



WASHINGTON STATE
PUBLIC WORKS BOARD

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WASHINGTON STATE DRINKING WATER STATE REVOLVING FUND

DRAFT INTENDED USE PLAN FOR SEVENTEENTH YEAR FEDERAL CAPITALIZATION GRANT

WASHINGTON STATE DEPARTMENT OF HEALTH
and
PUBLIC WORKS BOARD

In partnership with the
Department of Commerce

July 2013

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SEVENTEENTH YEAR FEDERAL CAPITALIZATION GRANT INTENDED USE PLAN

I. INTRODUCTION

In August 1996, Congress established the Drinking Water State Revolving Fund (DWSRF) as part of its reauthorization of the federal Safe Drinking Water Act (SDWA). The purpose of the DWSRF program is to finance drinking water projects and activities to protect public health and achieve or maintain compliance with the SDWA. The Act authorizes the U.S. Environmental Protection Agency (EPA) to award annual capitalization grants to each state for a revolving construction loan program and other assistance to public water systems. Each state must provide matching funds of at least 20 percent of the federal capitalization grant. As part of its capitalization grant application to EPA, each state must annually prepare an Intended Use Plan (IUP), which describes the intended use of available funds.

Federal DWSRF capitalization grants are awarded for two primary purposes: **set-asides**, which are funds for DWSRF program administration and non-construction funds to be used for ensuring compliance with the SDWA; and the **capital construction project loan fund**, which assists eligible water systems, statewide, in achieving compliance and protecting public health. To access the funds, Washington State must submit a capitalization grant application to EPA, which includes this IUP. As the agency responsible for carrying out the SDWA in Washington (via an agreement with EPA called “primacy”), we submit the grant application.

In federal fiscal year (FFY) 2013 (October 1, 2012, through September 30, 2013), Congress appropriated \$861,326,000 to EPA for the DWSRF program nationwide. These funds are then appropriated to states by EPA based on an assessment of need statewide. Of this amount, Washington was allocated \$21,499,000. In addition we have about \$87 million available in state matching funds, interest, and loan repayments for a combined total of more than \$108 million. About \$102 million will be used for capital construction projects, and the remaining funds—about \$6 million in set-asides—will be used to fund drinking water program activities including capacity-building technical assistance and pre-construction activities. (see Table 1, page 6). These funds will be awarded to eligible water systems during the summer of 2013.

We jointly administer the DWSRF program with the Public Works Board (Board), and the Board’s administrative agent, the Department of Commerce (COM) under the authority of RCW 70.119A.170.

The Year 17 IUP provides information on:

- The status of Washington’s DWSRF program.
- How we will process and allocate capital construction and set-aside funds.
- The criteria used to determine capital construction project loan eligibility and funding prioritization.
- A description of the intended uses of additional subsidization.
- The 2013 DWSRF prioritized project funding list.

We are circulating this IUP for a 30-day public review and comment period (see page 17 for more information).

II. CONGRESSIONAL PRIORITIES

Congress specifically stated in the reauthorized SDWA that, to the maximum extent practicable, priority for the use of the project funds should be used to fund projects based on the following guidance. A description of how we are complying with these priorities is included.

- ***Projects that address the most serious risk to public health.*** Priority ranking of projects is primarily based on public health risk. Projects addressing acute risks are ranked higher than those to remedy chronic risks. Infrastructure replacement projects and municipal refinance projects, while eligible, are considered the lowest priority for funding.
- ***Projects necessary to ensure compliance with the requirements of the SDWA.*** All applications are reviewed with respect to compliance with the SDWA. If the applicant is out of compliance, the proposed project must either resolve the issue or the applicant must satisfactorily show that another project will return them to compliance.
- ***Points are awarded to projects that address current compliance actions or impending public health threats.*** The quantity of points awarded varies, with the highest points awarded for compliance issues involving higher public health risk problems. For example, projects that fix bacterial contamination (an acute, high public health risk) would receive more points than a project to reduce the amount of arsenic in water (a chronic, lower public health risk). A full description of the risk category scoring is in Appendix A.
- ***Assistance should be provided to systems most in need, on a per household basis, according to state affordability criteria.*** All eligible community water system applicants may request consideration for up to ten bonus points based on affordability of their rates. Non-community systems are not allowed this consideration because such systems, by definition, do not supply water to households and therefore cannot meet the federal requirement to base affordability on a “per household basis.” Affordability bonus points are calculated using the Affordability Index—a formula that considers applicant’s median household income, operational expenses, and water rates.

III. WASHINGTON’S PROGRAM GOALS

We’ve developed the following goals to ensure sustainability of the DWSRF and to ensure compliance with EPA’s environmental results performance standards.

Long-Term Goals

- ***Maintain the economic viability of the DWSRF program to meet current and projected needs in Washington State.*** We set the loan terms each year before the DWSRF program application period begins. Interest rates have historically been lower than the basic DWSRF rate for systems within “distressed counties” or “disadvantaged communities.” Lower interest rates are given to water systems with high Affordability Index numbers. Interest rates are fixed for the life of the loan. As required by federal law, we will offer subsidy to projects eligible under our criteria. Should mandatory subsidy remain with this program, we will have to re-evaluate interest rates in order to maintain proper fund perpetuity.

- ***Provide loans and technical assistance to community and non-profit, non-community water systems to facilitate effective planning, design, financing, and construction to improve public health and help systems return to compliance.*** Our program is available to both publicly-owned and privately-owned public water systems with the following conditions:
 - Systems must be subject to the SDWA upon project completion.
 - Non-community systems must be owned by a non-profit entity.
 - Applicants must comply with eligibility and loan requirements.
 - Applicants must rate sufficiently high on the priority ranking list to receive funding.

Our staff provide guidance and assistance to water systems to help them regarding eligibility requirements through loan application workshops and one-on-one phone, e-mail, and site visits, if appropriate. Set-aside funds are used to provide a variety of technical assistance to water systems to facilitate public health protection and compliance.

- ***Ensure adequate resources to provide long-term administration of the DWSRF program.*** Each construction loan is assessed a fee, which is currently set at one percent of the loan. All loan fees are deposited into a dedicated loan fee account reserved for program administration. If the balance exceeds program administration needs, some or all of the funds may be transferred to the project loan account.

