

DWSRF and Capacity Building in Action: DWSRF and Drinking Water System Partnerships

September 30, 2020





The What, Whys, and How of Water System Partnerships

U.S. EPA Office of Ground Water and Drinking Water

Presented by Carla Hagerman

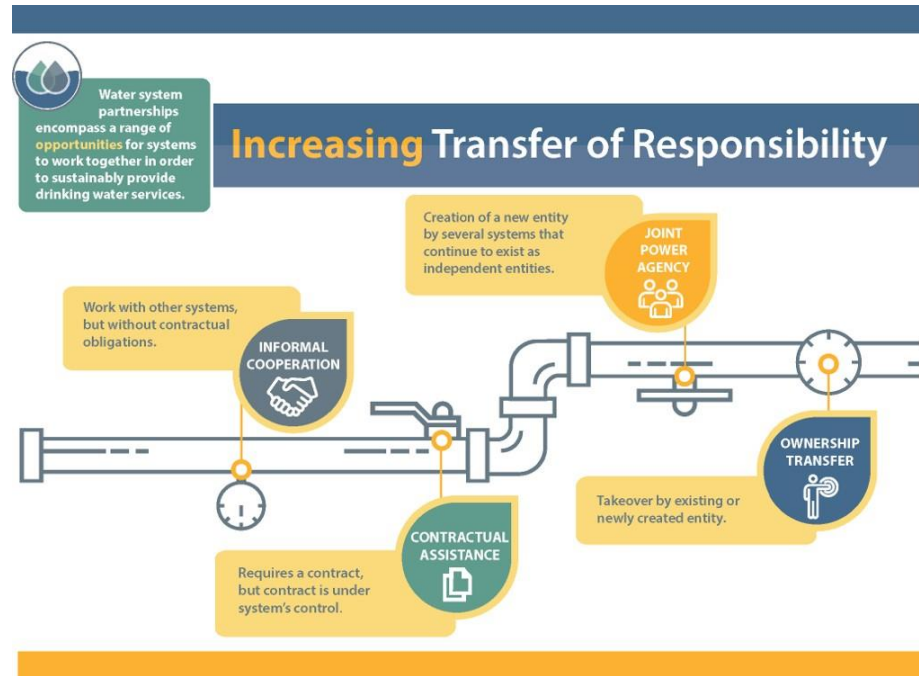
<https://www.epa.gov/dwcapacity>



WHAT ARE WATER SYSTEM PARTNERSHIPS?

Water System Partnerships

- Informal or formal
- Address shared challenges
- Pair systems with complementary strengths



What are water system partnerships?

The range of different types of partnerships

Increasing Transfer of Responsibility →

Informal Cooperation	Contractual Assistance	Joint Powers Agency	Ownership Transfer
<p>Work with other systems, but without contractual obligations</p> <p>Examples:</p> <ul style="list-style-type: none">• Sharing equipment• Sharing bulk supply purchases• Mutual aid arrangements	<p>Requires a contract, but contract is under system's control</p> <p>Examples:</p> <ul style="list-style-type: none">• Contracting operation & management• Outsourcing engineering services• Purchasing water	<p>Creation of a new entity by several systems that continue to exist as independent entities (e.g. regional water system)</p> <p>Examples:</p> <ul style="list-style-type: none">• Sharing system management• Sharing operators• Sharing source water	<p>Takeover by existing or newly created entity</p> <p>Examples:</p> <ul style="list-style-type: none">• Acquisition and physical interconnection• Acquisition and satellite management• One system transferring ownership to another to become a larger existing system or a new entity





WHY ARE PARTNERSHIPS BENEFICIAL?

