These guidelines define the application requirements and review process for the 2015 Drinking Water State Revolving Fund (DWSRF) Loan Program. Congress created the DWSRF in 1996 when it reauthorized the Safe Drinking Water Act (SDWA). Each year through this program, the U.S. Environmental Protection Agency (EPA) awards a capitalization grant to Washington and other states for:

- A capital construction loan program.
- Non-construction “set aside” funds to run the program and ensure compliance with drinking water rules.

The Department of Health Office of Drinking Water (department) and the Department of Commerce jointly administer the DWSRF Loan Program.

Program Description and Goals
The Washington State Legislature passed laws to create a DWSRF Loan Program consistent with federal law. Loan repayments, loan interest, and additional state funding from the Public Works Assistance Account and/or State Bond funds supplement the federal capitalization grant.

The DWSRF Loan Program provides low-interest construction loans to publicly-owned (municipal) and privately owned drinking water systems in Washington. Municipal water systems are defined by the Safe Drinking Water Act as “a city, town, or other public body created by or pursuant to state law,” such as special purpose districts and public utility districts. The DWSRF Loan Program goals are:

- Provide loans to water systems for capital improvements that increase public health protection and compliance with drinking water regulations.
- Protect the health of the people of Washington State by ensuring safe and reliable drinking water.

Before You Apply
Planning Documents
Applicants are required to have an approved water system plan (WSP), a small water system management program (SWSMP), or plan amendment containing your DWSRF project prior to September 30, 2015. This is in response to EPA’s new Sustainability Policy for DWSRF. Please contact your department regional planner (www.doh.wa.gov/odwstaff) if you have questions concerning your planning documents.

Privately Owned Water Systems
Privately owned water systems with funding requests under $100,000 should contact department program staff (listed at the end of this document) to discuss your funding needs before submitting an application.
Funding Schedule

- 2015 DWSRF loan application cycle opens September 1, 2015.
- The department will review, score, rank applications, and publish a draft funding list in fall 2015.
- The board will approve a final funding list in January of 2016.
- DWSRF scopes of work will be finalized February 2016.
- Contracts will be executed after final scope of work is accepted.
- Borrowers will have 60 days to sign and return contracts.

Online application
You will need to establish an account with Secure Access Washington (SAW) to apply online. Visit our website at http://www.doh.wa.gov/DWSRF.aspx to get started. Online access will allow you to create and attach project maps, photos, and supplemental documentation.

Important Information About the DWSRF Funding Process

- It takes about four months from the time you apply to find out if you will get a DWSRF loan.
- To get a loan, the water system must be financially viable and able to repay the loan.
- Any eligible preconstruction project work completed prior to signing a contract, is done at the water system’s risk.
- All contracts will be executed through the board at the Department of Commerce.
- The board staff will provide an overview of the DWSRF contract requirements.
- A non-refundable 1 percent loan fee is assessed at contract execution and amortized over the life of the loan.
- After a DWSRF contract is signed, eligible preconstruction project costs may be reimbursed.
- Construction work cannot start until the water system successfully completes environmental and cultural reviews.
- The borrower must receive department approval of project report and related construction documents.
- The board will withhold 10 percent of your contract amount until you officially close out the project. Once this is done, the board will reimburse the remaining funds.
- Projects must complete the construction competitive bid process within 18 months of contract execution.
- The DWSRF basic interest rate is 1.5 percent. If your contract includes the basic interest rate and the project is completed within 24 months of contract execution, you will be eligible for a lower interest rate adjustment to 1 percent.
• The project must be completed within four years of signing a DWSRF contract.

• The loan repayment period is 20 years. Annual loan repayments start October of the first year of loan execution. A sample amortization is included in Appendix F.

• American Made Iron and Steel - Congress passed a law January 17, 2014, that requires water systems to use U.S. steel and iron products for projects funded in part or in full by a Drinking Water State Revolving Fund (DWSRF) loan. The requirement applies to loan agreements signed on or after January 17, 2014. The EPA is working on guidance for the American Iron and Steel requirements. The department developed guidance to use in the interim. You can find the specific Buy American Iron and Steel language in HR 3547, Consolidated Appropriations Act 2014. For more information, refer to Appendix D.

• A project will be closed out when:
  o The department determines cultural and environmental deliverables are met.
  o The department receives an Engineer certified construction completion report.
  o The department receives any required as-built drawings.
  o The board receives the financial audit report (if required).

**Subsidy**

The department is providing some principle forgiveness this year. It will be based on an Affordability Index (percentage of Medium Household Income (MHI) that the average water bill will be after the loan). Projects where the average monthly water rate will exceed 2 percent of the MHI for the service area will qualify.

There are updated criteria for the consolidation projects that qualify for principal forgiveness. Systems applying that believe they will qualify based on the affordability index must provide MHI information with the application to be considered. Please see the chart on page 6 for loan terms.

Systems with an affordability index between 1.5 and 2.0 percent may be offered a lower interest rate.

**Not all systems that qualify for subsidy and are on the list may necessarily receive it. There will be a set amount available and it will be given based on project score.**
**Project Scoring Procedures**
All eligible projects are scored and ranked. Readiness to proceed points can be awarded and applicants must submit this additional form. The Readiness to Proceed Form, 331-501-F located on our website (http://www.doh.wa.gov/Portals/1/Documents/Pubs/331-501-F.docx) and attach it to your DWSRF application.

Please see page 22 and Appendix A for more information on project scoring.

**Supplemental Financial Information**
The board requires supplemental financial information for all water systems that are requesting drinking water state revolving funds. Complete the DWSRF Supplemental Financial Form, 331-544-F information form located on our website (www.doh.wa.gov/Portals/1/Documents/Pubs/331-544-F.doc) and attach it to your DWSRF application.

**Pre-Application Requirements**
If you apply for a DWSRF loan, you will need to complete the following steps prior to submitting your DWSRF application.

- **Step 1 – Data Universal Numbering System (D-U-N-S)**
  In order to apply a DWSRF contract, borrowers must have a Data Universal Numbering System (D-U-N-S) Number, which is a unique nine-character identification number provided by Dun & Bradstreet. Organizations may call Dun & Bradstreet at 1-866-705-5711 or access their website http://fedgov.dnb.com/webform if they do not have a D-U-N-S Number. The process to request a D-U-N-S Number via phone takes about 10 minutes and is free of charge. Internet requests are fulfilled within 24 hours. Once a D-U-N-S Number has been issued, it will be available for use in the System for Awards Management (SAM) within 24 hours.

- **Step 2 – Valid Registration with System for Awards Management (SAM)**
  In order to apply a DWSRF contract, DWSRF borrowers must have a valid entity registration with the SAM. SAM is a federally owned and operated free website that consolidates the federal procurement systems and the Catalog of Federal Domestic Assistance into one system. SAM now includes the functionality of the Central Contractor Registry (CCR).

  Entity registration must be updated or renewed at least once a year or it will expire. Go to www.SAM.gov to see if you are already registered. You do not need a user account to search, just type your entity name or DUNS number into the search box.

  If you are not registered, you must first create a user account and register online at www.SAM.gov. You will need your D-U-N-S Number to complete your registration. If you need help, the Federal Service Desk at www.fsd.gov has provided help to navigate the system and support your SAM registration.