Short-Term Goals

- ***Provide at least 15 percent of the funds to systems serving fewer than 10,000 people.*** Most of Washington’s public water systems serve fewer than 10,000 people. The relatively few systems serving 10,000 or more people generally have access to better financing terms than are being offered under the DWSRF program. Based on the current draft priority project list (Appendix B), about 36 percent of the funds for this year's projects will go to systems serving fewer than 10,000 people. This percentage is subject to change but it is anticipated to remain substantially over the federal target of 15 percent.
- ***Provide assistance to communities to strengthen local capacity.*** Capacity is defined as a water system’s technical, managerial, and financial capabilities. The 1996 reauthorization of the SDWA recognizes the importance of capacity while the DWSRF program requires loan applicants to demonstrate sufficient capacity to qualify for assistance. To satisfy this federal capacity requirement, Washington State DWSRF loan program applicants must have a department approved Water System Plan or a Small Water System Management Program, depending on the size and type of water system. The plan or the program details the water system’s technical, managerial, and financial capabilities and must also include the proposed project in the capital improvement element of the document. We also subsidize water system planning through the use of DWSRF set-aside funds for some water systems.
- ***Provide up to 30 percent of the 2013 Capitalization Grant as loan subsidy to eligible recipients.*** Washington will offer between \$4.3 and \$6.4 million from the 2013 Capitalization Grant in the form of subsidy. Due to the current national economy, the basic loan for the 2013 funding cycle is a 20-year fixed rate loan of 1.5 percent interest. The highest scoring applicants with water systems with Affordability Index numbers of 2.01–3.50 percent will

receive 30 percent of their loan as principal forgiveness; those with 3.51 percent and greater will receive 50 percent. To encourage the sustainability of water systems in Washington, the highest scoring municipal Group A water system applicants will receive 50 percent principal forgiveness for restructuring and consolidation projects that involve a change of ownership. 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 track record of sound drinking water utility management.

Environmental Results Goals

Washington's DWSRF project loan funds and set-aside workplans contribute to achieving EPA's Strategic Goal 2, sub-objective 2.1.1 - ***Water Safe to Drink: Percentage of the population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards through effective treatment and source water protection.*** Our program provides funding to help achieve this federal performance standard and we intend to meet or exceed EPA's annual performance targets.

Washington will use the following performance measures to help ensure the loan program is helping achieve the federal standards:

- ***Annual percentage of assistance agreements to bring water systems into compliance.*** Based on available funds, Washington proposes to fund 49 DWSRF eligible projects in 2013. All of these eligible projects are intended to address compliance or public health issues.
- ***Fund utilization rate (cumulative loan agreement dollars compared with the cumulative funds available for projects) for the DWSRF loan fund.*** This will be calculated at the end of each state fiscal year. Washington's fund utilization rate is expected to meet national performance targets.

IV. FINANCIAL STATUS

Washington's DWSRF loan funding offers are limited to those projects that rank high enough to fall within the available funding target of \$102 million for the 2013 loan cycle. The 2013 DWSRF Draft Priority Project List (Appendix B) shows Washington's 2013 funding recommendation. The list is subject to change for the following reasons:

1. ***Applicants receive alternative funding*** – Applicants may receive other grant or loan assistance in addition to DWSRF. Those applicants may receive some or all of their financial assistance from those other funding sources.

2. ***Applicants fail to complete required water system planning requirements*** – We require applicants to submit Water System Plans, Small Water System Management Programs, or plan or program amendments by March 1, 2013. We must then approve these documents by August 1, 2013, for applicants to remain eligible. It is possible that some applicants will fail to meet these deadlines and will be removed from the Priority Project List.
3. ***Applicants are “bypassed”*** – The Board is currently reviewing DWSRF applications for ability to repay the loan, ability to secure the loan, and readiness for the project to proceed. Applicants are "bypassed" (i.e., no longer considered for funding) if they fail to meet these criteria.
4. ***Applicants withdraw from the process*** – Applicants may choose to withdraw from the loan process for other reasons not listed above.

TABLE 1

**WASHINGTON STATE DRINKING WATER STATE REVOLVING FUND
FINANCIAL STATUS AND INTENDED USES OF FUNDS
SEVENTEENTH YEAR FEDERAL CAPITALIZATION GRANTS**

CATEGORY	CAPITAL GRANT APPLICATION YEAR 17 (projected)	INTENDED USE (\$) (projected)
Total Available		
Federal Capitalization Grant	\$21,499,000	\$21,499,000
20% State Match (PWAA)	\$ 4,299,800	\$ 4,299,800
Total	\$25,798,800	\$25,798,800
Set-Asides:		
Program Administration		
Public Works Board/COM	\$429,557	\$429,557
Department of Health (DOH)	\$430,403	\$430,403
Total	\$859,960	\$859,960
State Program Management	\$2,149,900	\$2,149,900
State Match	\$1,074,950	\$1,074,950
Small System Technical Assistance	\$429,980	\$429,980
Local Assistance & Other State Programs		
Total	\$3,224,850	\$3,224,850
Total Set-Asides	\$6,664,690	\$6,664,690
Project Funds Available		
From Yr 17 Capitalization Grant + Match	\$19,134,110	\$19,134,110
From Investment Earnings (thru 6/30/13)	\$494,833	\$494,833
From repayments including loan interest in hand	\$16,701,903	\$16,701,903
From repayments expected in the next 36 months	\$59,759,386	\$59,759,386
From current de-obligations of previous loans	\$6,127,253	\$6,127,253
Total Available for New Project Loans	\$102,217,485	\$102,217,485
Total Project Funds & Set-Aside Funds	\$108,882,175	\$108,882,175

- NOTES:
1. "PWAA" = Public Works Assistance Account.
 2. State Match includes appropriations from the State Building Construction Account plus interest and dividends earned on the funds in this account prior to June 30, 2013.
 3. The Project Fund is the account from which loans will be made to water systems for eligible projects.
 4. Total allowable set-asides per the SDWA legislation = 31 percent of the federal grant.
 5. Total amount of set-asides for the Intended Use = 31 percent of the federal grant.
 6. Intended Use dollars for set-asides will generally be spent on or committed to activities in state fiscal years 2013 and beyond.
 7. Any uncommitted Project Fund dollars will be used to fund cost overruns of existing projects or carried forward to fund future projects.
 8. Total available funding for loans and set-asides is as of the date of this document.
 9. State program management state match \$1,074,950. 1993 credits apply only to program management and cannot exceed credit amount in any given grant year. Credit from FY 1993 state expenditures for the PWSS program (including PWSS match) can be used for up to one-half of the state match. This credit can be used as partial State Program Management Set-aside match for each capitalization grant, regardless of the number of times or the amounts of this credit used in prior years (i.e., the credit is perpetual).

