Washington State
Drinking Water State Revolving Fund

Intended Use Plan
For Drinking Water State Revolving Fund (DWSRF) FFY2025
Bipartisan Infrastructure Law (BIL) Supplemental and Emerging Contaminant FFY2024 and Reallotments
Federal Capitalization Grants
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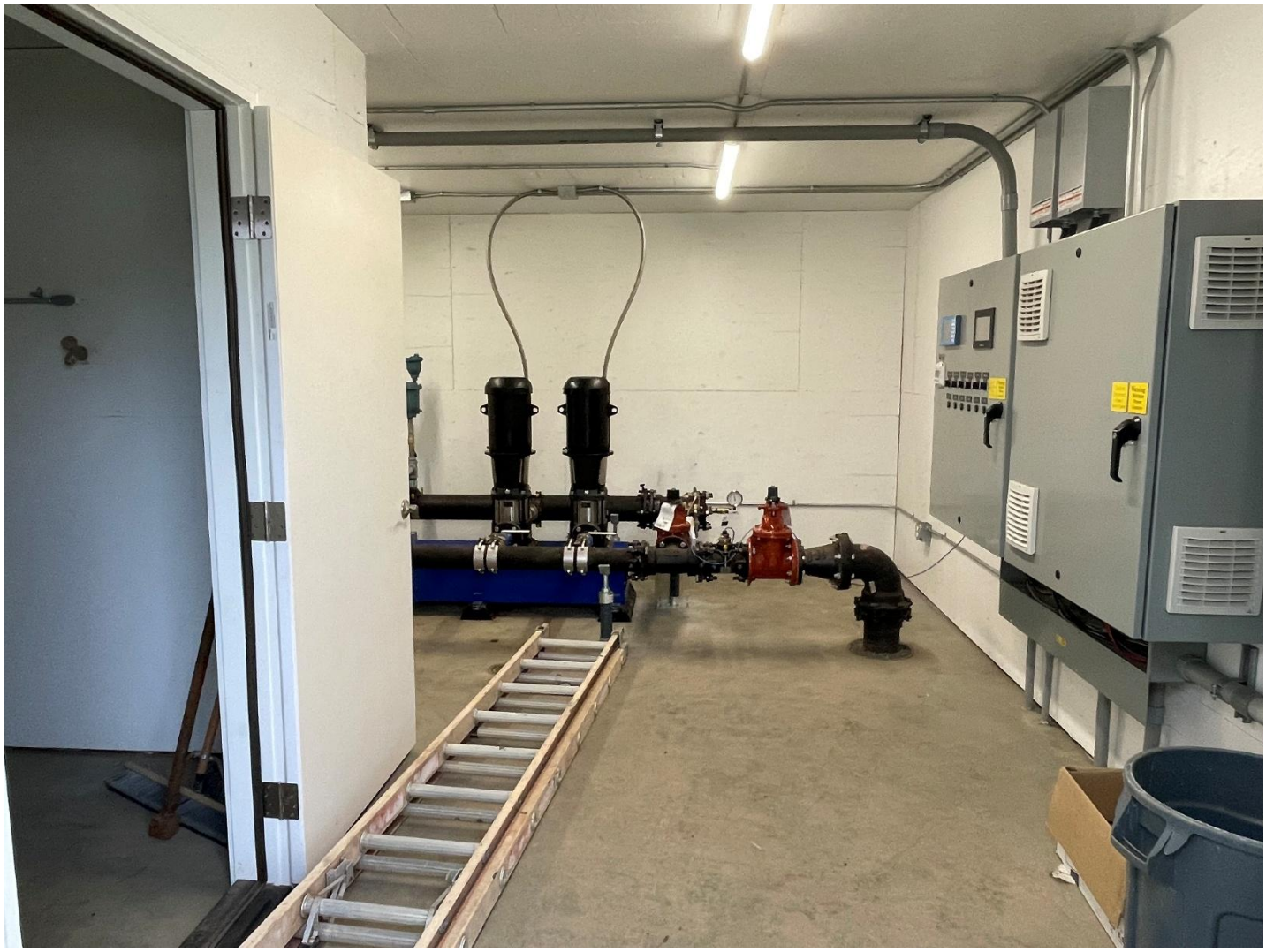

On the cover: Booster station for the Hawley Hills consolidation construction project.

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Federal Capitalization Grant

Intended Use Plan

Introduction

Congress established the Drinking Water State Revolving Fund (DWSRF) in August 1996 as part of the reauthorized federal Safe Drinking Water Act (SDWA). The SDWA 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.

With the signing of the Bipartisan Infrastructure Law (BIL) on November 15, 2021, an additional $35 billion was invested nationwide in support of safe drinking water over federal fiscal years (FFY) 2022-2026. The law includes four distinct sources of funding:

- Supplemental funding for infrastructure improvements through DWSRF.
- Lead service line identification and replacement through DWSRF.
- Addressing emerging contaminants through DWSRF.
- Addressing emerging contaminants through the Small and Disadvantaged Communities Grant.

The DWSRF program finances drinking water projects and capacity development activities to protect public health and achieve or maintain compliance with the SDWA. Each state must provide matching funds of 20 percent of the federal base capitalization grant. States must also provide matching funds of 10 percent in years one and two of the BIL supplemental grant and 20 percent in subsequent years.

EPA awards federal DWSRF capitalization grants to states for:

- **Capital Loan Fund**. Helps eligible water systems achieve or maintain compliance and protect public health by funding drinking water infrastructure improvement projects, such as treatment or a new source.
- **Set-Asides**. Funds for DWSRF program administration and non-construction activities used to ensure compliance with the SDWA.

To access the funds, each state must submit a capitalization grant application to EPA. In addition, each state's capitalization grant applications must include an annual Intended Use Plan (IUP), which describes how the state intends to use available funds. As the agency responsible for ensuring compliance with the SDWA in Washington, the state Department of Health (Health) submits the grant applications to EPA.

Washington's Intended Use Plan

In FFY 2025, Congress appropriated $1,126,101,000 to EPA for the national DWSRF program. In FFY 2024, Congress appropriated $2,202,000,000 for the BIL DWSRF general supplemental, $800,000,000 for the BIL Emerging Contaminants, and $3,000,000 for the BIL Lead Service Line grants. EPA allocates the funds to the states based on their statewide needs assessment. Washington's allocations are $24,974,000 from the base capitalization grant, $52,634,000 from the BIL supplemental grant, $18,026,000 from the BIL emerging contaminant grant (including $531,000 in reallocation funds), and $28,650,000 from the BIL lead service line grant from EPA to fund capital improvement projects that were ranked and placed on the priority list for state fiscal year (SFY) 2026 (July 1, 2025–June 30, 2026)

and programmatic administration, activities, and contracts funded through the administrative set asides tied to the grants. Washington proposes to utilize 69 percent of the base capitalization grant, 83.7 percent of the supplemental grant, and 100 percent of the emerging contaminant grant for new construction loans. The remaining 31 percent of the capitalization grant and 16.3 percent of the supplemental grant is designated for non-construction set-aside projects, such as program administration and technical assistance. Washington is proposing to reserve set asides from the 2, 4, and a portion of the 10 percent allotments of the supplemental grant for future use.

Excluding the set asides from the grants but including the required 20 percent state match and approximately $85 million in funding from the repayment account, the state has about $180 million to award for new construction based on the updated predictive model.

As of April 1, 2025, Washington has a cash balance of approximately $3.8 million (generated from loan origination fees) for ongoing administration of the revolving fund loan program. Construction loans cover base, BIL supplemental, and BIL emerging contaminants projects and the loan origination fee remains at 1.0 percent for construction loan applications. The loan origination fee is waived for any system receiving subsidy. The standard interest rate is 2.25 percent and is reduced to 1.75 percent for those projects receiving subsidy. Standard construction loan terms are 20 years, although the term can be 30 years in certain circumstances.

Washington coordinated with constituent groups, industry representatives, and the public in the development of the FFY 2025 IUP. The IUP includes and describes:

- Status of Washington's DWSRF program.
- Washington's process and allocation of capital construction and set-aside funds.
- Washington's determination of loan eligibility and funding prioritization.
- Intended uses of additional subsidization.
- Prioritized project funding list from DWSRF 2024 Construction Loan cycle, including Emerging Contaminant projects, 2024 Consolidation Feasibility Study Grant cycle, and the 2024 Planning and Engineering Loan applications.

Program and Project Priorities

Washington complies with the priorities established by Congress and EPA for project spending contained in federal law and the associated guidelines developed for each grant program in the selection and prioritization of projects and allocation of funding. The SRF program ensures consistency with state law and associated guidelines, as well as continuing to provide technical assistance and outreach to develop projects that will meet program requirements, accomplish state policy goals, and ensure that systems are able to provide safe and reliable drinking water for their constituents. Project and subsidy priorities include:

Projects that address the most serious public health risk. We base our priority ranking of projects on public health risk. We rank projects that address acute risks higher than projects that remedy chronic risks. While eligible, we consider infrastructure replacement projects the lowest priority for funding.

Projects necessary to ensure compliance with SDWA requirements. We review all applications with respect to system and project compliance with the SDWA, including the required demonstration of technical, managerial, and fiscal (TMF) capacity. If the applicant system is out of compliance, the

proposed project must resolve the compliance issue, or the applicant must satisfactorily show that another project will return the water system to compliance.

Assistance in the form of subsidy is provided to systems with a demonstrated need on a per household basis, according to disadvantaged community criteria adopted in state law and associated guidance documents. Eligible community water system applicants are considered for subsidy based on rate affordability, economic hardship measured as percentage of a population living below 185 percent of the federal poverty level, average ranking on the Washington Tracking Network Environmental Health Disparities map *or* average ranking on the Washington Tracking Network Social Vulnerability Index map. To calculate affordability, we use the Affordability Index, a formula that considers an applicant's water rates as a percentage of median household income.

The Environmental Health Disparities (EHD) Map evaluates environmental health risk factors by census tract. The average EHD ranking for disadvantaged community eligibility is calculated using the following formula.