Human Health and Safe Drinking Water

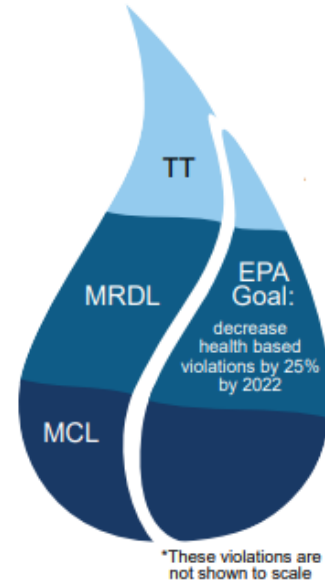
EPA's Health-Based Strategic Measure

Reduce health-based (HB) violations by 25% by 2022

There are 145,610 active public water supplies nationally
(97%, or 141,183, serve small systems of 10,000 or less)

97% nation's health-based violations from small systems

*69% from systems serving 500 or less



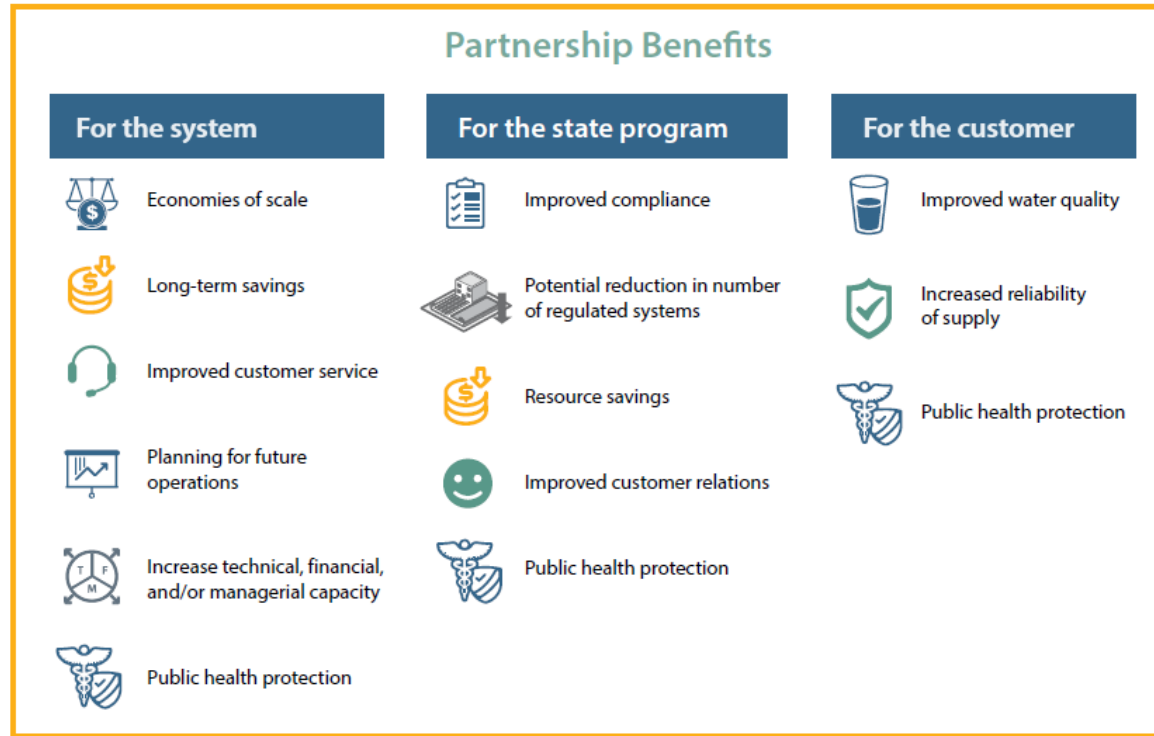
WATER SYSTEM CHALLENGES

***PWSs need TMF capacity**

***Small systems face unique challenges to providing safe drinking water**



Benefits of Partnerships





HOW IS EPA ENCOURAGING PARTNERSHIPS?

WATER SYSTEM PARTNERSHIP TOOLS AND RESOURCES

<https://www.epa.gov/dwcapacity>

- *Interactive Case Studies Story Map**
(partnership success stories by state and type of partnership)

- *Water System Partnerships Handbook**
(Rollout webinar, late 2020)



Helping Water Systems Partner



How to Support Water System Partnerships

Water System Partnerships Handbook

Steps for Identifying, Assessing, and Launching Partnerships

STEP 1:

Identify PWSs in Need

STEP 2:

Determine How Partnerships Could Improve Compliance

STEP 3:

Assess Practicality of Potential Partnership Activities

STEP 4:

Identify on the Ground Support

STEP 5:

Develop a Communications Plan

STEP 6:

Approach PWSs About Partnerships





Thank You!