V. SET-ASIDE ACTIVITIES

Overview of Set-Asides

The primary focus of the DWSRF program is funding of capital construction projects to help protect public health and ensure SDWA compliance. However, states may also use up to 31 percent of their annual capitalization grant, called **set-asides**, for various non-construction activities intended to accomplish these same purposes.

The four categories of set-asides are:

- Program Administration (4 percent)
- State Program Management (10 percent)
- Small System Technical Assistance (2 percent)
- Local Assistance and Other State Programs (15 percent)

Each category has a federal limitation on the amount of funds that can be used for that category and the types of activities that can be funded. Set-aside assistance may be provided by our staff, third party contractors, or direct funding to public water systems. Funds from these capitalization grants will be used to fund activities during more than one state fiscal year.

The funds for set-asides, other than the program administration set-aside, will not be expended until detailed workplans have been submitted to and approved by EPA. We anticipate completing this process and having funds available in State Fiscal Year (SFY) 2013. Washington is intending to use 31 percent of its seventeenth year capitalization grants for current and future set-aside activities. Program administration set-aside funds will be used beginning in SFY 2013. Any remaining set-aside funds will be used over multiple state fiscal years, beginning in SFY 2013. The subsections below describe Washington's intended uses for these set-aside funds.

We use set-aside funds for workplans that contribute to achieving EPA's Strategic Goal 2, sub-objective 2.1.1 - ***Water Safe to Drink: Percentage of the population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards through effective treatment and source water protection.***

To carry out the set-aside activities below, we often rely on contractors who have specialized skills and qualifications. We have identified a list of qualified contractors that we may use to complete collaborative activities or projects funded with DWSRF set-asides:

- Evergreen Rural Water of Washington (ERWOW)
- Rural Community Assistance Corporation (RCAC)
- Sleeping Giant Environmental Consultants, LLP
- Pick of the Litter Design, Inc.

If a set-aside project requires skills that are not represented by the contractors above, we can still use a contractor from the state's consolidated contractor list, or conduct a competitive bid process if needed.

Program Administration Set-Aside

Washington is using the full four percent allotment for this set-aside for direct and indirect expenses associated with program administration activities. The funds are divided between the departments of Health and Commerce. This activity is also funded with the loan fee because the set-aside typically does not provide sufficient funding to cover expenses.

State Program Management Set-Aside

In reauthorizing the SDWA, Congress recognized that the Public Water System Supervision (PWSS) grant does not provide adequate funds for those states that have assumed primacy for enforcing the SDWA. Congress chose to provide states with the option of using up to ten percent of their annual DWSRF allotment to help resolve this state funding issue. Washington is using its full ten percent allotment to manage the state drinking water program. States must provide an additional 100 percent match for federal funds used from this set-aside. Washington is providing this match by using credits from previous overmatch of the state's 1993 PWSS grant and other sources of drinking water program funds.

A significant number of Office of Drinking Water (ODW) positions are funded out of this set-aside to address the following activities:

- Administer the state drinking water program.
- Maintain and improve the Office's data systems.
- Work with public water systems to help them understand regulatory requirements and assist them when water quality contamination or other water system problems occur.
- Carry out notification, compliance, financial, and technical assistance activities. This includes the assurance that system compliance with requirements for consumer confidence reports and various water quality monitoring requirements are met.
- Develop regulations, program plans, ODW policies, guidelines, etc., that are technical in nature.
- Partner and work collaboratively with other local, state, and federal agencies to ensure safe drinking water in communities across the state.

Small System Technical Assistance Set-Aside

This set-aside is to provide technical assistance to water systems under 10,000 in population. Washington will use its full two percent allotments from this set-aside to support small system technical assistance activities.

Local Assistance and Other State Programs Set-Aside

A state may fund several categories of activities to assist development and/or implementation of local drinking water protection initiatives under Section 1452(k) of the 1996 SDWA amendments. Up to 15 percent of the annual capitalization grant may be used for the local assistance and other state programs set-aside, with a maximum of 10 percent being used for any one category of assistance. We intend to use 15 percent of this set-aside this year. We'll use these funds for a number of activities related to system capacity development or source water protection.

Capacity development activities include, but are not limited to, the following:

- Provide outreach and communication tools regarding technical, managerial, and financial capacity via our Internet and other media outlets.
- Conduct sanitary surveys and provide related technical assistance to small systems.
- Provide specific technical assistance (e.g., coliform monitoring and follow-up requirements) to water systems to help them achieve and maintain compliance. Assist public water systems research and make a determination if their groundwater source is under the direct influence of surface water.
- Provide technical assistance to water systems as they develop and implement source water protection programs.
- Provide pre-construction planning, design, and permit assistance grants to help water systems apply for DWSRF and improve readiness to proceed.

Capacity Development and Water System Sustainability

Washington developed a new process and tool to assess the capacity needs of small systems. We are now going the next step to use the assessment information and apply the most effective tools and resources. We're developing ways to measure our progress and expand our reach. Washington modified its planning program to help all systems do appropriate level of planning. We are developing new guidance to help system owners and operators work together to address the technical, managerial, and financial capacity needs of the system.

Washington is expanding the financial technical assistance offered through third parties. We are also increasing our internal financial viability expertise and have been conducting financial trainings for small systems.

Washington amended the DWSRF rule to allow limited principal forgiveness for restructuring and consolidation projects and for disadvantaged communities. The changes work toward our goal to encourage strong water system management and will provide lower-cost loans in areas needing the most assistance.

VI. DESCRIPTION OF AMOUNTS TRANSFERRED BETWEEN THE DWSRF AND THE CWSRF

The Governor of a state may elect to transfer up to 33 percent of the DWSRF capitalization grant to the Clean Water State Revolving Fund (CWSRF) or an equivalent amount from the CWSRF to the DWSRF project fund. Washington, however, will not transfer funds between these programs during the seventeenth year of the DWSRF program.

VII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

Sixty-nine percent of the projected \$21,499,000 capitalization grant, plus the entire 20 percent state grant match, loan repayments, project fund investment earnings, and de-obligated loan funds will be available for the Project Fund. The estimated value of the Project Fund is shown in Table 1, page 6.