(Environmental Exposures + Environmental Effects + Sensitive Populations) ÷ 3

The Washington Social Vulnerability Index (SVI) ranking is calculated using the following formula.

(Household Composition & Disability Rank + Housing Type & Transportation + Socioeconomic Determinates) ÷ 3

Non-community systems were deemed subsidy ineligible as they do not supply water to households and, therefore, they cannot meet the federal requirement to base need on a "per household basis."

Provide between 26 percent and 49 percent of the DWSRF Capitalization Grant and 49 percent of the BIL DWSRF Supplemental Grant as loan subsidy to eligible recipients. Systems serving disadvantaged communities received approximately $175 million in subsidies since 2017 (Table 3).

Provide 100 percent of the BIL DWSRF Emerging Contaminant Grant as loan subsidy with at least 25 percent going to small water systems or disadvantaged communities. The entire $18,026,000 in funding available in emerging contaminant capitalization grants is provided as subsidy in the form of 100 percent principal forgiveness to those communities with qualifying projects. One hundred percent of the funds were awarded to small or disadvantaged communities for treatment of emerging contaminants.

In the current cycle, water systems that qualified as disadvantaged communities received between 25 percent and 50 percent subsidy until the subsidy funding was fully spent. Subsidy is calculated based on a maximum loan of $15 million for Construction Loan and Emerging Contaminant projects. Any loan portion above $15 million was not used in the subsidy calculation. We awarded $10,205,165 (40 percent) as subsidy from the base grant, $25,790,660 (49 percent) as subsidy from the BIL supplemental grant, and $18,026,000 (100 percent) as subsidy from the BIL emerging contaminant grants.

Final subsidy awards are also listed by project in Appendices B, C, and D.

The following projects will receive subsidy from the DWSRF Base and BIL Supplemental Grants. The percentage funding is the percent of the project receiving subsidy. Note that the subsidy funding for the City of Kennewick project is split between the BIL Supplemental and the EC Grants.

Table 1

Project Applicant	Project Name	Total Funded Amount	Subsidy Award
City of Seattle	Water Main Rehabilitation	$12,298,000	$1,615,038 (BIL Supplemental) $786,891 (BIL Base) (19%)
City of Kennewick	PFAS Contamination Improvements	$15,000,000	$5,250,000 (BIL Supplemental) $221,317 (BIL EC) (36%)
City of Vancouver	Water Station 9 PFAS Treatment	$12,000,000	$4,200,000 (35%)
City of Pasco	Butterfield Water Treatment Plant Improvements – Phase 1 Early Works	$14,727,000	$4,995,200 (35%)
Town of Friday Harbor	WTP Improvements Project	$4,500,000	$1,575,000 (35%)
City of Selah	Well No. 9 Equipping	$1,574,100	$787,050 (50%)
City of Bremerton	Manganese Treatment Facilities (Eastside)	$7,594,445	$3,797,222 (50%)
City of Royal City	Well No. 5	$2,970,297	$1,485,148 (50%)
City of Sunnyside	Source Rehabilitation	$1,620,025	$557,009 (35%)
City of Newport	Tank Rehabilitation Project	$844,421	$211,105 (25%)
City of White Salmon	Transmission Main Phase 2B	$6,000,000	$1,500,000 (25%)
City of White Salmon	Transmission Main Phase 2D	$445,800	$111,450 (25%)
City of Quincy	Westside Reservoir Improvements	$15,000,000	$3,750,000 (25%)
City of Spokane	Latah Valley Transmission Main	$4,800,000	$1,680,000 (35%)
Mason County PUD No. 1	Viewcrest Beach Infrastructure Upgrade	$1,397,697	$698,848 (50%)
City of Tacoma	Galvanized Distribution Main Replacements	$1,180,927	$590,463 (50%)
Desert Aire Owners Association	Distribution System Improvements	$2,182,000	$1,091,000 (50%)
Total		**$104,134,712[1]**	**$34,902,741**

[1]Several projects were funded using repayment dollars for the loan amount with base or stimulus funding being utilized for the subsidy amounts. Subsidy awards as a percentage of the total allotments are reflected in Table 3.

Total funded amount includes $77,284,993 in base and stimulus funding with the rest in funding from the repayment account, resulting in a subsidy percentage of 46.5 percent.

The following projects will receive 100 percent subsidy from the BIL Emerging Contaminants Grant. Four projects install treatment systems to remove PFAS from source water, one project is a consolidation of five systems to address high manganese in the source water, and one project is a consolidation to address PFAS in the source water. The Mason County PUD project, the Thurston PUD projects, and the City of Kennewick project serve disadvantaged communities. The Clark Public Utilities and Madrona

Beach projects serve small water systems serving less than 25,000 people. Therefore, 100 percent of the BIL Emerging Contaminant grant is going to small or disadvantaged communities.

Table 2

Project Applicant	Project Name	Total Funded Amount	Subsidy Award
Mason County PUD No. 1	Big 5 Consolidation	$4,992,200	$4,992,200
Thurston PUD	Sandra Ave 627 PFAS Remediation	$369,500	$369,500
Clark Public Utilities	Yacolt Satellite System Consolidation	$11,192,820	$11,192,820
Thurston PUD	Spanaway 192nd 669 PFAS Remediation	$953,166	$953,166
Madrona Beach Water Service	MBWS PFAS Filtration	$296,997	$296,997
City Of Kennewick	PFAS Contamination Improvements		$221,317[1]
Total		**$17,804,683[1]**	**$18,026,000**

Funding amounts include the $17,495,000 in FFY25 allocation plus reallocation funds of $531,000, for a total EC subsidy award of $18,026,000.

[1]As noted in the above table, the City of Kennewick received $221,317 in BIL EC subsidy for a project funded at $15,000,000.

There are no projects that will receive funding from the BIL Lead Service Line Grant. The only application received for the BIL Lead Service Line funding did not qualify as a disadvantaged community. As a result, we were unable to meet the subsidy requirements for the funding and had to treat the project as a traditional application under the capitalization and BIL supplemental funding frameworks.

Table 3

Summary of Washington Subsidy Awards							
SRF/ SFY Year	**Cap Grant Amount**	**Subsidy Required**	**Subsidy Awarded**	**% Subsidy Awarded**	**Subsidy Expended**	**% Subsidy Expended**	**Notes**
17/ 2014	$21,499,000	20-30%	$4,381,590	20%	$4,381,590	20%	Subsidy Met
18/ 2015	$19,741,000	20-30%	$3,849,645	20%	$3,849,645	20%	Subsidy Met
19/ 2016	$19,600,000	20-30%	$4,060,444	21%	$3,920,633	20%	Subsidy Met
20/ 2017	$18,233,000	20-50%	$3,764,308	21%	$3,629,174	20%	Subsidy Met
21/ 2018	$18,233,000	20-50%	$4,446,769	24%	$4,497,388	25%	Subsidy Met
22/ 2019	$24,815,000	20-50%	$5,878,205	20%	$4,963,000	20%	Subsidy Met
23/ 2020	$24,583,000	26-56%	$5,855,400	24%	$5,855,400	24%	Subsidy Met
24/ 2021	$24,598,000	20-50%	$5,776,940	24%	$3,904,623	16%	0 Projects Open[1], Still Drawing
25/ 2022	$24,576,000	20-50%	$5,593,526	23%	$3,211,252	57%	4 Projects Open, Still Drawing
26/ 2023	$15,655,000	26-49%	$6,160,371	39%	$4,119,493	66%	6 Projects Open, Still Drawing
27/ 2024	$68,466,000[2]	26-49%	$24,260,490	49%[3]	$10,882,886	44%	9 Projects open, Still Drawing
28/20 25	$77,788,364[2]	26-49%	$46,163,918	49%[3]	$0	0%	Contracts executed
29/20 26	$95,634,000[2]	26-49%	$52,928,741	56%[4]	$0	0%	Contracts Under Development
Total	**$436,543,394**		**$173,120,347**		**$53,215,084**		

[1]Two projects de-obligated funds. Those funds are being used to backfill other shortfalls.

[2]Includes the DWSRF base, the BIL supplemental, BIL emerging contaminants, and BIL lead service line replacement capitalization grants received.

[3]Awarded 40 percent subsidy from the DWSRF base, 49 percent from the BIL supplemental, 100 percent from the BIL emerging contaminants, and 49 percent from the BIL lead service line replacement capitalization grants.

[4]Awarded 36 percent subsidy from the DWSRF base, 49 percent from the BIL supplemental, and 100 percent from the BIL emerging contaminants capitalization grants.

Washington's Program Goals

We developed the following goals to sustain our DWSRF program over time and to ensure compliance with the performance standards in EPA's Environmental Results Goals.

DWSRF Mission: The DWSRF program helps water systems by providing affordable financing to eligible entities for planning, designing, and constructing public water facilities that provide safe and reliable drinking water.

Vision: Washington State is a national leader in providing comprehensive financial and technical support to water systems.

Goals: Washington State's public water systems are safe, reliable, and sustainable, and water is affordable for all citizens.

Philosophy: The overall philosophy of the Washington State DWSRF is to maximize the availability of DWSRF funds for project construction.

Short-Term Goals

- Use an existing national EPA contract to assess Washington's workforce needs to implement the Safe Drinking Water Act, provide technical assistance to increase water system's technical, managerial, and financial capacity and to implement the DWSRF program.
- Assess the current fund management system for opportunities to increase flexibility in program delivery and ease of use for our clients.
- Complete testing of an in-house predictive model to ensure a healthy revolving fund balance and ensure the ability to adaptively manage as federal funding environments change over time.
- Adjust interest rates to address long-term inflation and provide for fund sustainability.
- Assess loan fee collection in the context of expanded utilization of subsidy to ensure stability in program administration.
- Provide financial and technical assistance to help public water systems increase technical, financial, and managerial capacity.
- Continue to expand technical assistance and grant programs that improve readiness to proceed and improve use-rate of construction money awarded.
- Accelerate the utilization of state contracts with planning and engineering services providers to provide technical assistance directly to small and disadvantaged communities to develop viable system plans and projects.
- Use existing and additional technical assistance providers and DWSRF staff to help systems prepare for project applications, such as assistance with rate setting, training on DWSRF construction loan funding, and income surveys.
- Continue to provide technical assistance and increase funding through four contracts: Rural Community Assistance Corporation, Evergreen Rural Water of Washington, Public Knowledge and the Small Community Initiatives. These technical providers assist systems with board training, procurement assistance, funding applications, and asset management.
- Coordinate with federal and state technical assistance providers to expand support and ensure funding eligibility for disadvantaged communities.
- Refine and improve internal materials and assistance tools for staff to better offer resources and expertise to disadvantaged communities.

