

Clean Water State Revolving Fund Emergency Funding Program Overview—For FAC Meeting 03.27.19

Purpose

Ecology hopes to begin implementing a Clean Water State Revolving Fund (CWSRF) Emergency Funding Program in the State Fiscal Year 2021 (SFY21) Funding Cycle. The purpose of the program is to provide relatively quick access to no interest loans for small communities that experience water quality-related “environmental emergencies” as defined in WAC 173-98-030(27) (“*Environmental emergency means a problem that a public body and the department agree poses a serious, immediate threat to the environment or to the health or safety of a community and requires immediate corrective action.*”)

The program seeks to simplify and expedite the application and agreement development process at all stages in order to disburse funds to eligible projects as soon as possible.

The program will be as consistent as possible with the Department of Health’s (DOH) Drinking Water State Revolving Fund (DWSRF) Emergency Loan Program, and Ecology and DOH collaborated on program development.

Key Program Information

If the program is ready, full program details will be provided in the SFY21 Funding Guidelines that will be published in August 2019. The following information provides a basic overview of key program information.

Funding Source and Funding Caps

The CWSRF Emergency Funding Program will be funded from an annual CWSRF set-aside that is cited in the annual Water Quality Funding Offer List and Intended Use Plan. Any funding provided through the program will be reported in the CWSRF Annual Report.

The annual maximum funding that will be awarded under the program is \$5,000,000. The cap limits the negative impact of the program on the perpetuity of the CWSRF.

In addition to the total maximum, the maximum annual funding for any jurisdiction will be \$500,000. This cap is consistent with the DWSRF Emergency Loan Program.

Eligible Applicants

CWSRF Emergency Funding Program funding will be available to jurisdictions with a population of less than 10,000. There will be no limits on the community median household income. These provisions are consistent with the DWSRF Emergency Loan Program.

Application Process

Applicants for the CWSRF Emergency Funding Program will apply through Ecology’s Administration of Grants and Loans (EAGL) system. Insofar as possible, the funding application will request the same information as requested on the “DWSRF Emergency Loan Application Form”. However, the application will request less “Technical, Managerial, and Financial Information” than the DWSRF Emergency Loan Application Form because the CWSRF Emergency Funding Program is only open to public bodies, whereas the DWSRF Emergency Loan Program is open to both public and private bodies; the inclusion of private bodies results in the need for the DWSRF Emergency Loan Program to request more information.

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Similar to the funding application for the DWSRF Emergency Loan Program, the funding application will be open year-round.

Declaration of Emergency

Applicants will be required to declare a local emergency and upload a copy of the declaration to the application in EAGL. Declaration of a local emergency allows the applicant to waive the competitive bidding requirement for public works projects, thereby shortening the amount of time and potentially the cost for projects. Ecology will provide applicants with an example “Declaration of Emergency” based on an example from Appendix 4 in DOH’s “Drinking Water State Revolving Fund Emergency Loan and Funding Guidelines”. The requirement for a local declaration of emergency is consistent with the DWSRF Emergency Loan Program.

Rating Process

Ecology will review all applications to ensure the projects meet the CWSRF Emergency Funding Program eligibility requirements. Funding will be on a first-come, first-served basis. Applications will not be rated. This differs from the DWSRF Emergency Loan Program, as DOH rates emergency projects.

Interest Rates and Loan Terms

All loans awarded through the CWSRF Emergency Funding Program will be at 0% interest rate. There will be no options for forgivable loans or grants. Loan terms will be 10 years. These provisions are consistent with the DWSRF Emergency Loan Program.

Administration Fee

The program will not apply the standard CWSRF administration fee to funded projects, as, in accordance with the CWSRF rule, the administration fee does not apply to loans with an interest rate that is less than the administration fee. This differs from the DWSRF Emergency Loan Program, as DOH applies a 1% Loan Origination Fee to projects funded under the program.

Project Completion

All projects awarded funding will be required to be completed within 2 years of signing a funding agreement. This is consistent with the DWSRF Emergency Loan Program.

Funding Agreements

Conditions

All applicable CWSRF conditions will apply to funded projects, including, but not limited to: cultural resources review, environmental review – including the State Environmental Review Process (SERP), Davis-Bacon wages, Fiscal Sustainability Plan certification, Cost Effectiveness Analysis certification, and American Iron and Steel (AIS).

American Iron and Steel

Ecology and DOH will work together to submit a combined CWSRF/DWSRF waiver from the AIS requirements for emergency projects; the request will not include limits on the amount.

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Environmental Review

Exemptions from the State Environmental Policy Act (SEPA) process may apply on a case-by-case basis. SERP is a related but distinct process; exemptions from SERP may also apply on a case-by-case basis. If not exempted, expedited environmental review may apply on a case-by-case basis.

Cultural Resources Review

Expedited processes may apply to cultural resources review on a case-by-case basis. Ecology will seek to include the CWSRF Emergency Funding Program in the statewide “Cultural and Historic Resources Recovery Support Function” (CHR RSF) that is currently being developed. Inclusion in the statewide CHR RSF will allow an expedited process for cultural resources review under Governor’s Executive Order 05-05 (GEO 05-05) for some projects. All the funding for the CWSRF Emergency Funding Program will be considered “CWSRF-State”, so projects funded under it will be subject to GEO 05-05, not the federal Section 106 process. This may differ from the DWSRF Emergency Loan Program, as DOH is considering applying federal funds to projects funded under their program. If this is the case, the federal Section 106 process will apply to projects funded under the DWSRF Emergency Loan Program.

FOR DISCUSSION