Applications for Loans

Public workshops were conducted in multiple locations around the state where DWSRF staff provided information and technical assistance regarding the application process. All eligible public water systems were notified by e-mail, and a notice was placed in the *Water Tap* publication of these workshops and the availability of the 2013 DWSRF Guidelines and Application. Any party requesting a copy of the guidelines or application forms was sent one. The guidelines and application were available as hard copies, electronic files sent via e-mail, or could be downloaded from the Internet.

Applications for the Year 17 DWSRF loan program were accepted until March 1, 2013. The department received 58 applications requesting over \$118 million. The amount of project loan funding available is approximately \$102 million. This total is calculated from project funds from the Year 17 grant award (\$14,834,310), the 20 percent state match for project funds (\$5,374,750), fund investment earnings (\$494,833), repayments (\$76,461,289), and de-obligation of previous loans (\$6,127,253) (Table 1, page 6). Any excess funds will be carried forward for future project loans.

Eligibility and Threshold Review

Washington's eligibility criteria included all federal eligibility criteria plus several state criteria (Appendix A). Our staff reviewed all applications for eligibility requirements. Applicants were given ten days to appeal any determination that their proposed project was not eligible.

We determined that seven projects for Year 17 are ineligible. The ineligible, declined, and disqualified projects are listed in Appendix C.

We revised and updated the guidelines to reflect changing the loan terms to define criteria and eligibility for principal forgiveness.

Prioritization Review and Priority Ranking Criteria (Appendix A)

We scored loan applications using criteria contained in Washington's 2013 DWSRF Guidelines. Points awarded varied according to the level of public health risk the proposed project would eliminate and the type of project being proposed to solve the problem(s) identified by the applicant. Bonus points were added for projects that:

1. Demonstrated existing or potential SDWA compliance problems.
2. Involved restructuring benefits.
3. Provided regional benefits.
4. Provided solutions for multiple areas of public health risk.
5. Demonstrated that water rates are "affordable."
6. Included installation of service meters.

Basic Points

Eligible applications are scored in one of five primary scoring categories based on public health risk addressed by the project. Each application is then scored based on the type of project(s) being proposed (i.e., source, treatment, storage, distribution).

The health risk categories are:

- Microbial Risk. Examples include disinfection and source projects; covering, repair, replacement, or other improvements to existing distribution reservoirs.
- Primary Inorganic Chemical Risk. Projects that address nitrate, arsenic, or corrosion problems, for example.
- Other Primary Chemical Risk. A wide range of chemical contaminants falls into this category including disinfection by-products.
- Secondary Chemical/Sea Water Intrusion Risk. Projects that address iron and manganese problems or seawater intrusion problems. Seawater intrusion was only considered if source contamination was determined to be existing or imminent and presented a potential threat to public health. The seawater intrusion could not be tied to system growth, because while problem systems could size facilities based on “reasonable growth,” future growth projects (i.e., those whose primary purpose is meeting future growth needs) would be determined to be ineligible for DWSRF funding.
- Infrastructure Replacement/Other Distribution Improvements. Infrastructure replacement is a broad category where existing facilities are substandard in design or physically failing. Applicants are generally given the benefit of the doubt in this category, provided that the focus of the project did not appear to be either “future growth” or “fire flow.”

Bonus Points

Bonus points are awarded to projects as follows:

- Compliance Status. Bonus points are awarded if the system is subject to an active state or federal compliance order or agreement related to the proposed project.
- Restructuring Benefit. Three bonus points are awarded for each state or federally regulated public water system that would be eliminated by consolidation with another system. For example, if two systems are merged, the project receives three points. If three systems are merged into one, the project receives six points. There is no limit or maximum for restructuring benefit bonus points.
- Regional Benefit. One bonus point is awarded for each additional state or federally regulated public water system that will benefit from the proposed project, other than through restructuring. For example, if the project will result in public water systems purchasing water as wholesale customers, a maximum of five regional benefit bonus points are allowed.
- Multiple Benefit. Applications may only be scored in one primary risk category. However, if the project addresses other risk categories, one bonus point is given for each additional risk category. A maximum of four multiple benefit bonus points are allowed.

- Affordability. Community water systems' applicants are provided an opportunity to apply for affordability bonus points. Affordability bonus points are awarded to water systems that charge appropriate rates. Non-community systems are not allowed to request affordability points because of the federal requirement that affordability must be considered on a "per household basis." Affordability points are determined based on an equation that considers median household income of the water system, proposed loan amount, annual expenses, and total number of connections. Up to ten affordability bonus points may be awarded.
- Service Meters. Two points are awarded to any project that includes installation of service meters if the water system is not fully metered.

Prioritization Review/Process

Our DWSRF staff reviewed applications for eligibility (see **Eligibility and Threshold Review** on page 10) and assigned a preliminary score (see **Prioritization Review and Priority Ranking Criteria** on pages 10–12). Preliminary scores were based on information provided in the application form as well as an initial review of system compliance status.

Our field and program staff met to assign final scores on March 30, 2013. Staff reviewed compliance documentation (files) from regional offices and discussed the merits of each project. Regional office files contain considerable background information on each system's operational and compliance history which were valuable in assessing the true public health significance of each proposal.

Projects that provided information which would qualify them for subsidy under our criteria were scored with all other projects. We then pulled the highest scoring subsidy projects into a separate list until we had more than sufficiently met the mandated funding threshold.

Any comments received during the public review of this Draft IUP will be considered when finalizing it and the Priority Project List.

Water System Capacity Review

The 1996 reauthorization of the SDWA included "water system capacity" as an eligibility requirement for DWSRF loans. "Water system capacity" is defined as the operational, technical, managerial, and financial capability of the water system to achieve and maintain compliance with all relevant local, state, and federal plans and regulations. Water systems lacking the capacity to maintain compliance with the SDWA are not eligible for funding unless the owner or operator of the system agrees to undertake feasible and appropriate changes, or if the financial assistance will ensure long-term compliance.

DWSRF applicants are required to demonstrate water system capacity in the following ways:

1. The applicant must have a current, department approved Water System Plan (WSP) or Small Water System Management Program (SWSMP).
2. The proposed project must be included in the applicant's current, department approved WSP or SWSMP.

3. The water system must have a satisfactory operating permit status at application or upon completion of the proposed project.
4. The system must be in compliance with any active enforcement actions, if applicable (including departmental orders, penalties, bilateral compliance agreements, or federally issued administrative orders or stipulated penalties).