- **Step 3 – Statewide Vendor Number (SWV)**
  In order to apply for a DWSRF contract, borrowers must establish a SWV number through the Office of Financial Management (OFM). The Statewide Payee Desk maintains a central file that is used by all Washington State agencies to process payments to individuals and businesses. Contact OFM at 360-407-8180, payeehelpdesk@ofm.wa.gov, or obtain the required forms at http://des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx. Your SWV number must be submitted to the department.
**Investment Grade Efficiency Audit**

Washington State law requires all public water systems that receive loans or grants for infrastructure to complete an investment grade efficiency audit (IGEA). This is an effort to apply energy efficiency to water systems; similar to the department’s Green Projects, started in 2009.

Water systems are required to complete the IGEA. You may finance your audit as part of your loan. The audit can be prepared by your power provider or an energy services company (ESCO). More information is available in this presentation on *Infrastructure Financing: “New Requirements for Energy Efficiency.”* ([http://www.doh.wa.gov/Portals/1/Documents/4200/IGEA.pdf](http://www.doh.wa.gov/Portals/1/Documents/4200/IGEA.pdf)). Please see to Appendix E for more information.
**Loan Terms for 2015**

<table>
<thead>
<tr>
<th>Income Level of Households</th>
<th>Interest Rate</th>
<th>Loan Fee</th>
<th>Loan &amp; Fee Repayment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water system is not economically disadvantaged</td>
<td>1.5% fixed</td>
<td>1% at loan execution*</td>
<td>20 years or life of the project, whichever is less</td>
</tr>
<tr>
<td>Projects with basic interest rate of 1.5% that are completed within 24 months of contract execution</td>
<td>Adjusted to 1.0% fixed at project closeout</td>
<td>1% at loan execution*</td>
<td>20 years or life of the project, whichever is less</td>
</tr>
<tr>
<td>Water system with an affordability index between 1.5 and 2.0%</td>
<td>*1% interest on loan</td>
<td>1% at loan execution*</td>
<td>20 years or life of the project, whichever is less</td>
</tr>
<tr>
<td>Water system with an affordability index between 2.01 to 3.5%</td>
<td>*30% Principal Forgiveness &amp; 1% interest on loan</td>
<td>**</td>
<td>20 years or life of the project, whichever is less</td>
</tr>
<tr>
<td>Water system with an affordability index of 3.51% or higher</td>
<td>*50% Principal Forgiveness &amp; 1% interest on loan</td>
<td>**</td>
<td>20 years or life of the project, whichever is less</td>
</tr>
<tr>
<td>Eligible restructuring/consolidation projects proposed by municipal Group A water systems.</td>
<td>50% Principal Forgiveness &amp; 1% interest on loan</td>
<td>**</td>
<td>20 years or life of the project, whichever is less</td>
</tr>
</tbody>
</table>

**Maximum Award**

The maximum of $6,000,000 can be awarded to each water system/entity applying this loan cycle. Multiple owners of one project (shared facilities) or satellite management agencies that are restructuring (combining) systems may combine loan limits up to a maximum of $12,000,000.

**Loan Fees**

* The loan fee is not subject to the loan limit. For example, if a project is budgeted at $3 million, the applicant can apply for a $3,030,000 loan--$3 million for the project plus the $30,000 loan fee. The loan fee is assessed at contract execution. Loan fees are non-refundable.

** Water systems receiving subsidy are not subject to loan fees.

Reduced interest and subsidy is limited. Not all water systems that are eligible for subsidies will receive principal forgiveness and reduced interest rates.
Loan Terms For 2015 ~ Principal Forgiveness

Principal forgiveness means that you will not have to pay back a portion of the loan principal. If you qualify for principal forgiveness, you will still have to pay interest on the loan portion of your award, but no loan fee. Unless your project is an eligible restructuring project, to qualify for principal forgiveness you will need to provide proof of water system income levels determined by one of the following:

- The most recently conducted U.S. Census for your community, if available.
  Call Karen Klocke at 360-236-3116 or email karen.klocke@doh.wa.gov with questions.

This information must be submitted with your loan application.

Eligibility Requirements

Eligible Applicants

- Publicly or privately owned Group A community water systems. Homeowners’ associations must submit articles of incorporation.
- Transient or nontransient noncommunity public water systems owned by a nonprofit organization. Nonprofit noncommunity water systems must submit tax-exempt documentation.
- Water system owned by an Indian tribe. The water system must meet all capacity requirements and the proposed project may not receive SDWA national set-aside funds for Indian tribes.
- Group B or individual water supply systems that meet the special eligibility requirements noted on page 8.

Ineligible Applicants

- Non-community public water systems owned by a for-profit organization.
- State or federally owned water systems.
- Systems lacking the technical, financial, and managerial capability to ensure compliance, financial health, and loan repayment.
Special Eligibility Requirements for Group B or Individual Water Supply Systems

Group B or individual water supply systems applying for DWSRF funding must meet all of the following requirements:

- When the project is complete, the system(s) will be one Group A community water system.
- The applicant has a history of sound system operations and management, and is financially healthy.
- The applicant has the technical, operational, managerial, and financial capacity necessary to manage the project and the water system.
- The project must fix existing public health problems that pose serious risks.
- The project must be a cost-effective solution to the public health problem.
- Applicants must sufficiently notify potentially affected parties about the proposed project.
- The applicant must show they considered alternative solutions to address the problem.
- Population growth and related water system expansion is not the primary focus of the proposed project.

Project Eligibility Requirements

- Project must focus primarily on construction.
- Project must focus primarily on one identified problem or need, such as treatment, a new reservoir, or infrastructure repair/replacement. If your project has more than one focus, we may require you to resubmit each as a separate application. Contact the department program staff for guidance if you are unsure about the focus of your project.
- Project must address the water system’s existing public health and/or compliance issues (such as state or federal enforcement action; significant noncompliance with any federal or state drinking water regulation; red, yellow, or blue operating permit related to infrastructure) unless the issue is being addressed with other funding.
- Retroactive funding of previously constructed municipal projects is eligible, as long as the project addressed surface water or ground water under the influence of surface water; primary chemical contaminants (Risk Categories 2 and 3); or a compliance order. Retroactive projects are eligible if construction occurred after July 1, 1993. Projects constructed after January 1, 2009 receive a higher score. Retroactive financing projects must meet all funding requirements retroactively to be eligible for funding.
- Eligible projects include:
  - New source.
  - Source reconstruction.
  - Disinfection improvements/treatment.
  - Filtration.
  - New reservoir or reservoir improvements.
  - Treatment plant discharge improvements.
  - Water main or distribution improvements (including main extensions to connect to safe and reliable drinking water sources; booster pumps; and seismic improvements).
  - Replacing aging infrastructure or making distribution improvements to maintain compliance or further protect public health. Such projects may include pressure reduction devices,
backflow prevention assemblies, security measures, telemetry, and additional source for emergencies or additional capacity.
- Restructuring and consolidation projects to take over non-compliant, failing, or struggling water systems (see below for further eligibility requirements for these types of projects).
- Security measures, as a stand-alone project.