Carla Hagerman, Hagerman.carla@epa.gov

Water System Partnerships Website:
<https://www.epa.gov/dwcapacity>

Partnership Eligibilities in the Drinking Water State Revolving Fund

Dallas Shattuck

September 30, 2020



OFFICE OF GROUND WATER
AND DRINKING WATER

Overview

- **Overview of the DWSRF**
- **Partnership Eligibilities under the DWSRF Loan Fund and Set-asides**



The background of the slide is a high-quality photograph of water. The top portion shows the surface of the water with several large, clear bubbles and ripples. Below the surface, the water is a deep, clear blue, and numerous smaller bubbles are seen rising from the bottom towards the surface, creating a sense of movement and freshness. The lighting is bright, highlighting the textures of the water and the individual bubbles.

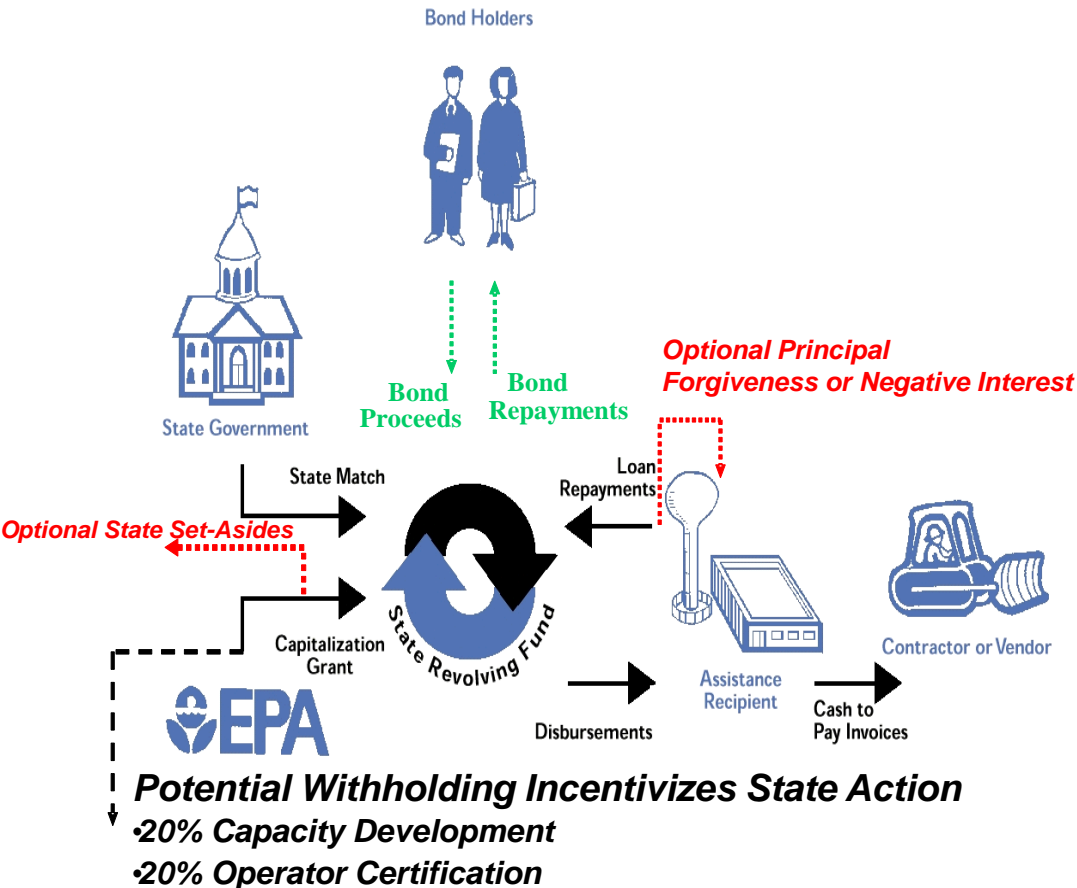
OVERVIEW OF THE DWSRF PROGRAM

What is the DWSRF?