- Integrate further regulatory compliance and planning needs identified by regional staff, community groups, water systems, and other interested parties into targeted technical assistance provision and potential regionalized solutions.
- Develop and implement a program for innovative projects and technologies to improve the provision of safe and reliable drinking water, enhance water availability in challenged areas, and address known and emerging contamination and treatment issues.
- Improve consultation with regional staff and potential applicants to ensure construction project applications reflect "shovel ready" projects from communities that meet TMF requirements.
- Contact construction loan recipients experiencing delays with their projects to review options that allow their project to reach construction. If needed, convert the construction loan to a planning and engineering loan to allow the entity to continue with preconstruction activities.
  - Conduct an annual review of readiness-to-proceed criteria for construction loans and improve the criteria to better identify "shovel ready" applicants.
- Ensure that at least 40 percent of the base grant, 49 percent of the BIL supplemental grant, and 25 percent of the emerging contaminants grant funds provide financial assistance to disadvantaged communities.
- Coordinate with regional staff and third-party technical service providers to improve in-person and online training series on how to develop a small water system management program (SWSMP), including the simplifying of the existing SWSMP template while meeting regulatory requirements.
- Coordinate with Health's communication and health promotions staff to develop social media and educational campaigns to educate disadvantaged communities about the DWSRF loan program and technical assistance available to support the community's infrastructure needs.
- Review and implement process improvement efficiencies.
  - Improve water system financial contact information and update data system to allow for batched electronic invoicing.
  - Provide training and resources on DWSRF online application (WALT) to internal and external stakeholders.
  - Replace or update WALT for better user experience while still collecting vital application data necessary to determine project and loan eligibility requirements.
  - Identify metrics and other data already provided in water system plans that can be used to develop dashboards to better target technical assistance and project outreach.
  - Continue to implement construction site visits and inspections during construction. Also develop the ability to conduct remote construction site visits.
  - Continue to provide one-on-one contract training with each applicant approved for a construction loan.
  - Encourage funding applicants to coordinate water main replacement projects with other infrastructure projects, such as transportation improvement, fish-passage barrier removal, or sewer-line replacement projects. DWSRF applicants that combine infrastructure projects will receive bonus points.
  - Continue to refine the indicators utilized to implement the state's disadvantaged community definition to better identify and provide program benefits to affected communities.
- Continue to promote asset management.
  - Bonus points are awarded for DWSRF applicants that have attended asset management training, have an asset inventory, and have assigned criticality numbers to assets.
  - Offer DWSRF funding recipients training and funding to develop an asset management program. DWSRF applicants that do not have an existing asset management program must

develop an asset inventory, including expected life of assets and replacement costs for each asset. Applicants with an existing asset management program are provided with the ability to improve their asset management program. Up to $40,000 of additional funding will be awarded per jurisdiction for asset management efforts.

- Use DWSRF funds to ensure water system resiliency against increasing drought and unforeseen extreme weather events, as well as to support modern, cost-effective infrastructure upgrades.
- Award bonus points for projects identified in the water system plan as improving resiliency or addressing unforeseen weather events.
- Continue using set-asides to offer additional consolidation grants to support connection-fee only projects.
- Explore utilizing other funding sources to support projects leading to consolidation.

Long-Term Goals

- Strengthen the fiscal integrity of the fund.
  - Solid and complete financial analysis is required to understand the implications of any particular DWSRF financial policy choice. A solid fiscal management plan protects the financial future of the DWSRF program using all relevant operating assumptions for the program.
  - Expand loan availability above capitalization grants to spend down repayment account to target fund balance.
- Acknowledge and address household affordability constraints.
  - Continue to evaluate programs to address household affordability issues.
  - Pursuant to a state legislative appropriation, coordinate with other Health staff and interagency groups to examine rebate program opportunities to alleviate disproportionate impacts to individuals experiencing economic hardship.
- Continuously improve the DWSRF program so we are more efficient and better able to serve our customers.
  - Develop electronic invoicing and increase use of electronic payments.
  - Maintain emergency funding to assist systems affected by unforeseen events and to ensure they continue to maintain public health protection. Work with fiscal and contracts staff to identify ways to streamline contracting process to ensure funding can be provided in a timely and efficient manner to ensure continued access to safe and reliable drinking water.
  - Maintain ability to award additional funding for existing DWSRF loans to address escalating construction costs that exceed funding amount and allow project completion.
  - Continue to offer Planning and Engineering Loans and grants year-round to allow systems to better prepare for infrastructure improvements.
- Expand the Consolidation Feasibility Study Grant funding.
- Expand the ability to incentivize projects resulting in the consolidation of struggling and failing systems into larger well managed systems through a variety of funding and regulatory mechanisms.
- Continue to coordinate project applications, fiscal mechanisms, and technical assistance with the Public Works Board and within the SYNC interagency group to minimize perceived competition between funding sources and increase effectiveness in identifying multifaceted projects that can be jointly funded and implemented to provide enhanced benefit to the citizens served.

Environmental Results Goals

Washington's DWSRF project loan funds and set-aside work plans support EPA's strategic planning Goal 5, "Ensuring Clean and Safe Water for All Communities" and strategic Objective 5.1, "Ensuring Safe Drinking Water and Reliable Infrastructure" by protecting public health from the risk of exposure to regulated and emerging contaminants in drinking and source waters by improving the reliability, accessibility, and resilience of the nations' water infrastructure to reduce impacts of unforeseen extreme weather events, structural deterioration, and cyber threats. Our program provides funding to help achieve this federal performance standard. We intend to meet or exceed EPA's annual performance targets.

We will use these performance measures to ensure the loan program achieves federal standards.

- **Annual percentage of assistance agreements to bring water systems into compliance.** Based on available funds, Washington proposes to fund 34 DWSRF-eligible projects from our fall 2024 loan cycles with 69 percent of the base capitalization grant funding, 83.7 percent of the BIL supplemental capitalization grant, and 100 percent BIL emerging contaminants grant with remaining funds coming from our loan repayment account, for a total award of about $179 million (see Appendices B, C, and D). Several of the funded projects address compliance issues, ten projects address emerging contaminants, and twenty-two projects provide system resiliency, treatment improvements, or replace aging infrastructure.
- **Fund utilization rate** (cumulative loan agreement dollars compared with the cumulative funds available for projects) for the DWSRF loan fund. This indicator is commonly referred to as "pace" and it measures how well the state is putting its available funds into loans. States should target pace levels near or above 100 percent. States that are lagging in this measure, or have declining pace levels, may need to review loan policies and procedures, and outreach techniques. Nationally, the pace was 90.9 percent for the DWSRF in 2024 (cumulative). States with pace levels greater than 100 percent are generally practicing advanced loan commitment. Pace does not measure how quickly funds are disbursed after the loan agreement has been signed. The table below shows the fund utilization rate for Washington State, our Region 10, and the nation for the past six state fiscal years.

Table 4

Loans as a Percentage of Funds Available for Loans (Funds Utilization Rate)			
SFY	Washington	Region 10	U.S.
2018	124%	109%	96%
2019	118%	106%	95%
2020	112%	103%	96%
2021	107%	101%	96%
2022	112%	102%	98%
2023	106%	99%	94%
2024	105.8%	99%	90.9%

Set-Aside Activities

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

There are four set-aside categories. The federal DWSRF program limits the amount states can use for each category and specifies the types of activities we can fund:

- Program administration (4 percent).
- State program management (10 percent).
- Small system technical assistance (2 percent).
- Local assistance and other state programs (15 percent).

Program staff, third-party contractors, or direct funding to public water systems are examples of set-aside assistance. Washington will use funds from the DWSRF Base Grant and BIL Supplemental Grant funding to fund activities during more than one state fiscal year. However, to keep unliquidated obligations at a minimum, the state strives to fully spend each set-aside within a two-year period. If there is a time when the state cannot spend down an approved set-aside work plan within two years, as we have in the past, we will amend work plans, ask for additional time to spend, or transfer that set-aside funding to be disbursed through the loan program.

The state does not use funds from the set-asides, other than program administration, until EPA approves detailed work plans. We anticipate completing the workplans and having funds available in late SFY 2026. Washington intends to use 31 percent of its FFY25 base capitalization grant and 16.3 percent of its FFY24 BIL supplemental capitalization grant for current and future set-aside activities. We are reserving the 2 percent and 4 percent of the FFY24 BIL supplemental set-asides, as well as 8.7 percent of the 10 percent set-aside. We will track the amount reserved and identify opportunities to "unbank" the set-aside funds during future grant cycles. The subsections below describe how Washington intends to use the set-aside funds. Table 5 tracks the amounts of set-aside funding that are being banked over time.

Table 5

Set-Aside Banking						
Year	**2%**	**4%**	**10%**	**10 of 15%**	**5 of 15%**	**Total**
29/2026	$1,052,680	$2,105,360	$4,576,200	$0	$0	$7,734,240

Set-aside funds are utilized to produce work plans that contribute to achieving EPA's Strategic Goal 5, sub-objective 5.1.

To carry out the set-aside activities below, we often rely on contractors with specialized skills and qualifications. We will use a contractor from the state's contractor list or use a competitive bid process to purchase these services.

Program Administration Set-Aside

Washington plans to cover direct and indirect expenses associated with program administration activities. We often supplement this SRF set-aside with DWSRF loan origination fees because the set-aside does not provide sufficient funding for this activity.

Washington will use 4 percent of the capitalization grant for program administration and to fund several contracts including:

- External financial audit of the program.
- Maintain loan tracking and invoicing software.