• Backflow prevention as a stand-alone project

**Special Eligibility Requirements for Restructuring and Consolidation Projects**
Only municipal Group A water systems are eligible to apply for DWSRF funding for restructuring and consolidation projects that involve a change of ownership prior to executing the funding contract.

Restructuring and consolidation projects are those that will acquire other non-compliant, failing, or struggling public water systems that have water quality problems or deteriorated infrastructure. Additionally, applicants must demonstrate a record of sound drinking water utility management, meeting the following criteria:

- Own at least one Group A public water system.
- Have a minimum of five years’ experience as a Group A water system.
- Have an approved water system plan for the applicant system, or be an approved satellite management agency.
- No state or federal civil penalties in the past five years.
- No unilateral enforcement orders from EPA or the department in the past five years.
- Have not had a system’s operator license suspended or revoked in the past five years.
- Are current with the department fee payment schedule.
- We may consider other eligibility criteria on a case-by-case basis including operating permit history, prior contract performance, and history of audit findings.

**Water System Capacity Eligibility Requirements**
The DWSRF Loan Program requires a current, department-approved WSP or SWSMP that includes your project and demonstrates your capacity, or financial, technical, and managerial ability to:

- Successfully run the water system.
- Complete the proposed project.
- Repay the loan.

Additional capacity requirements for the DWSRF Loan Program (page 17) include:

- Demonstrating financial health and ability to repay the loan.
- Demonstrating the proposed project is ready to proceed.
Source and Service Meter Eligibility Requirements
Installation of source and service meters is not an eligible stand-alone project. However, for a proposed project to be eligible for funding, water systems must have source meters on all existing and proposed new sources of water supply, or must include source metering as part of the proposed project. In most cases, systems must also have service meters on all existing connections or must include service meter installation as part of the proposed project. If requested, the department may provide service meter exemptions to those that qualify under WAC 290-296.

Preconstruction Eligibility Requirements
If you receive a DWSRF loan, you may request reimbursement of preconstruction costs already incurred, provided:

- The costs are directly related to the project; and
- You have adequate documentation showing you previously paid for those costs.

Eligible preconstruction activities include:
- SWSMP and WSP amendments (preparation and submittal costs).
- Design and engineering.
- Project report and construction documents.
- Environmental and cultural reviews.

After review of your application, the department may determine that your project is not ready for construction within 18 months. If this is the case the department will give you the option of withdrawing your application or moving your application from the Construction Loan cycle to the Preconstruction Program. Please contact your regional office if you have questions regarding the timing of your project.

Construction Eligibility Requirements
Construction may not start until the following occur:

- The department notifies you that you will be receiving DWSRF funding.
- You submit any required project report and construction documents to the department, and the regional engineer approves those documents.
- You sign your DWSRF contract and return it to Public Works Board.
- You follow the bid requirements detailed in the Public Works Board DWSRF contract handbook.
- You consult with the department about your required environmental and cultural review, and you receive a Final Completion Letter.
- It is critical that you talk with department staff about your project’s status and these conditions. Ask for help if you need it!

Phased or Staged Projects
You may need to separate a complex project into stages or phases to accomplish your goals. The department reserves the right to require you to amend your application to address phasing or staging needs. We encourage you to discuss phasing or staging with program staff.
Eligible Activities and Project Costs

The following activities are eligible for reimbursement if they relate directly to an eligible, funded DWSRF project:

- Preconstruction activities (engineering, WSP, and SWSMP preparation, design, legal, financial, environmental and cultural review, permitting, and surveying) directly related to an eligible capital construction project.
- Purchase costs for publicly owned water system to acquire or restructure troubled water systems.
- Construct main extensions to connect to safe and reliable drinking water.
- Replacing aging equipment and infrastructure.
- Buy real property from a willing seller if it is an integral part of a capital construction project. If you use DWSRF funds to purchase real property, and you sell or rent any portion of that property, we will deduct any resulting profits from your reimbursement. Reimbursements include:
  - Purchase of land and easements.
  - Purchase of roads, buildings, fences, or other structures.
  - Salaries, expenses, or fees for appraisers, negotiators, or attorneys.
  - Removal or demolition of roads, buildings, fences, or other structures.
  - Other direct costs associated with real property acquisition.
- Competitive bidding costs.
- Contracted construction costs.
- Labor costs including salaries and wages at actual or average rates. Administrative and project management labor costs are not eligible unless they apply to the following activities and are no more than 3 percent of the funding amount:
  - Pre-design engineering.
  - Design engineering.
  - Construction engineering.
  - Acquiring land or rights of way.
- Purchase and installation of source meters.
- Purchase and installation of service meters as part of an eligible project, including:
  - Purchasing meters.
  - Line locating.
  - Labor.
  - Excavation.
  - Disinfection and flushing of connections.
  - Replacing or repairing mains damaged during meter installation.
- Clear wells associated with treatment and co-located with the treatment facility.
- Distribution reservoirs (finished water).
- Security measures, including:
  - Enhanced filtration and disinfection (for biological agents).
  - Enhanced treatment (for chemical agents).
  - Cover existing finished water reservoirs.
  - Fencing facility area.
  - Security cameras, lighting, and motion detectors.
  - Back-up or emergency systems (including power—if generator, must be non-portable).
  - Secure chemical and fuel storage.
- Lab equipment.
- Backflow prevention devices in distribution systems (must be owned and maintained by system).
- Installing security hatches on reservoir or tank.
- Protective measures identified as necessary through a cross-connection control program.

- With department approval, you may size projects to accommodate reasonable population growth and water system expansion (this is generally the 20-year projection in a WSP or SWSMP). Please note that if growth and expansion is the primary purpose of your project, your project is ineligible for funding.
- Costs of complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- DWSRF loan fees.
- Purchasing water production capacity from another water system, if that is the best solution for the project. This is limited to municipal water systems that are not using the additional water production capacity for future growth, but need the capacity to address a public health threat.
- Cleaning, sterilizing, or testing water system components to remove contamination before public use.
- Other direct costs associated with an eligible construction project, including costs for:
  - Materials and supplies.
  - Telephone.
  - Copying, printing, and advertising.
  - Using photography for surveying or map-making.
  - Video and photography for project documentation.
  - Computer usage.
  - Vehicle and equipment rental costs.
  - Competitive bidding.
  - Audit costs.
  - Construction insurance costs (not liability insurance).

**Ineligible Projects**

- Projects in which future population growth and water system expansion are the primary focus.
- Projects solely for preconstruction activities.
- Projects solely for studies or assessments.
- Restructuring (purchasing) costs incurred by privately owned systems.
- Point of use treatment devices for community systems and most noncommunity systems.
- Acquisition, construction, or rehabilitation of dams or raw water reservoirs.
- Individual projects for multiple water systems submitted as one application.
- Projects in which fire protection is the primary focus.

**Ineligible Activities and Project Costs**

- Water rights, except if the water rights are owned by a public water system that is being purchased through consolidation.
- Laboratory fees for monitoring.
• Operation and maintenance expenses (for example, reservoir cleaning, coating, and painting).
• Portable generators, tools, vehicles and other “rolling stock.”
• Indirect salaries, wages, and benefits for water system employees whose work falls outside of the scope of project construction.
• Liability insurance.
• Force account labor.