- **A public health protection program**
 - A federal/state partnership designed to create, in each state, a perpetual source of financing for drinking water infrastructure
- **Has both infrastructure and non-infrastructure components**
 - Provide access to credit and permanent source of funding for water infrastructure (loan fund)
 - Provide non-infrastructure support to states and communities (set-asides)
 - Administrative (4%)
 - Small Systems Technical Assistance (2%)
 - State Program Management (10%)
 - Local Assistance (15%)

The DWSRF Infrastructure Model



- 51 state-level “infrastructure banks” make loans with water systems for drinking water projects
 - Water systems apply for funding with their respective state DWSRF program
- States craft their DWSRF program to meet the needs of their state
 - Each of the 51 programs are unique
 - They operate within the federal framework but may target funding more narrowly

Who is eligible for DWSRF infrastructure funding?



- **Public or private* community water systems**
 - A system serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents
 - Publicly owned: 49% (26,000 systems)
 - Privately owned: 51% (27,000 systems)
- **Nonprofit non-community water systems**
 - Including schools, publicly-owned campgrounds, parks, churches

Water systems must have technical, managerial and financial capacity to receive DWSRF infrastructure assistance.

If system lacks this capacity, the state DWSRF program may be able to help the system achieve that capacity.

**Some states do not fund private systems.*



**PARTNERSHIP ELIGIBILITIES
OF THE DWSRF**

What partnership activities are eligible under the DWSRF infrastructure fund?

Eligible

- Purchase of a water system and all its assets (including land and water rights)
- Interconnection of two or more water systems
 - To resolve SDWA noncompliance
 - To achieve technical, managerial, and financial capacity needed to prevent noncompliance
 - To reduce the overall per household cost of service
 - For drought resiliency
- *Note: consolidation projects cannot be for growth purposes*



What partnership activities are eligible under the DWSRF set-asides?



Promoting water system partnerships (both managerial and physical consolidation)

- Study of consolidation potential
- Contract with technical assistance providers to assist water systems in restructuring, including
 - rate studies
 - shared billing systems, operators, or chemical delivery
- Development of preliminary engineering report for regionalization assessments between two or more systems

What partnership activities are eligible under the DWSRF set-asides?



Promoting water system partnerships (both managerial and physical consolidation)

- Assessment of regional water supply to evaluate options for meeting the long-term water supply needs of under-served areas of a state
- Development of state guidance on purchase contracts
- Conduct a state-wide regionalization study
- Assistance with legal costs
- Assistance with any necessary permitting



RESOURCES

Questions?

shattuck.dallas@epa.gov

DWSRF Webpage: <https://www.epa.gov/dwsrf>

DWSRF Eligibility Handbook: <https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>



We work with others to protect the health of the people of Washington State by ensuring safe and reliable drinking water.



CONSOLIDATION FEASIBILITY STUDY GRANT FUNDING

Washington State Department of Health
Office of Drinking Water

DWSRF Consolidation Feasibility Study Grant

EPA Webinar

September 30th, 2020



Janet Cherry

Program Supervisor

Drinking Water State Revolving
Fund Program

DWSRF Consolidation Feasibility Study Grant

- Program started in 2004 using set-aside funds
 - Initially overseen by regional offices, moved to DWSRF program in 2015
- Temporarily suspended in 2017 and 2018 due to budget issues
- Resumed offering grants again in 2019 using DWSRF loan origination fee fund
 - Required rule change to allow use of loan origination fee

DWSRF Consolidation Feasibility Study Grant

- Proactive approach allows interested water systems and jurisdictions to study potential consolidation with little risk
- Funding recipients are not required to commit to study outcomes

DWSRF Consolidation Feasibility Study Grant

- Initially \$25,000 grants, increased to \$30,000 in 2016
- In 2015, funded just over \$1 million in consolidation feasibility study projects
 - Demand for this funding existed
 - Needed to spend down set-aside money