State Program Management Set-Aside

When Congress reauthorized the SDWA, it recognized that federal funding for state drinking water programs was inadequate in states that assumed primacy for enforcing the SDWA. To help resolve that state funding issue, Congress gave states the option of using up to 10 percent of their annual DWSRF allotment for program management. Washington uses the full 10 percent allotment to manage the state drinking water program.

Health uses this set-aside to fund a significant number of positions that:

- Administer the state Public Water System Supervision (PWSS) program.
- Maintain and improve data management at Health's Office of Drinking Water.
- Collaborate with staff, public water suppliers, and government agencies to help them understand regulatory requirements and assist them when water quality contamination occurs.
- Provide notification, compliance, financial, and technical assistance, which helps to ensure systems meet Public Notification, Consumer Confidence Report, and various water quality monitoring requirements.
- Support digitalization of paper files to support mobile work force.
- Continue to provide translation of information on drinking water and health education on drinking water matters.

Small System Technical Assistance Set-Aside

This set-aside funds technical assistance for water systems that serve fewer than 10,000 people. We will use our full 2 percent allotment from this set-aside to support small systems with planning, fiscal management, and engineering needs to support eligibility for DWSRF funding.

Local Assistance and Other State Programs Set-Aside

A state may fund several categories of activities to help develop and/or implement local drinking water protection initiatives under Section 1452(k) of the 1996 SDWA amendments. States may use up to 15 percent of the annual capitalization grant for the local assistance and other state program set-asides with a maximum of 10 percent for any one category of assistance.

We intend to use 10 percent of this set-aside from both the base and supplemental grant this year for activities related to system capacity development and 5 percent of this set-aside from both the base and supplemental grant for source water protection activities.

Capacity Development and Water System Sustainability

Washington state's Capacity Development program is one of the strongest in the nation due to the internal and external partnerships we developed and proceed to maintain. We continue to use tools that prove successful and create new tools, as needed, to accomplish our goals. We focus on training and technical assistance resources as much as possible for water systems willing and able to build capacity to sustain themselves. We will rely on our graduated compliance approach to direct water systems when they are unable or unwilling to maintain sufficient capacity. We strive for innovative approaches to help struggling small systems succeed or get out of the water business and mitigate the impending financial burden on customers of those systems.

Washington state will use 10 percent of the Local Assistance and Other State Programs set-aside to provide DWSRF capacity development assistance in the form of financial assistance, technical assistance, sanitary surveys, and other types of program support to drinking water systems. Capacity development activities include, but are not limited to:

- Provide outreach and communication tools for technical, managerial, and financial capacity on our website and other media outlets.
- Provide timely technical assistance while conducting sanitary surveys.
- Provide specific technical assistance to help water systems achieve and maintain compliance.
- Maximize public health protection through problem identification, correction, and performance optimization of existing surface water treatment plants.
- Partner with state and federal agencies to support and maintain water system emergency response capacity.
- Help public water systems research and determine whether their groundwater source is under the direct influence of surface water.
- Offer technical assistance to water systems to develop and implement source water protection programs, set rates, train new board members, and seek funding for projects.
- Provide training across the state for water system operators, owners, and decision makers to increase knowledge of operations and improve performance.
- Collaborate with other funding and technical assistance agencies to provide technical team meetings for jurisdictions developing water infrastructure projects anytime during the year. The technical meetings allow jurisdictions the ability to learn about available funding sources, how to apply for funding, and technical assistance that can be provided for project development.
- Implement a coordinated approach to water system asset management programs with other state and federal agencies to encourage strong financial and managerial capacity in every water system. Activities include asset management and rate setting training for operators, decision-makers, and other stakeholders; improved education and training for state staff on assessing financial capacity of public water systems to improve technical assistance and plan review; and encouraging regionalization activities to achieve economies of scale and improve utility sustainability through training and outreach efforts.
- Increase our emphasis on workforce development as we move closer to 2028 when 50 percent of our 4,000 certified operators have stated they will be eligible to retire. We will look to partner with our technical assistance providers to support the training of new operators to reduce the impacts of a depleted workforce.
- Provide additional funding for consolidation grant program.
- Contract with third-party technical assistance providers.

Source Water Protection

Washington will continue to reserve 5 percent of the Local Assistance and Other State Programs set-aside from the base capitalization grant to work with systems to improve their source water protection programs and achieve implementation of important wellhead and watershed protection projects. We are currently growing our program to meet the changing needs of water systems in Washington to address emerging contaminants, declining aquifers, and other impacts of extreme weather events. We continue to improve the program by engaging with other state and federal agencies, local governments, and non-governmental organizations to collaborate on mutually beneficial projects and plans that improve water quality and quantity and to ensure safe and reliable drinking water for the people of Washington.

Source water protection activities include, but are not limited to:

- Maintaining and enhancing internal and external source water protection applications; and providing source water protection data, information, mapping, analysis, and GIS support.
- Providing up-front technical assistance to local governments as they develop long-range plans and land-use regulations to identify modifications aimed at improving source water protection.
- Providing financial and technical assistance to local governments and municipal water systems to carry out source water protection projects.
- Providing source water protection outreach and communication tools on our website and other media outlets.
- Offering technical assistance to water systems to develop and implement source water protection programs that safeguard the quantity and quality of their source water.
- Coordinating and collaborating with other agencies on plans or projects to improve water quality of all sources of drinking water and development of regulations that intersect with drinking water interests.
- Reviewing and commenting on environmental processes associated with development projects statewide, where overlain by wellhead protection areas.
- Reviewing and commenting on water quality and quantity plans and regulations at all levels of government that could affect drinking water sources.
- Participating in unanticipated extreme weather events and drought preparedness activities.
- Working with others to evaluate and develop policies and rules relating to unregulated contaminants. Coordinate sampling or modeling to evaluate potential risks of these contaminants.
- Providing training across the state for water system operators and owners, local planners, and decision makers to increase knowledge about source water protection, regulatory framework, emerging contaminants, and watershed health.
- Contracting with hydrogeologists to model time of travel for Group A water sources to move away from fixed radius wellhead protection areas.
- Developing a watershed control program guidebook for surface water drinking water sources.

Capital Loan Funding

In November 2024, we received, reviewed, and ranked 54 construction loan applications with a total request of over $274 million. Seven applications were deemed ineligible for funding at a total amount of $6,659,700. The remaining projects on the Prioritized Project List (PPL) were funded at a total of more than $179 million dollars.

During 2024, we received and reviewed eight Planning and Engineering Loan applications and converted two construction loan applications to Planning and Engineering Loans with a total request of over $21.3 million. From July 1 through December 31, 2024, we received seven applications for the Consolidation Feasibility Study Grant with a total request of $8,734,800. The maximum project award was $50,000. Five applications were awarded for a total of $250,000. One application was withdrawn by the applicant. The seventh was ineligible as it was not for a consolidation project.

Eligible entities for DWSRF Construction Loan, and Planning and Engineering Loan funding are:

- Community water systems, including publicly and privately owned systems. For-profit community water systems are eligible for a construction loan but are not eligible for subsidy.
- Not-for-profit non-community water systems.
- Federally-recognized tribal water systems not receiving DWSRF tribal set-asides.

Washington's recommended Fall 2024 DWSRF Draft PPL for DWSRF construction funding is shown in Appendix B, Bipartisan Infrastructure Law Emerging Contaminants is shown in Appendix C, planning and engineering funding is shown in Appendix D, and consolidation feasibility study funding is shown in Appendix E. We will execute loan contracts for these projects after June 30, 2025.

The lists in Appendices B through E are subject to change for the following reasons.

- **Applicants receive alternative funding.** Applicants may receive grant or loan assistance from other funding sources, such as Rural Development or direct appropriations, and no longer need DWSRF money.
- **Applicants are "bypassed."** The Office of Drinking Water underwriter reviews DWSRF applications for ability to repay the loan, ability to secure the loan, and readiness for the project to proceed. Applicants that fail to meet these criteria are "bypassed" (no longer considered for funding).
- **Applicants withdraw from the process.** Applicants may choose to withdraw from the loan process for other reasons.

The Washington DWSRF program will continue to make funding available to assist systems when the bid amount exceeds the initial project cost estimate. Due to recent escalation in construction materials, particularly pipe and steel products, we will reserve $5 million to assist loan holders with increased costs. We use the following criteria to assist systems in need of additional money for construction overruns:

- Award money on a first-come basis.
- Additional amount awarded cannot exceed $500,000. We will award additional funding at 2.25 percent interest and 1.0 percent loan origination fee.
- Scope of work cannot be modified.
- Bid tabs must be provided to document construction costs.
- Loan holders must provide an explanation for increased costs.

We will continue to support our DWSRF Emergency Loan program. We allocated $1 million for emergency funding. We did not receive any emergency loan applications.

Table 6

Washington State Drinking Water State Revolving Fund Financial Status and Intended Uses of Funds Federal Capitalization Grants		
Category	**Available Funds Application Year 25**	**Intended Use ($)**
Total Available		
Federal Capitalization Base Grant FFY25	$24,974,000	$24,974,000
20% State Match	$4,994,800	$4,994,800
BIL Supplemental Capitalization Grant FFY24	$52,634,000	$52,634,000
20% State Match	$10,526,800	$10,526,800
BIL Emerging Contaminants Grant FFY24	$17,495,000	$17,495,000
BIL Emerging Contaminants 2nd Reallotment FFY22	$37,000	$37,000
BIL Emerging Contaminants Reallotment FFY23	$494,000	$494,000
Total	**$111,155,600**	**$111,155,600**
Base Grant Set-Asides:		
Program Administration (4%)	$998,960	$998,960
State Program Management (10%)	$2,497,400	$2,497,400
Small System Technical Assistance (2%)	$499,480	$499,480
Local Assistance & Other State Programs (15%)	$3,746,100	$3,746,100
BIL Supplemental Grant Set-Asides:		
Program Administration (4%)	$2,105,360	$0
State Program Management (10%)	$5,263,400	$687,200
Small System Technical Assistance (2%)	$1,052,680	$0
Local Assistance & Other State Programs (15%)	$7,895,100	$7,895,100[1]
Total Set-Asides	**$24,058,480**	**$16,324,240[1]**
Project Funds Available from Grants + Match		$94,831,360
Loan Repayment Account		**$89,888,763**
Total Available for New Project Loans		**$184,720,123**
Total Project Funds and Set-Aside Funds		**$201,044,363**

[1]DOH intends to utilize $150,000 of the Local Assistance set-aside as in-kind funding under a national EPA contract to undertake a workload assessment of the PWSS program in the Office of Drinking Water.