**Application Evaluation Process**

After the department receives applications by September 30, 2015, it conducts an initial eligibility review that includes:

• Checking completeness of application.
• Determining eligibility of applicant.
• Determining eligibility of proposed project.
• If we determine applicants or projects are ineligible, we remove the applications from funding consideration and send a letter explaining the reason for the ineligibility determination. You may appeal an ineligibility decision using the appeal process described below.

**Appeal Process**

When your proposed project does not meet all of the eligibility criteria and system capacity requirements, we disqualify the project from DWSRF funding program consideration. You have 10 working days from the date on the disqualification notification letter to send an appeal letter to the director of the Office of Drinking Water. The appeal letter should:

• Explain how the applicant’s proposed project meets the DWSRF eligibility criteria and requirements.
• Include any supporting documentation.
• Request reconsideration of the application.
• The director of the Office of Drinking Water will review the appeal letter and documentation and re-evaluate the project in light of any new information. When the director makes a decision about the appeal, we will notify the applicant in writing. The director’s decision is final.

**Planning Requirement Review**

The DWSRF Loan Program requires your proposed project to be included in a department-approved WSP or SWSMP. After you submit your application, the department will determine your capacity eligibility requirements, and we will let you know what these are. For more information about the water system planning requirement, contact your regional office (refer to last page).

**Technical Evaluation (Scoring and Ranking)**

• After the eligibility screening, we will forward eligible applications to regional staff. They will score and rank the applications using the scoring criteria system described in Appendix A. Regional staff conduct application scoring and ranking because of their technical and compliance knowledge about water systems. They also understand how the proposed project will protect public health.
• Our scoring process gives funding priority to projects that address severe public health threats and compliance issues. A critical element of the application is the risk or problem the proposed project will eliminate. It is your responsibility to clearly document in the application any public health risks and compliance problems that are being addressed by the project. We may not consider unclearly presented information during scoring and ranking.

• Each project’s score depends on a variety of factors. The most important factor is the Risk Category, which is the public health risk that the project addresses. An application can receive points in only one Risk Category and only one Project Type. Here are the Risk Categories in priority order:

  • Risk Category 1  Microbial
  • Risk Category 2  Primary inorganic chemical
  • Risk Category 3  Other primary chemical
  • Risk Category 4  Secondary chemical or seawater intrusion
  • Risk Category 5  Infrastructure replacement, or other distribution improvements

Bonus points (Appendix A):

  • Compliance:  The project meets documented compliance requirements
  • Restructuring benefit:  The project restructures (eliminates) one or more Group A system(s)
  • Regional benefit:  The project benefits more than one Group A water system
  • Multiple benefits:  The project addresses more than one risk category
  • Service meters:  The project includes metering all unmetered services

The DWSRF application includes a readiness to proceed checklist. Items on this checklist are worth up to a maximum of 40 points, depending on the project status.

After we score applications, we rank them from highest to lowest. If projects receive identical scores, we use the largest population served by the proposed projects as a tiebreaker.

Next, the department prepares a draft ranked funding list. We allocate available funding to projects receiving the highest scores and move down the list until we exhaust the funding. If funded projects are withdrawn or eliminated, lower scoring projects may move up into funding range. We don’t guarantee you will receive funding. We encourage applicants who don’t receive funding to reapply in the future or talk with us about other funding sources.

Financial Review

  • The department sends the draft ranked funding list to board staff for a financial and readiness to proceed review of each applicant/project within the funding range. Board staff conduct a financial review of each applicant to determine the ability to repay the loan
  • If board staff contacts you for financial information, you must respond within four weeks, otherwise we may withdraw your project from funding consideration.
Board staff will require non-municipal applicants to provide:

- Copies of the borrower’s tax returns for the past three years.
- Balance sheet statement for the past three years.
- Three professional or business references.
- Completed financial capacity worksheets.

Bypass Process

- If a board review demonstrates an applicant cannot repay a loan, or the project is not ready to proceed, the department and board may “bypass” or remove the applicant or project from funding consideration. Board staff will notify you if your project is bypassed. If you don’t agree with the bypass determination, you may request a review by the board two weeks prior to a board meeting. The board meeting schedule is online at http://www.pwb.wa.gov/

- If you are bypassed, we will offer you technical assistance so you can reapply for funding in the future or identify other funding opportunities.

Intended Use Plan

- DWSRF Loan Program staff prepares the federally required draft Intended Use Plan each year that describes how we plan to use available DWSRF funds.

We announce the availability of the draft Intended Use Plan for a 30-day public review and comment period by posting legal notices in major newspapers around the state, such as The Olympian, Seattle Times, Yakima Herald, and Spokesman Review. The announcement includes a date, time, and location for a public hearing. At the end of the public review and comment period, we hold a public hearing at our Tumwater Office, a site certified as barrier-free according to the federal Americans with Disabilities Act.

After the 30-day public review and comment period, we finalize and submit the Intended Use Plan to the EPA as part of the DWSRF state capitalization grant application package. The final Intended Use Plan contains a Final Prioritized Project List, which we will present to the board for approval in the fall of 2015. If an applicant does not agree with the final funding list, they can request a review by the board. Written requests for review must be received two weeks in advance of a board meeting. A meeting schedule is online at http://www.pwb.wa.gov/. The board’s decision after this review is final.

Project Implementation

- After the board approves the final recommended funding list and EPA awards the capitalization grant, the department staff will work with you to finalize the project scope of work. Once the scope of work is accepted by the department, board staff will prepare a DWSRF contract for signature.

- To finalize your contract, board staff will mail you the contract, which must be signed and returned within 60 days of the postmark date. You will receive training on how to comply with the contract requirements from board staff.

Please note that you must have the following before beginning construction:

- Completion of the required environmental and cultural review (see below).
- Department written approval of any required project report and construction documents.
Bid specifications reviewed by Department of Commerce.

Environmental and Cultural Reviews
The department is the primacy agency for the DWSRF program. As such, the department ensures that projects comply with the State Environmental Review Process (SERP) and provide a cultural consultation that meets National Historic Preservation Act (Section 106) and/or Governor’s Executive Order 05-05 requirements. Although the SERP and cultural/historical review are two distinct processes, the department coordinates both reviews as much as possible.

Please note: Projects cannot move forward with any construction activities until both processes (environmental and cultural reviews) are complete and the department has issued a Final Completion Letter. This includes any ground disturbing activities including geotechnical work and test wells.

Environmental Review
SERP is essentially a checklist of all environmental regulations, which encompasses the State Environmental Policy Act (SEPA) and National Environmental Policy Act (NEPA). SERP identifies and analyzes potential impacts a project might have on the environment when the project will affect or is located near:

- Known habitat of endangered species.
- Contaminated soils.
- Body of water.
- Environmental sensitive area (e.g., wetlands, shorelines).

You are encouraged to get started on the project permit process, including the SEPA checklist, as soon as possible.

