funding may include a combination of grants, reduced match requirements, forgivable principal loans, and loans with interest rates as low as zero percent.

Funding ceilings

Each of the funding programs that make up the combined program has a ceiling (maximum award amount) based on funding type and project type. In addition, many of the funding programs require some kind of local match. Generally, the ceilings for each project type are:

- Wastewater facilities hardship grants: \$5 million
- Nonpoint source activities grants: \$250,000 or \$500,000 depending on match
- Stormwater activities grants: \$250,000 or \$500,000 depending on match
- Stormwater facilities grants: \$5 million

The ceilings for loans are based on a percentage of total funding available each year for each funding category. For example, in an average year, the funding limit for an applicant with one or more wastewater facility projects may be approximately \$25 million. For detailed information about funding ceilings and required match, see the current funding guidelines on the Water Quality Grants and Loans website: www.ecy.wa.gov/programs/wq/funding/funding.html

Eligible project categories

Eligible projects fall into four main categories: wastewater facilities, stormwater activities and facilities, nonpoint source activities, and on-site sewage systems. In addition to these four categories, GPR is a designation that can be applied to a project or a component of a project in any of the four categories. Below are eligible project types for each category.

Wastewater facilities

- Comprehensive sewer planning.
- Facilities construction.
- Facilities plans and design.
- Water reclamation facilities.
- Sewer collection projects.
- Wastewater treatment.
- Reclaimed water distribution.
- Combined sewer overflow correction.

Stormwater facilities and activities

- Low impact development techniques.
- Source control activities.
- Stormwater pollution control facilities.
- Stormwater best management practices.
- Stormwater retrofit.
- Project-specific planning and design of stormwater facilities.
- Outreach and education.

Nonpoint source activities

- Water quality focused best management practices.
- Riparian/wetland restoration planning and implementation.
- Groundwater/aquifer/wellhead planning and protection.
- Lake restoration planning and implementation.
- Public outreach and education.
- Total maximum daily loads (TMDL) support and implementation.
- Water quality monitoring.
- Watershed planning and implementation.

On-site sewage systems

- Planning, design, and construction of large on-site sewage systems (LOSS).
- Planning and surveys.
- Repair and replacement programs for residential and small commercial properties.

Green Project Reserves (GPR)

GPR is a Revolving Fund category of projects or project elements that focus on green infrastructure, water or energy efficiencies, and environmentally innovative activities. Although GPR projects can be stand-alone projects, they typically are elements of a larger project type. Ecology funds GPR projects with 25 percent forgivable principal loans (when available) and the remaining 75 percent through standard loans.

Funding priorities and ranking process

Ecology leverages available grant and loan funds to meet water quality priorities across the state. Among other goals, Ecology strives to:

- Invest available funds to achieve the greatest water quality and public health benefit.
- Award grant funds for water quality activities to address nonpoint source pollution.
- Assist small, financially distressed communities with grants and low-interest loans for water pollution control infrastructure projects.

Ecology documented nearly \$5 billion in water quality infrastructure needs for Washington in the 2008 Clean Watershed Needs Survey that EPA prepares for Congress. At the same time, funding from state and federal programs has been declining.

In an effort to maximize the use of all available funds, Ecology develops a statewide priority list of proposed water quality projects by evaluating the project proposals based on a set of rating criteria. The principal rating and ranking criteria and relative scoring weights are detailed in the current funding guidelines on the Water Quality Grants and Loans website:

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



Ecology's Administration of Grants and Loans (EAGL)

In the fall of 2013, Ecology began using Ecology's Administration of Grants and Loans (EAGL) system to process grant/loan applications and manage grant and loan projects. This electronic system allows users to apply for funding on-line, develop grant or loan agreements electronically, and handle routine project management activities (requests for payment, submitting reports) without having to submit paper documents.

New users can find information about EAGL on the EAGL home page on Ecology's website. Existing users can also access the EAGL application through that page:

www.ecy.wa.gov/funding/EAGL.html

Funding cycle schedule

The diagram on the following page provides a summary of the annual Water Quality Program funding cycle process. Time frames are approximate. The Water Quality Combined Financial Assistance funding opportunity (in EAGL) is generally open September 1 of each year, and applicants must submit the final application by the first week of November. Specifics for each year's funding cycle are available on the Water Quality Program's website:

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

Annual Water Quality Funding Cycle Process