Applicants must submit their approved WSP, SWSMP, or amendments including the proposed project to us by March 1, 2013, so they can be eligible to receive DWSRF funding.

Projects ranking high enough to be considered for funding, yet not currently meeting capacity requirements #3 and #4 above, may still qualify for a loan if the applicant documents and ensures that the proposed project will address these compliance and capacity requirements.

Financial Capacity and Readiness to Proceed Review

The Board evaluates applicants for their ability to repay the loan. The financial evaluation includes reviewing documentation such as tax returns, budgets and balance sheets, bank statements, and business references, as well as conducting a detailed financial capacity analysis.

The ability of the applicant to repay the loan is considered in an effort to protect the federal and state interest in the long-term viability of the loan program. All recipients must dedicate a source of revenue to repay the loans. Some applicants will dedicate a portion of their general funds, and others will propose establishing or increasing user fees. See Appendix A for further details.

Readiness to Proceed

DWSRF funded projects must be completed within 48 months of contract execution. We evaluate project readiness to proceed, asking the following questions:

- Is the scope of work clearly defined?
- Are water rights in hand? If not, what is the timeline for securing water rights?
- Is preliminary engineering complete?
- Have project permits been obtained or are they in process?
- Is land acquisition part of the project? If so, have rights of way and easements been secured?
- Is the project located near or on a known archaeological site or environmentally sensitive area?

Bypass Process

Applicants unable to demonstrate ability to repay the loan, applicants with insufficient loan security, or projects that are not ready to proceed are *bypassed*, or not recommended for funding.

We offer technical assistance to bypassed applicants to help them meet the program requirements and reapply in a future funding cycle and/or provide information of other funding opportunities.

Loan Fees

A non-refundable one percent loan fee is charged for all loans that do not receive subsidy. The purpose of the loan fee is to ensure a future source of funds for loan program administration. The loan fee is calculated as one percent of the loan request and is incorporated into the loan request. For example, a \$500,000 loan request is assessed a loan fee of \$5,000 for a total loan request of \$505,000. The loan fee is retained by Washington State when the first loan draw is made by the borrower.

A number of states assess a loan fee to plan for future program administration. The loan fee is insurance against having to obtain general fund or other state funding for program administration once the federal set-asides end. The loan fee payment has been structured in such a manner that it will have minimal impact on the size of the annual loan payments.

Loan fees are deposited in a sub-account within the DWSRF dedicated account. The amount in the loan fee account (Fund 05R) is \$3,706,011 as of May 31, 2013. By statute, interest or other investment income accrued in this account will remain in this account. Funds may only be withdrawn from this account for reimbursement of state loan program administration unless it is determined that the loan fee account balance exceeds short- and long-term program administration needs. A portion of the funds may then be transferred to the project loan account to be used for project loans.

TABLE 2

LOAN TERMS FOR 2013 PROJECT LOAN APPLICATIONS

Applicant Income Level	Interest Rate	Loan Fee*	Loan Repayment Period
Water system is not economically disadvantaged	1.5% fixed	1% at loan execution*	Twenty (20) years or life of the project, whichever is less
Water system with an affordability index between 1.5 and 2.0%	1.0% interest on loan	1% at loan execution*	Twenty (20) years or life of the project, whichever is less
Water System with an affordability index of 2.01 to 3.5%	30% Principal Forgiveness & 1.5% interest on loan	**	Twenty (20) years or life of the project, whichever is less
Water System with an affordability index of 3.51% or higher	50% Principal Forgiveness & 1% interest on loan	**	Twenty (20) years or life of the project, whichever is less
Eligible restructuring/consolidation projects proposed by municipal Group A water systems. Projects must result in a change in ownership prior to signing the funding contract (page 6)	50% Principal Forgiveness & 1% interest on loan	**	Twenty (20) years or life of the project, whichever is less
Maximum Award			
A maximum of \$12,000,000 can be awarded to each water system applying this loan cycle; the only exception to exceeding this amount is for consolidation projects. 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 \$24,000,000.			
Local Match Requirement			
No local match is required.			
Maximum Award			
*The loan fee is not subject to the loan limit. For example, for a project 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 paid when the first loan draw is made. Loan fees are non-refundable.			

** Systems receiving subsidy are not required to pay the loan fee.

Affordability Index

The Affordability Index is based on actual Median Household Income (MHI), proposed loan amount, annual expenses including operation and maintenance, existing debt and revenues, and total connections.

Special Eligibility Requirements for Restructuring and Consolidation Projects

Only municipal Group A water systems are eligible 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 track 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.
- Have had no state or federal civil penalties in the past five years.
- Have received no unilateral enforcement orders from EPA or us in the past five years.
- Have not had a system's operator license suspended or revoked in the past five years.
- Are current with our 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.

VIII. PRIORITIZED PROJECT LIST

The Final Prioritized Project List for Year 17 of the DWSRF loan program is included as Appendix B. The list includes 49 eligible projects totaling \$100,581,213. Seven applications, for a total of \$16,592,528, were determined to be ineligible and two projects totaling \$2,169,560 were withdrawn by water systems. Ineligible loan applications are included as Appendix C.

It may take several additional months for funded applicants to address all loan requirements before their contract can be executed (signed by both the applicant and the Board). Applicants will have 48 months following contract execution to complete their projects.

IX. PUBLIC PARTICIPATION

On April 11, 2013, we e-mailed notices to interested parties, government officials, and applicants stating that the Draft DWSRF IUP Funding List was available for public review and comment. A public hearing on the Draft IUP Funding List was held June 3, 2013, from 1:00 p.m.–2:00 p.m. at the Department’s Town Center 3 Building, Room 224, in Tumwater, Washington. The deadline to submit written comments was May 30, 2013.

In addition, we posted legal notices in four newspapers on April 12, 2013, (The Olympian, Seattle Times, Yakima Herald, and Spokesman-Review) advertising the availability of the 2013 Draft DWSRF Funding List and the date and time of the public hearing.

The Draft DWSRF IUP is also subject to a public review and comment period. The Draft IUP is available on the Department of Health website at <http://www.doh.wa.gov/Portals/1/Documents/4200/dwsrf-draft-2013-iup.pdf>.