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1 Beginning with the DWSRF 2013 Fall Loan cycle the cultural/historical review process was expanded to include Governor’s Executive Order 05-05 for some projects.
Municipalities receiving DWSRF funding, that are considered SEPA lead agency are required to submit all documentation (EIS, DNS, SEPA Exemption Notice, etc.) to the department for approval. Water systems must complete a public comment period for all projects to be Categorically Exempt [state statute WAC 197-11-305(2) Categorical Exemptions does not pertain to federally funded projects].

<table>
<thead>
<tr>
<th>Environmental Review Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
</tr>
<tr>
<td>Submit copies of determination, findings, permits, and affidavit of publication.</td>
</tr>
<tr>
<td>Review environmental determination, findings, permits, and publications.</td>
</tr>
</tbody>
</table>
| Review/coordinate with cultural review.  
  • Final Completion Letter | Department | 15 days |

**Cultural Review**

The project “cultural review” identifies the area of potential impact on cultural resources when:

1. New ground will be disturbed
2. Project will affect, or is located near:
   - Native American Reservation
   - Historic structures
   - Cultural resources

In accordance with 36 CFR 800, a government-to-government relationship is an important part of the Section 106 cultural review. The department:

- Is the lead for the cultural review to meet Section 106, or Governor’s Executive Order 05-05 (GEO 05-05), and determines which consultation requirement applies to your project.
- Initiates cultural review after the DWSRF final loan list is approved by the Public Works Board.
- Contacts the Tribes and the Washington State Department of Archaeology and Historic Preservation (DAHP) to begin consultation.
As part of the process, the department may request supplementary information, such as construction drawings, plans, publications, or other previously approved compliance documentation. Active participation from you is essential in order for the processes to continue efficiently. Requested information not forwarded in a timely manner will delay the process.

If a Cultural Resources Survey is necessary, you will be notified as soon as possible. It is your responsibility to hire a certified entity to conduct the survey, and to submit a draft survey to the department for final approval. Once the survey is approved, the department will provide instructions regarding final distribution to DAHP and interested tribe(s). The archeological survey contains confidential information and is not for general distribution.

For projects receiving additional state or federal funding, a more collaborative cultural review process is followed. You must notify the department of any additional funding the project has received, along with the necessary compliance documentation. The department will coordinate with other identified funding agencies. Any documentation that is more than five years old is not valid and won’t be accepted.

### Cultural Review Timetable

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receives notice of approval of final DWSRF Loan List by Public Works Board</td>
<td>Department</td>
<td>Starting Point</td>
</tr>
<tr>
<td>Evaluate Project</td>
<td>Department</td>
<td>Ongoing</td>
</tr>
<tr>
<td>• Research Project Area at DAHP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make Determination</td>
<td>Department</td>
<td>Ongoing (1)</td>
</tr>
<tr>
<td>• “No Historic Properties Affected”</td>
<td>Borrower</td>
<td>3-6 months</td>
</tr>
<tr>
<td>• “Potential Historic Adverse Effect”</td>
<td>Department</td>
<td>6-18 months (2)</td>
</tr>
<tr>
<td>(a) complete survey, monitoring plan, and/or inadvertent discovery plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) additional consultation with DAHP and Tribes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Determination to Consulting Parties</td>
<td>Department</td>
<td>30 days</td>
</tr>
<tr>
<td>Review Concurrence Letter(s)</td>
<td>Department</td>
<td>20 days</td>
</tr>
<tr>
<td>Public Comment Period</td>
<td>Borrower</td>
<td>30 days</td>
</tr>
<tr>
<td>• Publish Section 106 Findings</td>
<td></td>
<td>No public comment period for GEO 05-05</td>
</tr>
<tr>
<td>Forward final completion letter concurrent with completion of environmental review</td>
<td>Department</td>
<td>15 days</td>
</tr>
</tbody>
</table>

(1) Revised project scope or other relative information may result in another review.
(2) Timeframe depends on the significance of cultural/historic resources in vicinity of the project area.
To ensure your cultural review is not delayed:

(c) The EZ-1 Form is included in the DWSRF online application process.
(d) The EZ-1 Form must include a United States Geological Survey (USGS) quadrangle map (7.5-minute series) with your project clearly identified on the map (see below).
(e) Make sure your project location is clearly identified.
(f) Make sure your project description is detailed enough.
(g) Make sure the Township, Range, and Section information is correct.
(h) Only submit an EZ-2 Form if you propose to modify or demolish a structure or building. Please send it to the department and not to the address on the form.

Submitting the Project Review Sheet (EZ-1 Form) only initiates the cultural review. There are additional steps required (See Appendix C). The quad map required on the EZ-1 Form must clearly identify the project area. You must outline and label the entire project area. Below is an example:

Changes in the Scope of Work – Potential Second Reviews
If a scope of work change includes any of the following, an additional environmental review and/or cultural review may be required:

- Increasing or changing the Area of Potential Effect
- Excavating at a deeper depth
- Adding new elements to the project activities
- Increasing the pipe size

The borrower must contact and forward a revised EZ-1 Form to the department’s SERP/Section 106 lead to initiate a reevaluation of the SERP/106, or Governor’s Executive Order 05-05 (GO 05-05) process. Construction activities for the revised scope of work are not allowed until the department has determined whether all elements of the SERP/106 or GO 05-05 for the proposed change are completed and a contract amendment has been fully executed.
DWSRF Contract Requirements

- The department and contracts staff will monitor each DWSRF contract for compliance.
- Borrowers must complete all funded projects within four years.
- To help ensure reasonable and timely project completion, accountability, and the proper use of funds, applicants must:
  - Promptly submit requested materials and documentation, according to any stated deadlines and schedules, during all phases of the application and contract process.
  - Issue a Notice to Proceed for construction within 18 months of contract execution, provided the environmental and cultural reviews are completed.
  - Submit required project reports and construction documents to the department regional office.
  - Secure a department project report and construction document approval, before you begin construction.
  - Use a competitive bid process (described in the DWSRF Contract Handbook).
  - Comply with the federal Davis-Bacon Act (pay prevailing wages). If you are funded, we will provide information on how to comply.
  - Comply with American Iron and Steel requirements. Refer to Appendix D for more information.
  - Provide required project progress reports with each A19 submittal.

- If required in your contract, have an independent audit conducted and send the audit report to the Public Works Board within 60 days of project completion.

- Within 60 days of completing your project, have your project engineer complete a construction completion report and send it to the department. The Construction Completion Report Form is online at http://www.doh.wa.gov/Portals/1/Documents/Pubs/331-121-F.doc

- If an unforeseeable event during your contract causes delay in the construction of your project, the department may offer to move your contract from our construction program into our preconstruction program, as funds allow. Please contact the department as soon as possible if you think there may be a construction delay.
APPENDIX A
Project Scoring Procedures

We use the following criteria to score all eligible applications. An application receives points in only one Risk Category, and in only one Project Type.