Amounts Transferred Between DWSRF and CWSRF

A state governor may elect to transfer up to 33 percent of capitalization grant to the Clean Water State Revolving Fund (CWSRF) or an equivalent amount from the CWSRF to the DWSRF project fund.

Washington does not intend to transfer funds between these programs during SFY 2025 of the DWSRF program.

Criteria and Method for Distributing Capital Loan Funds

Money in the DWSRF Project Fund can be used for:

- New construction, including emerging contaminants, project loans. Approximately $179 million was allocated to this funding cycle.
- Reimbursements for executed construction loan activities.
- Construction over-run costs were allocated $5 million.
- Emergency loans were allocated $1 million.
- Planning and Engineering Loans were allocated $3 million.
- Consolidation Feasibility Study Grants were allocated $800,000, $400,000 from our Drinking Water Assistance Administrative Account and $400,000 from our 10 of 15 percent set-asides.

Construction Loans

Loan Applications

We accepted applications for the DWSRF Loan program from October 1 to November 30, 2024. We received 54 construction applications requesting over $274 million.

DWSRF staff provided information and technical assistance on the application process at multiple professional conferences and DWSRF-sponsored webinars. We notified stakeholders on the availability of the construction loan through e-mails and updates to the DWSRF webpage. All information related to the 2024 DWSRF Construction Loan cycle was posted to the DWSRF webpage.

Washington's Eligibility and Threshold Review

Washington's eligibility criteria included all federal eligibility criteria plus several state criteria (Appendix A). Our DWSRF staff reviewed applications for eligibility and assigned a preliminary score based on information in the application, and an initial review of system compliance status.

The lead service line applicant was offered a straight construction loan then withdrew their application. We determined that two projects were ineligible. Four applicants were bypassed due to managerial or fiscal concerns. Projects that were withdrawn, declined, bypassed, or ineligible are listed in Appendix F.

Washington's Prioritization Process

After assigning a preliminary score based on information in the applications and an initial review of each system's compliance status, our staff met on December 17, 2024, to discuss projects and assign final scores. Staff reviewed compliance 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 is valuable in assessing the true public health significance of each proposal.

As noted in the 2024 DWSRF Construction Loan Guidelines, water main replacement projects that coincide with other infrastructure improvement projects were eligible for automatic funding until the available $3 million allocated for these projects was exhausted. We did not receive any project applications that met these conditions.

As previously described, we assessed each project for its ability to receive principal forgiveness or subsidy. We awarded subsidy to eligible projects, as shown in Appendix B.

Ranking Eligible Applications

Using the criteria in Washington's Fall 2024 DWSRF Guidelines to score eligible loan applications, we awarded "basic points" and "bonus points."

We awarded basic points by the:

- Level of public health risk the proposed project would eliminate.
- Type of project proposed to solve the problem(s) identified in the application.
- Project's Readiness to Proceed.

We gave bonus points to project applicants that:

- Involved restructuring or consolidation benefits.
- Had an asset inventory with six elements or attended an asset management training.
- Had a project that would eliminate an unresolved compliance issue.
- Had a water main project that coincided with other infrastructure projects.
- Addressed distribution leakage above 10 percent, reduced pumping, or treatment costs.

We awarded points to applicants of water system serving residential connection owned or operated by a federally recognized tribe or when 50 percent of the project location is within census tract(s) that meet at least one of the Washington Tracking Network (WTN) Criteria.

- Where 50 percent of the project location is in a census tract(s) ranking 7 or more for the federal funding friendly Environmental Health Disparities (EHD)
- Where 50 percent of the project location is in a census tract(s) ranking 7 or more for the federal funding friendly Social Vulnerability Index (SVI)
- Where 50 percent or more of the project is in a census tract(s) where more than 30 percent of the population is below 185 percent of the federal poverty level

Water System Capacity Review

Water system capacity is an eligibility requirement for DWSRF Construction loans.

Water system capacity is 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 system owner or operator agrees to initiate feasible and appropriate changes, or the financial assistance will ensure long-term compliance.

DWSRF applicants must demonstrate water system capacity. To do so:

- The applicant must have a current, Health-approved Water System Plan (WSP) or Small Water System Management Program (SWSMP). The WSP approval must not expire on or before the close of the funding cycle (November 30, 2024, for the current funding cycle).
- The applicant's current, Health-approved WSP or SWSMP must include the proposed project.
- The water system must have a Green operating permit at the time of application or on completion of the proposed project.

- The system must be in compliance with any active enforcement actions (including departmental orders, penalties, bilateral compliance agreements, or federally issued administrative orders or stipulated penalties).
- Demonstrate the proposed project is ready to proceed.
- Provide all information as requested in the application.
- The applicant must not have any outstanding audit findings related to technical, managerial, or financial capacity.
- The applicant must show satisfactory performance and timeliness on currently held and open DWSRF funded projects.

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

Financial Capacity

To protect the federal and state interest in the long-term viability of the loan program, we consider the applicant's ability to repay the loan. The financial evaluation includes reviewing three years of documentation (such as tax returns, budgets, balance sheets, bank statements, and business references) and conducting a detailed financial capacity analysis.

All recipients must dedicate a source of revenue to repaying the loans. Some applicants will dedicate part of their general funds, and others will propose establishing or increasing customer fees.

Readiness to Proceed

Applicants must bid their project within 18 months of contract execution and complete DWSRF-funded projects within 48 months of contract execution. We use the following questions to evaluate a project's readiness to proceed.

- 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?
- Are construction and bid documents complete?
- Have project permits been obtained or are they in process?
- Does the project complete a previous construction loan project, emergency loan project, preconstruction loan project, or consolidation grant project funded by the DWSRF program?
- Is land acquisition or easements part of the project? If so, have rights of way and easements been secured?
- Is the environmental or cultural review complete?

Planning and Engineering Loans

The Planning and Engineering Loan (previously known as the DWSRF Preconstruction Loan) is available for applications on a year-round basis, with approximately $3 million available each year. Community water systems and not-for-profit non-community water systems are eligible for a Planning and Engineering Loan. This program is intended to assist our water systems with preparing for a construction project. The general terms of the Planning and Engineering Loan are:

- Maximum award per jurisdiction is $500,000.
- Awarded on a first-come basis until funding is exhausted.
- Zero percent annual interest rate. No subsidy available.
- Two (2) percent loan origination fee (non-refundable).
- Two-year time of performance.
- Ten-year repayment period.

We will also make planning and engineering loans available to existing construction loan holders that are having difficulty making progress. In these instances, we will terminate the construction loan and replace it with a planning and engineering loan. Bonus points are awarded on a DWSRF Construction Loan application to entities that received a planning and engineering loan from DWSRF. Ten planning and engineering loans were awarded this year. A list of loans executed this year is included in Appendix D.

Emergency Loan Program

DWSRF program guidelines allow states to use funds for emergency recovery activities according to established emergency funding procedures. The emergency rule became final on April 1, 2016. Emergency loans are available to not-for-profit community and non-community water systems serving fewer than 10,000 people. Water systems serving less than 10,000 people under a court ordered receivership may also be eligible for this funding. During the period of this IUP, Washington intends to make $1 million available to eligible water systems each state fiscal year. **We have not executed any emergency loans since 2019.** In the event of a large-scale disaster, DWSRF will modify the availability of emergency loans and funding amount.

For purposes of this program, "emergency" refers to an event like a natural disaster or other event that damages or disrupts normal public water system operations and requires immediate action to protect public health and safety. A failure to maintain, replace, reconstruct, upgrade, or make necessary infrastructure improvement does not constitute an emergency.

Our primary goal is to respond to and assist public water systems in recovering from public health threats. The emergency loan program ensures we are ready and able to award loans to water systems experiencing an emergency, so they can restore water service as quickly as possible. The emergency loan program will help water systems that lose critical drinking water services or facilities during an emergency and demonstrate substantial financial need according to DWSRF criteria. These funds will be available for construction, reconstruction, replacement, rehabilitation, temporary repair, rental of equipment, or improvement necessary to continue or restore operation of a public water system that is in violation of health and safety standards due to an emergency as defined above.

Applicants will submit a completed emergency application package to Health. All application material is available online. The emergency program will follow all general Office of Drinking Water administrative program policies and DWSRF grant and loan guidelines. We have made recent modifications to the emergency loan program to align with the Department of Ecology's emergency loan program. The loan terms are:

- Maximum amount of $500,000 per entity.
- Funding is awarded on a first-come basis until funding is exhausted.
- Zero percent annual interest rate.
- One-point-five (1.5) percent loan origination fee.
- Two-year time of performance.
- Ten-year repayment period.

Loan Process and List

Bypass Process

We reserve the right to fund lower priority projects if higher priority projects are not ready or willing to proceed. In such instances, the state will comply with established bypass procedures. We may add projects to the List of Fundable Projects due to emergencies, such as an unanticipated system failure or a project needed to prevent an imminent health threat.

We *bypass*, or do not recommend funding for applicants unable to demonstrate ability to repay the loan, applicants with insufficient loan security, or projects not ready to proceed.

We offer technical assistance to help bypassed applicants meet the program requirements, so they can reapply in a future funding cycle, or provide information about other funding opportunities.

Amending the Project Priority List

We coordinate closely with loan applicants that make the project priority list. Some entities decline the loan due to factors such as securing more favorable funding. If an approved project withdrew from the list, we move the highest-ranking unfunded project to the project priority list.

Loan Fees

Like many other states, Washington charges a nonrefundable 1.0 percent loan fee, and we incorporate the loan fee into the total loan request for the construction loan and lead service line replacement loan. For example, we assess a loan fee of $5,000 on a loan request for $500,000, bringing the total loan to $505,000. Nonrefundable loan fees for planning and engineering loans are 2.0 percent and we incorporate the loan fee into the total loan request. There is no loan fee for recipients receiving subsidy.