We will post legal notices in four newspapers on July 28, 2013, (The Olympian, Seattle Times, Yakima Herald, and Spokesman-Review) advertising the availability of the 2013 Draft DWSRF IUP and the date and time of the public hearing. A public hearing on the Draft IUP will be held August 19, 2013, from 1:00 p.m.–2:00 p.m. at the Department’s Town Center 3 Building, Room 224, in Tumwater, Washington. The deadline to submit written comments is August 18, 2013.

X. ASSURANCES AND CERTIFICATIONS

- 1. The state has the authority to establish a fund and to operate the DWSRF program in accordance with the SDWA.**

State Law

In 1995 the “drinking water assistance account” was created in the state treasury to allow the state to accept federal funds that became available for safe drinking water (RCW 70.119A.170). In 1997, this statute was refined to conform to the DWSRF provisions of the SDWA amendments of 1996.

RCW 70.119A.170 authorizes Health and the Board, along with the Board’s fiscal agent, Commerce, as the instruments of the state to establish the framework for DWSRF program administration and manage the program.

Memorandum of Understanding

RCW 70.119A.170 directs Health, the Board, and Commerce to develop a Memorandum of Understanding (MOU) to define respective roles and responsibilities in the management and administration of the DWSRF. A copy of the MOU is available upon request. In very general terms, the roles are as follows:

- **Health:** The department is the state primacy agent for the SDWA and is responsible for all of the technical and health related aspects of the program, including prioritizing projects that apply for financial assistance and all associated oversight and related activities. The Department is responsible for all set-aside uses of the Grant and is the Grant Recipient and primary contact with EPA.
- **Board/Commerce:** The Board/Commerce is responsible for all fiscal management of the project fund portion of the program, including development and administration of the loan agreements. The Board/Commerce performs all fiscal monitoring of project fund loan recipients.

The agencies will periodically review the MOU and will update as necessary. The state will provide a copy of the new MOU to EPA whenever it is amended.

DWSRF Structure of Funds

The legislation establishes the drinking water assistance account as a separate account in the state treasury dedicated solely to utilizing federal funds for the purposes specified in section 1452(a) of the SDWA, as amended in 1996. The state agencies are authorized to establish sub-accounts as may be necessary for the set-aside funds to be used solely for the purposes specified in federal law.

All funds in this drinking water assistance account and sub-accounts, including Capitalization Grants, state match, loan repayment, and interest, will be separately accounted for and used solely for the purposes specified in section 1452 of the SDWA.

2. The state will comply with state statutes and regulations.

The state agrees that in addition to complying with the requirements of the SDWA, it will comply with all state statutes and regulations applicable to DWSRF funds, including the Federal Capitalization Grant funds, the state match, interest earnings, repayments, and funds used for set-aside activities.

3. The state has the technical capability to operate the program.

Health and the Board/Commerce employ and will continue to employ program staff who are qualified to administer the DWSRF. Our program staff consist of a program manager for the capital projects portion of the program with a background in the design, operation, and regulation of public water systems and a program manager for the set-asides portion of the funding with fiscal and contracting experience. The remainder of the our staff consists of technical positions (engineers, planners, or environmental specialists), clerical support, and agency administrative support.

The Board/Commerce staff consists of full-time professional, fiscal, and administrative staff with extensive background in financial assistance programs. Their staff administers both the state Public Works Trust Fund and the DWSRF program.

4. The state will accept Capitalization Grant funds in accordance with a payment schedule.

The state agrees to accept Grant payments in accordance with payment schedules that will be included with each Grant application or Grant amendment package. These payment schedules will be reviewed at least annually and updated as necessary.

Separate payment schedules will be provided for each Grant and shall cover all funds to be used over the life of the Grant.

The state will receive federal funds (that is, "payments") in accordance with the provisions of the EPA-Automated Clearing House (ACH) guidelines.

5. The state will deposit all Capitalization Grant funds in the fund or set-aside account.

The state, as authorized under RCW 70.119A.170, will maintain identifiable and separate accounts for all portions of the Capitalization Grant to be used. The Capitalization Grant will be deposited into either the project loan fund or the set-aside account.

Cash draws from the ACH for set-aside activities will not be allowed until a negotiated workplan between EPA and the state is approved as part of the Grant Agreement.

6. The state will provide an amount at least equal to 20 percent of the Capitalization Grant (state match) in the fund.

This match will be provided by the state through direct appropriation of funds from the State Building Construction Account and from earnings on this account.

7. The state will deposit net bond proceeds, interest earnings, and repayments into the fund.

All interest, dividends, earnings, repayments, and other proceeds will be deposited into the project fund. The state will not sell bonds to support the DWSRF program.

8. The state will match Capitalization Grant funds the state uses for 1452(g)(2) set-asides.

In addition to the 20 percent match for the overall Grant, the state will provide a 100 percent match for dollars spent on any of the 1452(g)(2) activities as required. This match will be provided by the department. Fifty percent of this match will come from allowable "credit" for FFY 1993 expenditures. This credit has been documented previously.

9. The state will use Generally Accepted Accounting Principles.

The state agrees to conform to Generally Accepted Government Accounting Standards in connection with the financial management of the DWSRF.

The state accounting and auditing procedures conform to the standards established in, *Governmental Accounting and Financial Reporting Standards*, Governmental Accounting Standards Board Statement 1, July 1984, and *Government Auditing Standards*, GAO dated July 1988 or the most recent updates of these documents as applicable.

The fiscal management of the DWSRF program will allow for proper measurement of: (1) revenues earned by the DWSRF program and other receipts, including, but not limited to, loan repayments, Capitalization Grants, interest earnings, and state match deposits; (2) expenses incurred by the DWSRF program and other disbursements, including, but not limited to, loan disbursements, and other expenditures allowed under section 1452; (3) the assets, liabilities, and capital contributions made to the DWSRF program; (4) The maintenance of the corpus of the federal and state capital contributions made to the DWSRF program; and (5) the DWSRF performance in relation to its short- and long-term goals.

10. The state will have the fund and set-aside account audited annually in accordance with Generally Accepted Government Auditing Standards.

The Washington State Auditor's office will annually conduct an audit on the project fund and on the set-aside account activities funded by the Capitalization Grant. These audits will be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

A primary purpose of this audit is to ensure that the state has in place provision and guidance to prevent waste, fraud, and abuse of funds derived from the Capitalization Grant.

11. The state will adopt policies and procedures to ensure that borrowers have a dedicated source of revenue for repayments (or in the case of a privately owned system, demonstrate that there is adequate security).