<table>
<thead>
<tr>
<th>RISK CATEGORY 1</th>
<th>Type of Project will eliminate a documented Microbial Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>TYPE OF PROJECT</td>
<td>POINTS</td>
</tr>
<tr>
<td>New Source</td>
<td>120</td>
</tr>
<tr>
<td>Source Reconstruction</td>
<td>115</td>
</tr>
<tr>
<td>Disinfection Improvements</td>
<td>110</td>
</tr>
<tr>
<td>Filtration</td>
<td>110</td>
</tr>
<tr>
<td>New Reservoir or Reservoir Improvements</td>
<td>100</td>
</tr>
<tr>
<td>Treatment Replacement</td>
<td>70</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>BONUS</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance Status</td>
<td>0 / 20 / 35</td>
</tr>
<tr>
<td>Restructuring</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Regional Benefit</td>
<td>0 - 5</td>
</tr>
<tr>
<td>Multiple Benefit</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Service Meter Installation</td>
<td>0 / 2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>READINESS TO PROCEED</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient Water Rights</td>
<td>5</td>
</tr>
<tr>
<td>Ownership of Project Site</td>
<td>5</td>
</tr>
<tr>
<td>Engineering/Design Complete</td>
<td>5</td>
</tr>
<tr>
<td>Status of Cultural Review</td>
<td>2/5</td>
</tr>
<tr>
<td>Status of SEPA/NEPA</td>
<td>2/5</td>
</tr>
<tr>
<td>Permit Status</td>
<td>2/5</td>
</tr>
<tr>
<td>Other Construction Funding Secured</td>
<td>5</td>
</tr>
<tr>
<td>Construction Start Date</td>
<td>2/5</td>
</tr>
</tbody>
</table>

To receive a score in this Risk Category, your project must address public health threats or compliance problems associated with:

- Total Coliform Rule—you have exceeded the maximum contaminant level (MCL) for coliform during several months over the past year.
- Surface Water Treatment Rule—your water source is at risk for microbial pathogens.
- Ground Water Rule—fecal indicators are present in the raw water.
- Uncovered reservoirs.
In addition, your project must be one of the following types:

- Disinfection or filtration projects to address the documented problem.
- Source reconstruction or replacement to address the documented problem.
- Installation of larger diameter piping to satisfy a chlorine contact time requirement.
- Reservoir replacement or covering if reservoir is currently uncovered.
- Reservoir replacement if the water system is currently a coliform “significant non-complier” (SNC) and replacement is needed to address the documented problem.
- Reservoir construction to satisfy a chlorine contact time requirement.
RISK CATEGORY 2
The proposed project eliminates Primary Inorganic Chemical Risk

<table>
<thead>
<tr>
<th>TYPE OF PROJECT</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Source</td>
<td>115</td>
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<tr>
<td>Source Reconstruction</td>
<td>110</td>
</tr>
<tr>
<td>Treatment</td>
<td>105</td>
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<tr>
<td>Treatment Replacement</td>
<td>60</td>
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</table>

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<tr>
<td>Compliance Status</td>
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<tr>
<td>Restructuring</td>
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<td>0 - 5</td>
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<tr>
<td>Multiple Benefit</td>
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<tr>
<td>Service Meter Install</td>
<td>0 / 2</td>
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<table>
<thead>
<tr>
<th>READINESS TO PROCEED</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient Water Rights</td>
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</tr>
<tr>
<td>Ownership of Project Site</td>
<td>5</td>
</tr>
<tr>
<td>Engineering/Design Complete</td>
<td>5</td>
</tr>
<tr>
<td>Status of Cultural Review</td>
<td>2/5</td>
</tr>
<tr>
<td>Status of SEPA/NEPA</td>
<td>2/5</td>
</tr>
<tr>
<td>Permit Status</td>
<td>2/5</td>
</tr>
<tr>
<td>Other Construction Funding Secured</td>
<td>5</td>
</tr>
<tr>
<td>Construction Start Date</td>
<td>2/5</td>
</tr>
</tbody>
</table>

To receive a score in this Risk Category, your project must address compliance problems (MCL, TT, or Action Level) exceedances/violations associated with:

- Antimony (Sb)
- Arsenic (As)
- Asbestos
- Barium (Ba)
- Beryllium (Be)
- Cadmium (Cd)
- Chromium (Cr)
- Copper (Cu)
- Cyanide (HCN)
- Fluoride (F) (exceedance of 4.0 mg/l MCL)
- Lead (Pb)
- Mercury (Hg)
- Nickel (Ni)
- Nitrate (as N)
- Nitrite (as N)
- Selenium (Se)
- Thallium (Tl)
## RISK CATEGORY 3
The proposed project eliminates Other Primary Chemical Risk

<table>
<thead>
<tr>
<th>TYPE OF PROJECT</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Source</td>
<td>105</td>
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<tr>
<td>Treatment</td>
<td>100</td>
</tr>
<tr>
<td>Other</td>
<td>65-70</td>
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<tr>
<td>Treatment Replacement</td>
<td>50</td>
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</table>

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<th>BONUS POINTS</th>
<th>POINTS</th>
</tr>
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<tr>
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<tr>
<td>Multiple Benefit</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Service Meter Install</td>
<td>0 / 2</td>
</tr>
</tbody>
</table>

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<tr>
<th>READINESS TO PROCEED</th>
<th>POINTS</th>
</tr>
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<tbody>
<tr>
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<td>Status of Cultural Review</td>
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<td>2/5</td>
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<tr>
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</tr>
<tr>
<td>Construction Start Date</td>
<td>2/5</td>
</tr>
</tbody>
</table>

To receive a score in this Risk Category, your project must address compliance problems (MCL, TT, or Action Level) exceedances/violations associated with:

- Disinfection by-products
- Radionuclides
- Organic chemicals
RISK CATEGORY 4
The proposed project eliminates Secondary Chemical or Seawater Intrusion Risk

<table>
<thead>
<tr>
<th>TYPE OF PROJECT</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Source</td>
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<tr>
<td>Treatment</td>
<td>45</td>
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<table>
<thead>
<tr>
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<th>POINTS</th>
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</thead>
<tbody>
<tr>
<td>Compliance Status</td>
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<tr>
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<tr>
<td>Multiple Benefit</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Service Meter Install</td>
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<td>2/5</td>
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<td>Other Construction Funding Secured</td>
<td>5</td>
</tr>
<tr>
<td>Construction Start Date</td>
<td>2/5</td>
</tr>
</tbody>
</table>

Examples of Risk Category 4:

- Chloride (Cl)
- Fluoride (F) (exceedance of 2.0 mg/l MCL)
- Iron (Fe)
- Manganese (Mn)
- Silver (Ag)
- Sodium (Na)
- Sulfate (SO4)
- Zinc (Zn)
## RISK CATEGORY 5

The proposed project is Infrastructure Sustainability

<table>
<thead>
<tr>
<th>TYPE OF PROJECT</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source Enhancements, replacement or upgrades</td>
<td>40</td>
</tr>
<tr>
<td>Distribution Reservoir (additional reservoirs, or replacement distribution)</td>
<td>40</td>
</tr>
<tr>
<td>Main / Distribution Improvements / Booster Pump / Seismic Improvements</td>
<td>35</td>
</tr>
<tr>
<td>Cross-connection control—installation of backflow prevention assemblies (stand-alone project)</td>
<td>30</td>
</tr>
<tr>
<td>Installation of pressure reduction device (stand-alone project)</td>
<td>25</td>
</tr>
<tr>
<td>Security Measures (stand-alone project)</td>
<td>20</td>
</tr>
<tr>
<td>Treatment Plant Discharge Improvements</td>
<td>5</td>
</tr>
<tr>
<td>Other (such as telemetry, additional source)</td>
<td>5 10 20 25 30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BONUS</th>
<th>POINTS</th>
</tr>
</thead>
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<td>Compliance Status</td>
<td>0 / 10 / 35</td>
</tr>
<tr>
<td>Restructuring</td>
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<tr>
<td>Multiple Benefit</td>
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</tr>
<tr>
<td>Service Meter Installation</td>
<td>0 / 2</td>
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</table>