DWSRF Consolidation Feasibility Study Grant

- Starting in 2019, accept applications every August
- In 2019
 - Made \$150,000 available from loan origination fee fund
 - Also had \$60,000 in state grant funding available
 - Received 16 applications, funded 7
- In 2020
 - Made \$150,000 available from loan origination fee fund
 - Received 8 applications, currently under review

Consolidation Feasibility Study Grant

● Eligibility

- Applicant must be a not-for-profit community water system, county, public utility district (PUD), or water district in Washington state
- Tribal entities are eligible to apply
- System being consolidated must be a public water system serving fewer than 10,000 people
- Must provide letters of commitment to participate in the study

Consolidation Feasibility Study Grant

● Eligible Activities

- Public meetings and stakeholder outreach
- Legal fees
- Preliminary engineering and cost development
- Preparation of report
- Water system plan updates
- Connection fees (cannot pay for any construction)

Consolidation Feasibility Study Grant

- Applications scored and ranked based on health risk being addressed
- New this year—managerial challenges identified



DWSRF Consolidation Feasibility Study Grant

- Approximately 130 studies funded to date
- Fifty-three water systems eliminated through consolidation and now part of a larger water system
 - Grant paid for connection fees (excluding installation and construction costs) for 12 water systems
 - Grant provided necessary information to facilitate construction of required capital improvement projects for consolidation

DWSRF Consolidation Feasibility Study Grant

- These projects typically involve extensive upgrades to allow existing water system infrastructure to be brought to standards of new owner



DWSRF Consolidation Feasibility Study Grant

- Over 50 percent of DWSRF Construction Loans awarded since 2014 for consolidation projects had a consolidation feasibility study grant
- DWSRF Construction Loan program offers up to 50 percent principal forgiveness on loans for consolidation projects for up to five years after change of ownership
 - System being consolidated responsible for project costs

Funded Projects



Consolidation Feasibility Study Grant

- City of Oroville and Eastlake Consolidation
 - Eastlake has 28 residential connections with nitrate exceedance
 - Funded feasibility study in 2016 to develop cost of water main extension for intertie with Oroville and other improvements to Eastlake's distribution system

Consolidation Feasibility Study Grant

- City of Oroville and Eastlake Consolidation
 - Study indicated consolidation was best option to address Eastlake's nitrate exceedance, with estimated project cost of \$919,000
 - Approximately 3,000 feet of water main needed for intertie
 - Consolidation construction project funded with state grant funding in 2018 and going to construction this year

Consolidation Feasibility Study Grant

- City of Vancouver and Fourth Plain Church
 - Church well coliform-positive
 - Funded study in 2016 for design of water main and system connection fees



Consolidation Feasibility Study Grant

- City of Richland and Lorayne J Consolidation
 - Lorayne J has 120 residential connections, exceeded nitrate in its well
 - Received 2016 feasibility grant to study consolidation

Consolidation Feasibility Study Grant

- City of Richland and Lorayne J Consolidation
 - Developed costs for connection to nearby City of Richland (9,000 feet) plus improvements to Lorayne J infrastructure
 - Both water systems agreed to consolidation
 - 2017 awarded DWSRF construction loan for \$1.8 million with 50 percent principal forgiveness

Consolidation Feasibility Study Grant

- Benefits of Consolidation Feasibility Study Grants
 - Allows interested water systems to study consolidation with little risk
 - Provides key information to water systems on costs
 - Prepares project for construction funding and avoids project delays associated with negotiating terms of the consolidation

Contact Information

Janet Cherry 360-236-3153

Janet.cherry@doh.wa.gov

doh.wa.gov/DWSRF



THANK YOU FOR ATTENDING!

Questions?

Carla Hagerman –
hagerman.carla@epa.gov

Dallas Shattuck -
shattuck.dallas@epa.gov

Janet Cherry –
Janet.cherry@doh.wa.gov

Resources:

Water System Partnership Webpage:
<https://www.epa.gov/dwcapacity/water-system-partnerships>

DWSRF Webpage: <https://www.epa.gov/dwsrf>

DWSRF Eligibility Handbook:
<https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

Washington's DWSRF Webpage
<http://www.doh.wa.gov/DWSRF>