The state has developed policies and procedures for ensuring that borrowers have a dedicated source of revenue and that privately owned systems have adequate security. These policies and procedures are discussed in the state project loan guidelines.

12. The state will commit and expend funds as efficiently as possible and in an expeditious and timely manner.

The intended use plans provide the basis for how the state will use funds. The state will commit and expend both Grant and state match funds as efficiently as possible, and in an expeditious and timely manner. The state will enter into binding commitments with recipients of fund assistance equal to the total amount of each grant payment and proportional state match within one year of the grant payment.

13. Funds will be used in accordance with the Intended Use Plan.

The IUPs direct the manner in which the Grant will be used. The IUP underwent public review and comment so that each comment could be considered prior to developing the final IUP. All comments are summarized in the final IUP.

14. The state will provide EPA with a Biennial Report.

The department and the Board will produce annual reports on the uses of the DWSRF funds. The reports will cover both the project fund and the set-aside account activities. The annual reports submitted to EPA meet the biennial report requirements.

15. The state will comply with all federal cross-cutting authorities.

All set-aside activities will be performed in accordance with the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975. All other cross-cutters applicable to the set-aside activities will be adhered to.

The state has developed policies and procedures to ensure that the state and all project fund loan recipients conform to applicable federal cross-cutter requirements. Required documentation will be provided for each of these requirements. To the extent necessary, cross-cutter requirements will be incorporated as conditions in the loan contracts.

XI. AUTHORIZATION AND USES OF THE DWSRF PROGRAM

The uses of DWSRF funds are detailed in EPA Federal DWSRF Program guidelines; Washington State statute (Chapter 218, Laws of 1997, RCW 70.119A.170, RCW 43.155.050); Washington State 2013 DWSRF Loan Guidelines, Application, and Rule (WAC Chapter 246-296); and the Memorandum of Understanding between Washington State Department of Health, Washington State Public Works Board, and Washington State Department of Commerce.

XII. APPENDICIES

APPENDIX A: WASHINGTON 2013 DWSRF PROGRAM GUIDELINES AND APPLICATION

Appendix A is the 2013 DWSRF program guidelines and application, available on our website at: <http://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater/WaterSystemAssistance/DrinkingWaterStateRevolvingFundDWSRF.aspx>

**APPENDIX B:
YEAR 17 DRAFT PRIORITIZED PROJECT APPLICATION LIST**

APPL #	APPLICANT NAME	PROJECT NAME	COUNTY	SCORE	LOAN REQUEST	LOAN FEE	TOTAL LOAN AMOUNT	AMOUNT OF SUBSIDY
2013-001	North Lopez Service	North Lopez Service Consolidation, Upgrade & Expansion	SAN JUAN	71	\$1,625,000.00	n/a	\$1,625,000.00	\$812,500.00
2013-003	Rocky Point Community Club	RPCC-Water Pipeline Replacement, Source Improvements and Increased Reliability	ISLAND	35	\$1,440,830.00	\$14,408.30	\$1,455,238.30	n/a
2013-004	Town of Lind	Town of Lind 6th Street Waterline Replacement	ADAMS	35	\$126,720.00	n/a	\$126,720.00	\$38,016.00
2013-006	Seattle Public Utilities	Morse Lake Pump Plant Project	KING	45	\$12,000,000.00	\$120,000.00	\$12,120,000.00	n/a
2013-009	Fall City Water District	Spring Hill Arsenic Treatment, Watermain Installations, Watermain Repairs and Services	KING	145	\$910,000.00	n/a	\$910,000.00	\$455,000.00
2013-010	Rumbolz Sunset Water Association	Booster Pump System and Storage Tank	KING	42	\$167,038.00	\$1,670.38	\$168,708.38	n/a
2013-011	Public Utility District #1 of Thurston County	Tanglewilde Main Line Replacement/Leak Reduction Project	THURSTON	35	\$2,250,623.00	\$2,250.62	\$2,252,873.62	n/a
2013-013	City of Tacoma Water	Green River Treatment Facility	PIERCE	136	\$12,000,000.00	\$120,000.00	\$12,120,000.00	n/a
2013-014	City of Enumclaw	2014 Water System Improvements	KING	40	\$3,465,006.00	\$34,650.00	\$3,499,656.00	n/a
2013-015	Town of Lind	Reservoir 2 Replacement	ADAMS	40	\$622,200.00	n/a	\$622,200.00	\$186,660.00
2013-021	City of Spokane	Steel Transmission Main Replacements	SPOKANE	35	\$3,324,000.00	\$33,240.00	\$3,357,240.00	n/a
2013-023	King County Water District NO. 90	SE 149th St Watermain Replacement Project	KING	35	\$1,370,200.00	\$13,702.00	\$1,383,902.00	n/a
2013-025	Beacon Hill Water and Sewer District	Grandview Reservoir and Pump Station Project	COWLITZ	45	\$1,132,000.00	\$11,320.00	\$1,143,320.00	n/a
2013-026	Public Utility District No. 1 of Skagit County	Division Street Tank and Booster Station	SKAGIT	40	\$9,905,000.00	\$99,050.00	\$10,004,050.00	n/a
2013-031	Lake Whatcom Water and Sewer District	Division 22 Reservoir	WHATCOM	40	\$985,000.00	\$9,850.00	\$994,850.00	n/a
2013-034	City of Prosser	Zone 2.5 Water Supply Improvements	BENTON	35	\$881,500.00	\$8,815.00	\$890,315.00	n/a
2013-036	City of Spokane	Central Avenue Wells 1 and 2 Rehabilitation	SPOKANE	35	\$1,209,000.00	\$12,090.00	\$1,221,090.00	n/a
2013-037	City of Millwood	Buckeye Water Main Replacement Project	SPOKANE	35	\$443,770.00	\$4,437.70	\$448,207.70	n/a
2013-038	City of Grandview	Old Inland Empire Water Improvements	YAKIMA	35	\$900,900.00	\$9,009.00	\$909,909.00	n/a
2013-039	Town of Coulee City	Water System Improvements	GRANT	42	\$1,226,000.00	\$12,260.00	\$1,238,260.00	n/a
2013-040	City of Union Gap	Main Street Water Improvements	YAKIMA	35	\$1,209,450.00	\$12,094.50	\$1,221,544.50	n/a
2013-041	Three Lakes Water Association, Inc.	Mero Road/195th Avenue Water Main Replacement	SNOHOMISH	35	\$435,000.00	\$4,350.00	\$439,350.00	n/a
2013-043	Lake Whatcom Water and Sewer District	Geneva Area AC Main Replacement	WHATCOM	35	\$2,375,000.00	\$23,750.00	\$2,398,750.00	n/a
2013-044	Town of Naches	2014 Reservoir Improvements	YAKIMA	30	\$144,920.00	\$1,449.20	\$146,369.20	n/a
2013-045	Town of Naches	2014 Water Valve Improvements	YAKIMA	35	\$95,000.00	\$950.00	\$95,950.00	n/a
2013-046	Town of South Cle Elum	Reservoir Inlet/Outlet Main Replacement	KITTITAS	35	\$116,550.00	\$1,165.50	\$117,715.50	n/a
2013-047	City of Selah	Third Street Water Main Replacement	YAKIMA	35	\$707,750.00	\$7,077.50	\$714,827.50	n/a
2013-048	Town of Winthrop	Winthrop Water Plan Improvement Project	OKANOGAN	35	\$1,681,506.00	\$16,815.06	\$1,698,321.06	n/a
2013-050	City of Toppenish	2014 Water System Improvements	YAKIMA	35	\$1,667,310.00	\$16,673.10	\$1,683,983.10	n/a
2013-052	Public Utility District #1 of Thurston County	Tanglewilde Total Main Line Replacement/Leak Reduction Project	THURSTON	35	\$9,749,377.00	\$97,493.77	\$9,846,870.77	n/a
2013-054	Delta Water Association	Nitrate Mitigation of Water System Supply	WHATCOM	150	\$1,975,300.00	n/a	\$1,975,300.00	\$987,650.00
2013-055	Town of LaCrosse	LaCrosse Water System Improvements	WHITMAN	37	\$1,530,700.00	n/a	\$1,530,700.00	\$451,110.00
2013-058	City of Brewster	City of Brewster Water Efficiency Report	OKANOGAN	37	\$727,545.00	n/a	\$727,545.00	\$218,264.00
2013-060	Bayview Beach Water District	Main Replacement Shore & McDonald	ISLAND	35	\$495,000.00	\$4,950.00	\$499,950.00	n/a
2012-028	Stevens Public Utility District	Addy Water System Improvements	STEVENS	30	\$49,000.00	\$490.00	\$49,490.00	n/a
2012-032	Stevens Public Utility District	Waitts Lake Water System Improvements	STEVENS	30	\$39,500.00	\$395.00	\$39,895.00	n/a