Washington transfers the loan fee to the Drinking Water Assistance Administrative Account (05R) when the loan contract is executed. On March 18, 2025, the cash balance of this account was approximately $3,780,720. By statute, interest or other investment income accrued in this account remains in this account. Funds from this account can be used for loan program administration, consolidation feasibility study grants and other eligible set-aside activities. However, if the state determines that the balance of the loan fee account exceeds short- and long-term program administration needs, we may transfer a portion of the funds to the project loan account to be used for project loans.

Disadvantaged Communities and Eligibility for Subsidy

On September 1, 2024, DWSRF adopted the permanent rule in WAC 246-296-020(8).

Further details on the applicable metrics for determining qualification as a "disadvantaged community" and for the determination of subsidy application are contained within Appendix B of the *Drinking Water State Revolving Fund Program Construction Loan Guidelines* 331-196 (PDF).

Affordability Index

The Affordability Index is another criterion that is used for determining subsidy eligibility for a project. The Affordability Index is based on actual median household income (MHI), existing average monthly water rate, proposed loan amount, and total connections.

The following table provides more details on how interest rates and subsidy in the form of principal forgiveness can be awarded for projects.

Table 7

Loan Terms for 2024 Construction Loan Applications			
Loan Type	**Interest Rate and Forgiveness**	**Loan Fee**	**Loan & Fee Repayment Period**
Standard Loan	2.25% interest on loan	1.0% at loan execution	20 years or life of the project, whichever is less
Reduced Interest Rate	1.75% interest on loan	1.0% at loan execution	20 years or life of the project, whichever is less
Partial Subsidy	1.75% interest on loan, partial principal forgiveness	No loan fee	24 years or life of the project, whichever is less
Full Subsidy	1.75% interest on loan, full principal forgiveness	No loan fee	24 years or life of the project, whichever is less

Restructuring and Consolidation Projects

Small water systems often face technical, managerial, and financial challenges. Many small water systems struggle to meet minimum state and federal requirements for providing safe and reliable drinking water for a variety of reasons.

Group A community and municipal water systems are eligible for DWSRF funding for restructuring and consolidation projects that involve a change of ownership or inactivation due to consolidation. Restructuring and consolidation projects acquire other noncompliant, failing, or struggling public water systems that have water quality problems or deteriorated infrastructure. Applicants also must demonstrate a history of sound drinking water utility management and meet the following criteria.

- Own at least one Group A public water system.
- Have a minimum of five years of 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 Health in the past five years.
- Have not had a system's operator license suspended or revoked in the past five years.
- Have no outstanding past due invoices.

We may consider other eligibility criteria on a case-by-case basis, including operating permit history, prior contract performance, and history of audit findings.

Restructuring and consolidation projects must demonstrate that the system to be consolidated meets the disadvantaged system criteria to receive subsidy. These loans fund activities such as:

- Repair or replacement of existing infrastructure, such as distribution piping, storage, backflow devices, or service meters.
- Construction of new water mains and connections necessary to acquire a small system.
- Installation of treatment, disinfection, or filtration.
- Develop a new water source or source rehabilitation.

In the 2024 Consolidation Feasibility Study Grant cycle, we received seven applications and funded five applications. One application was ineligible as it was not a consolidation. Another applicant withdrew. These small grants (up to $50,000 per project) provide significant value in undertaking the study of potential transfer of ownership and consolidation projects to address compliance or capacity issues with small, struggling water systems. This funding program uses our Drinking Water Assistance Administrative Account. To increase availability and use of this program, the funding is available year-round.

Table 8

Applicant	Project Name	Total Funded Amount
Fisherman Bay Water Association	Consolidation Feasibility Study	$50,000
Town of Wilkeson	Wilkeson/Burnett Water System Consolidation	$50,000
City of Buckley	Buckley/Rainier School Water System Consolidation Feasibility Study	$50,000
City of Airway Heights	Water System Extension Feasibility Study for West Prairie Village Water System	$50,000
Silverdale Water District #16	Silverdale Water District/Crystal Creek Water System Consolidation	$50,000
Total		**$250,000**

Environmental and Cultural Review Process

All funded construction loan and lead service line replacement loan (including potholing) projects undergo environmental and cultural reviews.

The DWSRF program modified the State Environmental Review Process to better align with the State Environmental Policy Act (SEPA) process the Department of Ecology administers. The revised process requires SEPA checklists associated with DWSRF projects to be on the Department of Ecology's SEPA website for public review and comment for fourteen days. SEPA-exempt projects are required to

perform public notification concurrent with the cultural review public notification. DWSRF construction loan recipients are required to perform public notification for all cultural reviews.

Prioritized Project List

See Appendix B for Washington's final Prioritized Project List for the DWSRF construction loan program. The list includes 34 eligible projects totaling $174,481,291. See Appendix C for Washington's final Prioritized Project List for the DWSRF emerging contaminants loan program. The list includes seven eligible projects addressing emerging contaminants totaling $18,026,000. Washington did not fund any BIL lead service line projects this cycle. Those projects would normally be indicated in Appendix D.

Funded applicants normally require additional time to address all loan requirements before each applicant signs their contract. Contracts are usually finalized between July and September of each year. Applicants are contractually required to issue notice-to-proceed for construction within 18 months of contract execution and have 48 months following contract execution to complete their construction or lead service line replacement projects. Applicants are required to complete lead service line inventory, planning and engineering, and consolidation feasibility study projects within 24 months following contract execution.

See Appendix F for loan applications not funded because the applicant withdrew their application, declined the loan offer, were bypassed, or was deemed ineligible.

Federal Financial Accountability and Transparency Act reporting

Washington is required to identify projects used to satisfy capitalization grant reporting requirements under the Federal Financial Accountability and Transparency Act (FFATA) and Equivalency. Designated Equivalency/FFATA projects refer to specific federal laws and authorities that EPA requires Health to report on and/or track compliance by DWSRF loan recipients to an amount equivalent to (or greater than) the amount of the combined capitalization grant Health receives from EPA. Designated Equivalency Projects (DEPs) are identified by Health as a project receiving any amount of equivalency funding and must satisfy federal requirements. The equivalency requirements for DWSRF include the projects listed in Table 9. As EPA requested, we will report only on DWSRF projects in an equivalent amount of each capitalization grant.

Projects listed below in Table 9 are reportable under the programs base grant (Base) General Supplemental BIL funding (GS), Emerging Contaminant BIL funding (EC), and Lead Service Line BIL funding (LSL).

Table 9

Federal Fiscal Year 2025 State Revolving Fund Year Base Capitalization Grant Federal Funding Accountability and Transparency Act and Equivalency Reporting List			
		Total Federal Capitalization Grants	$94,840,250
		Projects and Set-Asides Used for FFATA Reporting	$111,660,612
Recipient	**Project**	**Award**	**FFATA Reporting Amount**
Mason County PUD 1 (EC)	Big 5 Consolidation	$4,992,200	$4,992,200
Thurston PUD (EC)	Sandra Ave. PFAS Mitigation	$369,500	$369,500
Clark PUD (EC)	Yacolt Satellite System Consolidation (PFAS)	$11,192,820	$11,192,820
City of Kennewick (Stim/EC)	PFAS Contamination Improvements	$15,000,000	$14,778,683 (stim) $221,317 (EC)
Thurston PUD (EC)	Spanaway 192nd PFAS Remediation	$953,166	$953,166
Madrona Beach Water Service (EC)	PFAS Filtration	$296,997	$296,997
City of Seattle	Water Main Rehabilitation Package 7 - South	$12,298,000	$2,401,929
Sierra Country Club	New Treatment and Source Connections	$3,230,075.	$3,230,075
City of Vancouver (Stim)	Water Station 9 PFAS Treatment	$12,000,000	$12,000,000
City of Pasco (Stim)	Butterfield Water Treatment Plant Phase 1	$14,727,000	$14,727,000
City of Sunnyside (Stim)	Source Rehabilitation	$1,620,025	$1,620,025
City of White Salmon (Stim)	Transmission Main Phase 2B	$6,000,000	$6,000,000
City of White Salmon (Stim)	Transmission Main Phase 2D	$445,800	$445,800
City of Royal City (Base/Stim)	Well No. 5	$2,970,297	$2,970,297
Mason County PUD 1 (Base)	Viewcrest Beach Infrastructure Improvements	$1,397,697	$1,397,697
City of Bremerton (Base)	Manganese Treatment (eastside)	$7,594,445	$7,594,445
Town of Friday Harbor (base)	WTP Improvement Projects	$4,500,000	$4,500,000
City of Newport (Base)	Tank Rehabilitation Project	$844,421	$844,421
City of Spokane (Base)	Latah Valley Transmission Main	$4,800,000	$4,800,000
Total Projects to Report		**$105,232,493**	**$95,336,372**
Set-Asides Reserved			**$16,324,240**

Public Participation

We will email interested parties on the availability of the IUP, including the 2024 Draft DWSRF Funding List. Interested parties include all regulated water systems, tribal entities, and state associations (such as water and sewer districts). The draft IUP is posted on our DWSRF webpage and available for public comment for 30 days.

Comments received and our responses are located in Appendix G.

Assurances and Certifications

The state has authority to establish a fund and operate the DWSRF program according to 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 available for safe drinking water (RCW 70.119A.170). In 1997, this statute was refined to conform to the amended SDWA.

Health is authorized to establish the framework for DWSRF program administration and manage the program in Washington (RCW 70.119A.170).

DWSRF Fund Structure

The legislature established a separate drinking water assistance account in the state treasury dedicated solely to using federal funds for the DWSRF. Health is authorized to establish subaccounts as necessary.

Health will use this drinking water assistance account solely for DWSRF and account for all funds in the subaccounts separately, including capitalization grants, state match, loan repayment, and interest.

1. **The state will comply with state statutes and regulations.**
   In addition to requirements in the SDWA, the state agrees to 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.