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<tbody>
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<td>Ownership of Project Site</td>
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</tr>
<tr>
<td>Engineering/Design Complete</td>
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</tr>
<tr>
<td>Status of Cultural Review</td>
<td>2/5</td>
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<tr>
<td>Status of SEPA/NEPA</td>
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<td>Permit Status</td>
<td>2/5</td>
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<tr>
<td>Other Construction Funding Secured</td>
<td>5</td>
</tr>
<tr>
<td>Construction Start Date</td>
<td>2/5</td>
</tr>
</tbody>
</table>

### Examples of Risk Category 5:
- Create redundancy
- Replace treatment equipment
- Install an additional distribution reservoir
- Install treatment plant discharge improvements
- Install pressure reduction device(s)
- Install backflow prevention device(s)
- Security measures (cameras, fencing, lighting, lab equipment, chemical storage) not included as part of a category 1-4 project.
- Replace infrastructure
- Replace roof for reservoir and other structures
- Other distribution improvements
More Scoring Information
We rank the list from highest to lowest score, with microbial risk (Risk Category 1) rated highest and infrastructure replacement (Risk Category 5) rated lowest. We base the Risk Category on the primary risk the proposed project will address.

Compliance
We award bonus points to projects that eliminate a compliance problem. We will review our records to determine whether a system is under an active enforcement action.

- We award the highest point value in each Risk Category to projects that address an active enforcement action (including the Department of Health’s departmental order, penalty, bilateral compliance agreement, or federal administrative order or stipulated penalty).
- We award the middle point value in each Risk Category to projects that eliminate an existing or potential problem that would place the system out of compliance, or eliminate a red, yellow, or blue operating permit related to infrastructure (when the water system is not subject to an active enforcement action).

Restructuring benefit
We award bonus points to projects that result in restructuring (eliminating) Group A water systems. We will give three bonus points for each system eliminated by the project, with no limit to the amount of bonus points allowed.

Regional benefit
We award bonus points to projects that will benefit more than one Group A water system. We will give one bonus point for each additional system benefiting from the project, up to five points.

Multiple benefits
We award bonus points to projects that address more than one risk category. We will give one bonus point for each additional risk category addressed by the project, up to four points.

Readiness to Proceed
In order to be considered for readiness to proceed points you must complete the Readiness to Proceed Form, 331-501-F (http://www.doh.wa.gov/Portals/1/Documents/Pubs/331-501-F.docx) that is found as an attachment on our DWSRF webpage and in the online application. Applicants who indicate the items below are “underway or completed” may be asked to provide documentation, as part of the application process.
The MHI can be used from the most recent census of your water system area (U.S. Census 2010) or an income survey from your customers.

To apply for subsidy using your Affordability Index, please submit documentation of your actual MHI, the proposed loan amount, annual expenses including your O&M, existing debt and reserves, and the total number of connections.

**Service Meters**
For systems not fully metered, we will award two bonus points if the project includes metering all unmetered services.
APPENDIX B
Federal Crosscutters, State Laws and Related Publications

Related Publications
- Small Water System Management Program Guide, 331-134
- Public Works Board, Drinking Water State Revolving Fund Loan Program Contract Manual

Environmental Authorities
- Clean Air Act, Pub. L. 84-159, as amended
- Coastal Barrier Resources Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 93-205, as amended
- Environmental Justice, Executive Order 12898
- Native American Graves Protection and Repatriation Act
- Floodplain Management Executive Order 11934, as amended by Executive Order 12148
- Protection of Wetland, Executive Order 11990
- Fish & Wildlife Coordination Act, Pub. L. 85-624, as amended
- National Historic Preservation Act of 1966, Pub L. 89-665, as amended
- National Environmental Policy Act (NEPA)
- Safe Drinking Water Act, Pub. L. 93-523, as amended
- Wild & Scenic Rivers Act, Pub. L. 90-542, as amended

Social Policy Authorities
- Age Discrimination Act of 1975, Pub. L. 94-135
- Title VI of Civil Rights Act of 1964, Pub. L. 88-135
- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (Clean Water Act)
- Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- Equal Employment Opportunity, Executive Order 11246
- Women’s and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432
- Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590
- Anti-Lobbying Provision (40 CFR Part 30) applies only to capitalization grant recipients
Economic and Miscellaneous Authorities

- Davis-Bacon Act (federal prevailing wage requirements) U.S. Code title 40, subtitle II, part A, chapter 31, subchapter IV; and 29 CFR 5.5 (U.S. Dept. of Labor regulations)
- Demonstration Cities & Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- Uniform Relocation & Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- Debarment & Suspension, Executive Order 12549

State Laws

- Archaeological and Cultural Resources, Governor’s Executive Order 05-05
- Chapter 36.70A RCW, Growth Management Act (GMA)
- Chapter 39.80 RCW, Contracts for Architectural & Engineering Services
- Chapter 43.20 RCW, State Board of Health
- Chapter 43.70 RCW, Department of Health
- Chapter 42.56.300 RCW, Archaeological Site Public Disclosure Exemption
- Chapter 27.44 RCW, Indian Graves and Records
- Chapter 70.116 RCW, Public Water Systems Coordination Act of 1977
- Chapter 70.119 RCW, Public Water Supply Systems Certification & Regulation of Operations
- Chapter 70-119A RCW, Public Water Systems, Penalties & Compliance
- Chapter 197-11 WAC and Chapter 43.21C RCW, State Environmental Policy Act (SEPA)
- Chapter 246-290 WAC, Group A Public Water Systems
- Federal CFR Title 40 Part 131, [Federal National Primary Drinking Water Regulations]-Section Adopted by Reference
- Chapter 246-291 WAC, Group B Public Water Systems
- Chapter 246-292 WAC, Waterworks Operator Certification Regulations
- Chapter 246-293 WAC, Water System Coordination Act
- Chapter 246-294 WAC, Drinking Water Operating Permits
- Chapter 246-295 WAC, Satellite System Management Agencies
- Chapter 246-296 WAC, Drinking Water State Revolving Fund (and amended WSR 01-21-137 Emergency Rule for DWSRF)
- Chapter 173-160 WAC, Minimum Standards for Construction & Maintenance of Wells
- Chapter 25.48 WAC, Archaeological Excavation and Removal Permit
- Title 173, Department of Ecology Rules
APPENDIX C
Cultural Review Flow Chart

- Submits EZ Form(s)
  - Coordinate with other reviews.
  - Identify consulting parties.
  - Determine scope, identify properties, and evaluate information submitted.