APPL #	APPLICANT NAME	PROJECT NAME	COUNTY	SCORE	LOAN REQUEST	LOAN FEE	TOTAL LOAN AMOUNT	AMOUNT OF SUBSIDY
2012-034	Birch Bay Water & Sewer District	Blaine Road Water Main Replacement - Double R to Alderson Rd	WHATCOM	30	\$1,125,000.00	\$11,250.00	\$1,136,250.00	n/a
2012-035	Stevens Public Utility District	Westshore Water System Improvements	STEVENS	30	\$49,000.00	\$490.00	\$49,490.00	n/a
2012-036	Stevens Public Utility District	River Park Estates Water System Improvements	STEVENS	10	\$18,000.00	\$180.00	\$18,180.00	n/a
2012-039	Stevens Public Utility District	Deer Lake Water System Improvements	STEVENS	30	\$54,000.00	\$540.00	\$54,540.00	n/a
2012-041	Stevens Public Utility District	Echo Estates Water System Improvements	STEVENS	30	\$27,500.00	\$275.00	\$27,775.00	n/a
2012-055	City of Spokane	Top System Transmission Main Replacement	SPOKANE	30	\$5,549,000.00	\$ 55,490.00	\$5,604,490.00	n/a
2012-065	Whitworth Water District #2	16 inch main/Bernhill Road	SPOKANE	30	\$1,593,800.00	\$15,938.00	\$1,609,738.00	n/a
2012-075	City of Bingen	Old Line and Steuben St Water Line Replacements	KLICKITAT	31	\$554,400.00	\$5,544.00	\$559,944.00	n/a
2012-077	Town of Coupeville	Water Main Installation, Madrona Way, west of Captain Whidbey Inn Rd	ISLAND	30	\$153,590.00	\$15,355.90	\$155,125.90	n/a
2012-078	Town of Coupeville	Water Main Installation, Madrona Way, Broadway to Sherman Rd	ISLAND	30	\$178,500.00	\$1,785.00	\$180,285.00	n/a
2012-122	Whatcom County Water District No. 2	2012 Water System Improvements	WHATCOM	30	\$806,000.00	\$8,060.00	\$814,060.00	n/a
2012-129	Alderwood Water and Waste Water District	660/520/340 Water Pressure Zones	SNOHOMISH	30	\$10,300,000.00	\$103,000.00	\$10,403,000.00	n/a
2012-134	Copalis Rocks	Copalis Rocks 2012 Capital Improvement Project	GRAYS HARBOR	30	\$287,360.00	\$2,873.60	\$290,233.60	n/a
					\$99,679,845.00	\$915,188.13	\$100,581,213.13	\$3,149,200.00

APPENDIX C: YEAR 17 INELIGIBLE, DISQUALIFIED, AND WITHDRAWN PROJECT LIST

Projects Marked Ineligible

2013-022	Town of Friday Harbor	Transmission Main Replacement	SAN JUAN	0	\$8,587,717	No WSP
2013-028	City of Spokane	High System Additional Storage	SPOKANE	0	\$216,000	Ineligible, no construction
2013-032	City of Black Diamond	Tanks Repairs	KING	0	\$214,811.00	O&M only
2013-042	Hunter Bay Water Cooperative	Decommission well and tank	SAN JUAN	0	\$263,000.00	No construction
2013-051	City of Kennewick	Remote Read Metering Project	BENTON	0	\$6,000,000	Stand alone metering
2013-056	Town of Hartline	Source Improvement Project	GRANT	0	\$400,000	Ineligible no SWSMP
2013-059	Cristalina LLC	Reservoir and System Improvements	KING	0	\$911,000	Not well defined in WSP, high AFI
					\$16,592,528	

Projects Withdrawn by Water System

2013-057	City of Auburn	Well 5 Upgrade	KING	36	\$1,900,000	Affordability Issues
2012-019	Town of Malaga	New Well and Pumphouse	CHELAN	31	\$269,560	Not ready to proceed
					\$2,169,560	