2. **The state has the technical capability to operate the program.**
   Health will continue to employ program staff qualified to administer the DWSRF. Health staff includes a program manager experienced in policy development, regulatory oversight, utility management, and fiscal/contracting management, as well as a technical engineer experienced in water system design, operation, and regulation of capital projects. The rest of the staff provide technical support (engineers, planners, or environmental specialists), and clerical or agency administrative support. DWSRF staff coordinate closely with ODW leadership and regional staff to ensure that the program supports regulatory compliance and policy implementation goals.

3. **The state will accept capitalization grant funds according to a payment schedule.**
   The state agrees to accept grant payments according to payment schedules included with each grant application or grant amendment package. Each grant will include a separate payment schedule covering all funds used over the life of the grant. Our staff will review and update these payment schedules at least annually. The state will receive federal funds according to EPA guidelines.

4. **The state will deposit all capitalization grant funds into the project fund or set-aside account.**

The state will deposit the capitalization grant into the project fund or the set-aside account and maintain identifiable and separate accounts for all parts of the capitalization grant (RCW 70.119A.170).

5. The state will provide at least a 20 percent match for the base capitalization grant and 20 percent match for the BIL supplemental capitalization grant.
The state will provide this match directly from the Public Works Assistance Account or from state bond proceeds.

6. The state will deposit net bond proceeds, interest, and repayments into the project fund.
The state will deposit all interest, dividends, earnings, repayments, and other proceeds into the project fund.

7. The state will use Generally Accepted Accounting Principles.
The state agrees to use Generally Accepted Government Accounting Standards for the DWSRF program. The state's accounting and auditing procedures conform to the most current *Governmental Accounting and Financial Reporting Standards*, Governmental Accounting Standards Board, and the *Government Auditing Standards*, Government Accountability Office.

The fiscal management of the DWSRF program will properly measure:

(1) Revenues the DWSRF program earns and other receipts, including, but not limited to, loan repayments, capitalization grants, interest, and state match deposits.
(2) Expenses the DWSRF program incurred, including, but not limited to, loan disbursements and other expenditures.
(3) Assets, liabilities, and capital contributions made to the DWSRF program.
(4) The maintenance of federal and state capital contributions to the DWSRF program.
(5) DWSRF performance on short- and long-term goals.

8. The state will have the fund and set-aside account audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
The Office of the Washington State Auditor or an external Certified Public Accountant will audit the project fund and set-aside account activities the Capitalization Grant funds annually to ensure there are provisions and guidance to prevent waste, fraud, and abuse of funds. The auditor will use United States Comptroller General auditing standards.

9. The state will adopt policies and procedures to ensure that each borrower has a dedicated revenue source for repayments (or if it is a privately owned system, demonstrate adequate security).
The state developed policies and procedures to ensure that borrowers have a dedicated source of revenue and that privately owned systems have adequate security. We discuss them in the state project loan guidelines. See Appendix A.

10. The state will commit and expend funds as efficiently as possible, in an expeditious and timely manner.
The IUP directs the way the state will use funds. The state will commit and spend grant and state matching funds as efficiently as possible, in an expeditious and timely manner. Within one year of the grant payment, the state will enter binding commitments with the recipients equal to the total amount of each grant payment and proportional state match.

11. The state will use the funds according to the Intended Use Plan.

The IUP directs the way the state will use the grant. The state opened the IUP up to public review and comment and considered each comment before developing the final IUP. All comments are in the final IUP.

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

Health will produce annual reports on the uses of 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.

13. The state will comply with all federal crosscutting authorities.

We will perform all set-aside activities according to the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and adhere to all other crosscutters applicable to the set-aside activities.

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

14. Authorization and uses of the DWSRF program

DWSRF fund authorization and uses are in:

(1) EPA Federal DWSRF program guidelines.
(2) Washington State statute (Chapter 218, Laws of 1997, RCW 70.119A.170, RCW 43.155.050).
(3) Washington State DWSRF Loan Guidelines, Application, and Rule (WAC Chapter 246-296).

Appendices

Appendix A: Washington 2024 DWSRF Loan and Grant Guidelines

2024 *DWSRF Construction Loan Guidelines and Application* 331-196 (PDF). These guidelines include guidance for the Lead Service Line Loans for the Fall 2023 and Winter 2024 cycles.

DWSRF Planning and Engineering Loan Guidelines and Application 331-537 (PDF).

DWSRF Consolidation Feasibility Study Grant Guidelines and Application 331-726 (PDF).

Appendix B: Funded DWSRF 2024 Construction Loan Applicants List—Project Priority List

Health Application	Water System ID	Final Score	Applicant Name	Project	County	Full Time Residential Population	Loan Request Amount	Loan Award (1.0% Loan Fee) Total[1]	Subsidy Award[2]	Fund Source	Comments	Project Description
2024-4350	77875	116	Sierra Country Club	New Treatment and New Water Source Connections	Islang	400	$3,230,075	$3,262,375	$0	Stimulus		Construct new water treatment plant and connect new, already-drilled wells to the new treatment and existing distribution systems.
2024-4347	73230	111	Roche Harbor Water Company	Clearwell & Booster Station	San Juan	329	$1,746,500	$1,763,965	$0	Repayment		Construct a new clearwell and booster station at the existing water treatment plant.
2024-4326	38100	110	City of Kennewick	PFAS Contamination Improvements	Benton	89,224	$33,890,550	$15,000,000	$5,250,000 (BIL Supplemental) $221,317 (BIL EC)	Stimulus; Subsidy - Stimulus and BIL EC	This project and applicable subsidy were mostly funded out of the BIL supplementary funds, however, part of the awarded subsidy was provided out of the BIL EC grants due to the project addressing PFAS contamination.	Installation of filtration treatment at the wellfield to address PFAS contamination in the wellfield source water.
2024-4351	91200	106	City of Vancouver	Water Station 9 PFAS Treatment	Clark	272,000	$12,000,000	$12,000,000	$4,200,000	Stimulus; Subsidy - Stimulus		Installation of filtration treatment at the wellfield to address PFAS contamination in the wellfield source water.
2024-4300	10800	101	City of Camas	PFAS Treatment at Well 13	Clark	27,703	$9,891,500	$9,990,415	$0	Repayment		Install ion exchange and bag filtration treatment system at Well 13 to address PFAS contamination in the source water.
2024-4372	66400	87	City of Pasco	Butterfield Water Treatment Plant Improvements - Phase 1 Early Works	Franklin	79,221	$14,727,000	$14,727,000	$4,995,200	Stimulus; Subsidy - Stimulus		Upgrade existing surface water treatment plant.
2024-4386	26595	79	Town of Friday Harbor	WTP Improvements Project	San Juan	2,486	$4,500,000	$4,500,000	$1,575,000	Base; Subsidy - Stimulus		Expand existing treatment building, install a fourth filtration unit, an on-site hypochlorite generation unit, and upgrade sensors and controls.
2024-4361	77400	71	City of Selah	Well No. 9 Equipping	Yakima	8,365	$1,574,100	$1,574,100	$787,050	Repayment; Subsidy - Base		Construct a new well house around Well 9 and equip well.
2024-4294	59700	69	Nob Hill Water Association	Barrett Well Equipping	Yakima	33,546	$1,214,000	$1,226,140	$0	Repayment		At the Barret Well, install one well pump, motor, source meter, and appurtenances, electrical and controls. Connect the well to the existing SCADA system. Install tablet disinfection.

Health Application	Water System ID	Final Score	Applicant Name	Project	County	Full Time Residential Population	Loan Request Amount	Loan Award (1.0% Loan Fee) Total[1]	Subsidy Award[2]	Fund Source	Comments	Project Description
2024-4320	08200	69	City of Bremerton	Manganese Treatment Facilities (Eastside)	Kitsap	67,186	$7,594,445	$7,594,445	$3,797,222	Base; Subsidy - Stimulus		Install filtration treatment system in a new water treatment plant to address manganese contamination in Wells 13 and 14.
2024-4358	74700	68	City of Royal City	Well No. 5	Grant	2,290	$2,970,297	$2,970,297	$1,485,148	Base & Stimulus; Subsidy - Stimulus		Drill and equip a new well. Install disinfection. Decommission existing Well 1.
2024-4360	85400	66	City of Sunnyside	Source Rehabilitation	Yakima	17,037	$1,620,025	$1,620,025	$557,009	Stimulus; Subsidy - Stimulus		Scrub two existing wells to improve capacity. Replace well pumps.
2024-4287	59350	62	City of Newport	Tank Rehabilitation Project	Pend Oreille	2,140	$844,421	$844,421	$211,105	Base; Subsidy – Base & Stimulus		Coat the interior of the storage tank and seal cracks. Replace the existing tank hatch. Complete roof repairs and seal. Seal all screens. Install a second air vent on the tank roof.
2024-4354	96350	62	City of White Salmon	Transmission Main Phase 2B	Klickitat	4,070	$6,000,000	$6,000,000	$1,500,000	Stimulus; Subsidy - Stimulus		Water main replacement.
2024-4353	96350	62	City of White Salmon	Transmission Main Phase 2D	Klickitat	4,070	$445,840	$445,840	$111,450	Stimulus; Subsidy - Stimulus		Install 12-inch transmission main.
2024-4318	70450	62	City of Quincy	Westside Reservoir Improvements	Grant	8,065	$26,840,440	$15,000,000	$3,750,000	Repayment; Subsidy - Base		Construct a welded steel storage tank and new booster station.
2024-4328	83100	60	City of Spokane	Latah Valley Transmission Main	Spokane	251,745	$4,800,000	$4,800,000	$1,680,000	Base; Subsidy - Base		Install 48-inch transmission main.
2024-4375	91900	60	Mason County PUD No. 1	Viewcrest Beach Infrastructure Upgrade	Mason	30	$1,397,697	$1,397,697	$698,848	Base; Subsidy - Stimulus		Construct a concrete storage tank, booster station, and manganese treatment system.
2024-4295	59700	59	Nob Hill Water Association	Westbrook Reservoirs Improvements Project	Yakima	33,546	$3,508,900	$3,543,989	$0	Repayment		Repair and seal the interiors of the Westbrook concrete tanks. Install new interior ladders. Modify the existing overflows. Install isolation valves on the tank outlets.
2024-4378	72400	54	City of Ridgefield	Eastside Elevated Reservoir	Clark	15,790	$15,000,000	$15,150,000	$0	Repayment		Construct an elevated composite storage tank.
2024-4387	86800	52	City of Tacoma	Galvanized Distribution Main Replacements	Pierce	353,057	$1,180,927	$1,180,927	$590,463	Repayment; Subsidy - Base		Water main replacement.