- Determination of Historic Properties Affected
  - Or-
  - Potential Historic Properties
  - Consultation with DAHP and tribes

- No Historic Properties
  - Consultation with DAHP and tribes
  - Archaeological survey, inadvertent discovery, and/or monitoring plan required.

- Final Completion Letter
- Public Comment Period
- Concurrence from DAHP and tribes
- Memorandum of Agreement
- Mitigation

- Or-
  - Consultation with DAHP and tribes
  - Archaeological survey, inadvertent discovery, and/or monitoring plan required.

- Or-
  - Consultation with DAHP and tribes
  - Archaeological survey, inadvertent discovery, and/or monitoring plan required.

- Or-
  - Consultation with DAHP and tribes
  - Archaeological survey, inadvertent discovery, and/or monitoring plan required.
APPENDIX D
American Made Iron and Steel Requirements

Does this requirement apply to all federal fiscal year 2015 projects?
Yes. The requirements exempt planning or design projects and standard refinancing if you completed construction before January 17, 2014. However, potential funding applicants doing planning and design projects should know requirements might apply to future construction projects.

We believe this could become an ongoing requirement for DWSRF loans. When you develop plans and specifications for projects that may be using DWSRF construction loans, you should consider this a requirement until we receive guidance from EPA.

What types of iron and steel products are required?
The act defines iron and steel products as, “…the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.” For more information, see our Buy American Iron and Steel Products fact sheet (http://www.doh.wa.gov/Portals/1/Documents/Pubs/331-491.pdf).

How do we verify that our iron and steel products are American?
We are waiting for EPA to provide guidance on specific requirements. However, recipients must be able to verify and document that all iron and steel products purchased as part of the construction project were produced in the United States.

Can I apply for a waiver to this requirement?
Waivers will be granted on a product-by-product basis. EPA is preparing guidance on a national waiver that may apply to upcoming projects. The department is also exploring the possibility of a waiver for projects that were in process when Congress passed the Buy American requirements.

In the meantime, you may be able to get a waiver if the EPA administrator decides:
• The requirements are inconsistent with the public interest.
• The U.S. doesn’t produce iron and steel products in sufficient and reasonably available quantities and of satisfactory quality.
• Including U.S. iron and steel products will increase the cost of the overall project by more than 25 percent.

We are available to help you with your waiver requests. If a waiver will be required for an iron or steel product used in your project, the best time to obtain a waiver is during design of the project.

These waivers may affect the applicability of Buy American requirements.
If this increases the cost of my project, can I get additional funds?

Recipients of DWSRF loan cycle funds that do not meet the exemptions listed above may request additional funding when Buy American requirements cause the bid to exceed previously estimated construction costs. We may provide additional DWSRF loan funds if they are available.

If the Buy American requirement increases the overall cost of your project by more than 25 percent, you may apply for a waiver.

Where can I get more information?

- Department of Health Office of Drinking Water, Joseph Crossland, joseph.crossland@doh.wa.gov or 360-236-3166
- Rick Green, U.S. EPA, Region 10, Drinking Water State Revolving Fund, green.richard@epa.gov or 206-553-8504

Our publications are online at https://fortress.wa.gov/doh/eh/dw/publications/publications.cfm
APPENDIX E
Seven steps for your Investment Grade Energy Audit

1. Investigate all areas of energy and water use in your water system that coincides with your DWSRF scope of work.

2. Identify systems (processes and buildings) with sufficient consumption to make significant savings possible. The cost of the savings must be able to be paid back within six years-otherwise it isn’t considered cost effective for our DWSRF process.

3. Use all available information, to determine the theoretical energy requirement and actual energy consumptions of those systems. Available information includes half-hourly data, gas and fossil fuel use profile, degree-day heating and cooling data, water consumption, building structure, occupancy, location, ventilation and internal dissipation, natural light, and production data.

4. Determine the energy efficiency of each system component. Divide the theoretical energy requirement by the actual energy consumption.

5. Identify all significant viable energy and carbon reduction opportunities within the inefficient systems, which may require the use of energy analyzers, data-loggers, and other measuring equipment. This may involve:
   - Checking the combustion efficiency of all significant combustion plants.
   - Assessing standing and other losses.
   - Investigating the operation and capabilities of any Building Energy Management Systems.
   - Considering the scope for building fabric improvements and the resulting opportunities for the specification of smaller and thus more cost-effective plants.
   - Identifying where additional management effort should be directed, the measures necessary for improving staff performance, and additional sub-metering, and other related matters.

6. Analyze the potential of renewable energy opportunities and technologies.

7. Report on all of the above. Provide an accurate assessment of the potential energy and carbon reductions along with details of the specific measures required for implementation, illustrative costs, and payback periods. Keep your report in your files for future audits. A copy does not have to be submitted to either the department or Commerce.

For guidance on how to proceed with a preliminary audit, or to learn more about this requirement, call Roger Wigfield, energy program manager at the Department of Enterprise Services, at 360-407-9371 or email roger.wigfield@des.wa.gov.
Payment Schedule:

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Total $505,000.05 $75,800.46 $580,800.51

Client: City of New City
Loan Number: DM-14-952-XXX
Project Description: Reservoir Replacement
Initial Loan Amount: $500,000.00
Loan Fee $5,000.00
Initial Interest Rate: 1.50%
Date Loan was Authorized: 1/15/2015

Loan Amount at Closing: $505,000.00
Local Match at Closing: $0.00
Interest Rate at Closing: 1.50%
Closing Date: 5/7/2016

Loan Type: Construction
Loan Term (Years): 20
Years Principal is Initially Deferred: 1
Extra Principal Deferral Type: No deferral
Extra Principal Deferral Start Year: n/a
Extra Principal Deferral End Year: n/a
Department of Health Contacts

Drinking Water State Revolving Fund Loan Program
Department of Health Contact: Karen Klocke
Office of Drinking Water Phone 360-236-3116 or 800-521-0323
PO Box 47822 Fax 360-236-2252
Olympia, WA 98504-7822 Email dwsrf@doh.wa.gov

Website: http://www.doh.wa.gov/DWSRF.aspx

Project scope of work, regulatory requirements, project reports, construction documents, or planning requirements
Northwest Regional Office Southwest Regional Office Eastern Regional Office
20425 72nd Ave S, Suite 300 PO Box 47823 16201 E. Indiana Ave. Suite 300
Kent, WA 98032 Olympia, WA 98504-7823 Spokane Valley, WA 99216
253-395-6750 360-236-3030 509-329-2100

Department of Commerce Contacts

Financial and readiness-to-proceed review of DWSRF applications
Public Works Board Contact: Cathy Brockmann
PO Box 48319 Phone 360-725-3087
Olympia, WA 98504-8319 Email cathy.brockmann@commerce.wa.gov

Website http://www.pwb.wa.gov/pages/default.aspx

Other Contacts

Technical Assistance for Small Water Systems
Evergreen Rural Water of Washington 800-272-5981
Website: http://www.erwow.org

Rural Community Assistance Corporation 360-836-5424
Website: http://www.rcac.org

Information about grants and loans
To receive additional information about other grants and loans that may be available to you, call 360-236-3124 or use the Infrastructure Assistance Coordination Council’s free funding database at http://www.infrafunding.wa.gov/