Health Application	Water System ID	Final Score	Applicant Name	Project	County	Full Time Residential Population	Loan Request Amount	Loan Award (1.0% Loan Fee) Total[1]	Subsidy Award[2]	Fund Source	Comments	Project Description
2024-4319	19056	51	Desert Aire Owners Association	Distribution System Improvements	Grant	1,979	$2,182,000	$2,182,000	$1,091,000	Repayment; Subsidy - Base		Water main replacement.
2024-4342	94350	50	City of Wenatchee	Crawford Water Main Canal Crossing	Chelan	27,531	$842,720	$851,147	$0	Repayment		Replace water main under a canal.
2024-4327	83100	50	City of Spokane	Ray Street Well Station Update	Spokane	251,745	$7,575,000	$7,650,750	$0	Repayment		Extend the existing well pump caissons and install a second well pump.
2024-4383	77050	47	City of Seattle	Water Main Rehabilitation Package 7 - South	King	825,774	$12,298,000	$12,430,000	$2,401,929	Base and Repayment Stimulus and Base Subsidy		Distribution system improvements
2024-4379	77050	44	City of Seattle	Water Main Rehabilitation Package 7 - North	King	825,774	$23,230,000	$15,150,000	$0	Repayment		Distribution system improvements
2024-4310	17794	41	Dana Passage	Distribution Line Replacement	Thurston	210	$2,265,384	$2,288,038	$0	Repayment		Distribution system improvements
2024-4311	73230	40	Roche Harbor	Water Main Replacement and Reservoir Upgrades	San Juan	329	$1,535,200	$1,550,552	$0	Repayment		Distribution system and storage improvements
						Total	**$204,905,021**	**$166,694,123**	**$34,902,741**			

[1]All projects with subsidy receive reduced interest rate of 1.75 percent and have the loan origination fee waived.

[2]Subsidy is calculated based on a maximum loan of $15 million.

Appendix C: Funded BIL Emerging Contaminants 2024 Construction Loan Applicants List—Project Priority List

Health Application	Water System ID	Final Score	Applicant Name	Project	County	Full Time Residential Population	Loan Request Amount	Subsidy Award	Comments	Project Description
2024-4377	36180	165	Mason County PUD No. 1	Big 5 Consolidation	Mason	608	$4,992,200	$4,992,200*	Island Lake Manor (PWSID 36180), Cherry Park (PWSID 12560), Springwood (PWSID 83408), Woodland Manor (PWSID 98184), and Lake Wood Water (PWSID 05234)	Consolidation of five water systems to address high manganese in the source water.
2024-4329	54591	114	Thurston PUD	Sandra Ave 627 PFAS Remediation	Lewis	30	$369,500	$369,500*		Installation of filtration treatment to address PFAS contamination in the source water.
2024-4313	13333	114	Clark Public Utilities	Yacolt Satellite System Consolidation	Clark	1,654	$11,192,820	$11,192,820*		Water main extension to consolidate the Yacolt Satellite System (PWSID 99000) to address PFAS contamination in the source water.
2024-4326	38100	110	City of Kennewick	PFAS Contamination Improvements	Benton	89,224	$33,890,550	$221,317	This project and applicable subsidy were mostly funded out of the BIL supplementary funds, however, part of the awarded subsidy was provided out of the BIL EC grants due to the project addressing PFAS contamination.	Installation of filtration treatment at the wellfield to address PFAS contamination in the wellfield source water.
2024-4384	15531	107	Thurston PUD	Spanaway 192nd 669 PFAS Remediation	Pierce	177	$953,166	$953,166*		Installation of filtration treatment to address PFAS contamination in the source water.
2024-4352	49900	103	Madrona Beach Water Service	MBWS PFAS Filtration	Thurston	67	$296,997	$296,997*		Installation of resin ion exchange adsorption treatment to address PFAS contamination in the source water.
						Total	**$51,695,233**	**$18,026,000**		

**EC projects received 100 percent subsidy and have the loan origination fee waived.*

Appendix D: Funded DWSRF 2024 Planning and Engineering Loan Applicants List

Health Application	Water System ID	Final Score	Applicant Name	Project	County	Population	Loan Request Amount	Loan Total w/2.0% loan fee	Project Description
2024-4316	78975	34	Sierra Country Club	Engineering Plan for New Water Treatment Plant	Island	400	$266,500	$271,830	Engineering design for water treatment plant.
2024-4317	27395	34	City of George	WSP for Well 3 Improvements	Grant	700	$2,136,000	$510,000	Water system plan
2024-4374	31572	26	Mason County PUD No. 1	Harstene Retreat Manganese Treatment	Mason	88	$239,900	$244,698	Water system plan and engineering design of filtration treatment plant.
2024-4344	19056	18	Desert Aire Owners Association	Well 8 Improvements	Grant	1,979	$2,946,600	$510,000	Engineering design for Well 8.
2024-4290	47628	10	Livingston Bay Community Association	Water System Improvement	Island	120	$105,000	$107,100	Small Water System Management Program and engineering design for new well, pump house, and storage tank, replace water mains, and add security fencing around well property.
2024-4330	31450	10	City of Harrington	WSP & Water Main Replacement	Lincoln	481	$8,464,800	$510,000	Water system plan and engineering design for water main replacement.
2024-4341	73401	10	City of Rock Island	Water Storage Project	Douglas	1,300	$6,400,000	$510,000	Water storage tank design.
2024-4367	28650	10	Graham Hill Mutual Water Company Inc.	WSP Update	Pierce	1,000	$150,000	$153,000	Update the water system plan.
2024-4349	14050	10	City of College Place	SE 12th Street Reconstruction (College Ave to Myra Rd)	Walla Walla	8,032	$501,000	$510,000	Engineering design for water main replacement.
2024-4366	11300	10	Carrolls Water Association	Carrolls Distribution System Design	Cowlitz	275	$250,000	$255,000	Engineering design for water main replacement.
						Total	**$21,459,800**	**$3,581,62**	

Appendix E: Funded DWSRF 2024 Consolidation Feasibility Study Grant Applicants List

Health Application	Water System ID	Score	Applicant Name	Project	County	Population	Grant Request Amount	Project Description
2024-4322	00650	34	City of Airway Heights	Water System Extension Feasibility Study for West Prairie Village Water System	Spokane	375	$50,000	Feasibility study to extend a water main to serve the West Prairie Village Water System (PWSID 10614) to address PFAS in the source water.
2024-4365	96950	26	Town of Wilkeson	Wilkeson/Burnett Water System Consolidation	Pierce	105	$50,000	Feasibility study to consolidate the Burnett Water District (PWSID 09600) into the Town of Wilkeson.
2024-4371	09000	12	City of Buckley	Buckley/Rainier School Water System Consolidation Feasibility Study	Pierce	171	$50,000	Feasibility study for the City of Buckley to serve the Rainier School Water System (PWSID 70850) to bring the school into compliance.
2024-4282	79300	11	Silverdale Water District #16	Silverdale Water District/Crystal Creek Water System Consolidation	Kitsap	123	$50,000	Connection fee to connect the Crystal Creek Water System (PWSID 47421) to the Silverdale Water District #16 to address PFAS in the source water.
2024-4303	25547	10	Fisherman Bay Water Association	Consolidation Feasibility Study of Milagra	San Juan	31	$50,000	Feasibility study to consolidate the Milagra Water System (PWSID AA517) into the Fisherman Bay Water Association.
						Total	**$250,000**	

Appendix F: Not Funded, Withdrawn, Declined, Bypassed, or Ineligible DWSRF 2024 Construction, Lead Service Line, ,Planning and Engineering Loan, and Consolidation Feasibility Study Grant Applicants

Health Application	Water System ID	Score	Applicant Name	Project	County	Full Time Residential Population	Request	Loan Type	Project Description
2024-4356	02950	111	City of Arlington	WTP Expansion Filter Units	Snohomish	20,418	$1,700,000	Construction	Ineligible – Add a third treatment filter to meet future commercial and industrial growth demands.
2024-4298	66090	85	Paradise Estates Water Dept Inc	Paradise Estates/Bavarian Retreat Water (PWSID 04785) Consolidation	Lewis	212	$594,000	Construction	Bypassed – Consolidate Bavarian Retreat into Paradise Estates.
2024-4297	19000	53	Derbyshire Scenic Acres Water Association	Water Main Construction	King	156	$1,443,500	Construction	Bypassed – Replace water mains.
2024-4278	04930	52	Bayshore Water System	Distribution Line Replacement	Island	49	$965,000	Construction	Bypassed – Replace water mains.
2024-4359	11850	49	Town of Cathlamet	Second Street and Butler Street Water Main Replacements	Wahkiakum	1,155	$808,600	Construction	Ineligible/Bypassed – management and fiscal concerns/water system plan was not approved before November 30, 2024. - Water main replacement.
2024-4355	11850	0	Town of Cathlamet	Second Street and Butler Street Water Main Replacements	Wahkiakum	1,155	$878,600	Consolidation Feasibility Study Grant	Ineligible – not a consolidation. Water system applied for a construction loan for the water main replacement project.
2024-4291	14050	0	City of College Place	City of College Place – Village at Garrison Creek Homeowners Association Water System Consolidation Study	Walla Walla	340	$20,000	Consolidation Feasibility Study Grant	Withdrew – development was not a public water system and already served by the City of College Place.
2024-4380	02950	96	City of Arlington	Lead Service Line Investigation & Replacement	Snohomish	20,418	$250,000	Lead Service Line Replacement Loan then Construction Loan	Withdrew – Update lead service line inventory and replace lead service lines as they are fund.
						Total	**$6,659,700**		

Appendix G: Public Comments

Comment Received	Health's Response