
SUBSTITUTE HOUSE BILL 3136

State of Washington 61st Legislature 2010 Regular Session

By House Capital Budget (originally sponsored by Representatives Dunshee, Simpson, and Ormsby)

READ FIRST TIME 02/05/10.

1 AN ACT Relating to funding criteria for publicly owned
2 nonindustrial water pollution control facilities; and amending RCW
3 90.50A.030 and 90.48.110.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 90.50A.030 and 2007 c 341 s 38 are each amended to
6 read as follows:

7 The department shall use the moneys in the water pollution control
8 revolving fund to provide financial assistance as provided in the water
9 quality act of 1987 and as provided in RCW 90.50A.040:

10 (1) To make loans, on the condition that:

11 (a) Such loans are made at or below market interest rates,
12 including interest free loans, at terms not to exceed twenty years;

13 (b) Annual principal and interest payments will commence not later
14 than one year after completion of any project and all loans will be
15 fully amortized not later than twenty years after project completion;

16 (c) The recipient of a loan will establish a dedicated source of
17 revenue for repayment of loans; (~~and~~)

18 (d) The fund will be credited with all payments of principal and
19 interest on all loans; and

1 (e) The loans will be used in accordance with federal clean water
2 state revolving fund appropriations allowances and restrictions.

3 (2) Loans may be made for the following purposes:

4 (a) To public bodies for the construction or replacement of water
5 pollution control facilities as defined in section 212 of the federal
6 water quality act of 1987;

7 (b) For the implementation of a management program established
8 under section 319 of the federal water quality act of 1987 relating to
9 the management of nonpoint sources of pollution, subject to the
10 requirements of that act; and

11 (c) For development and implementation of a conservation and
12 management plan under section 320 of the federal water quality act of
13 1987 relating to the national estuary program, subject to the
14 requirements of that act.

15 (3) The department may also use the moneys in the fund for the
16 following purposes:

17 (a) To buy or refinance the water pollution control facilities'
18 debt obligations of public bodies at or below market rates, if such
19 debt was incurred after March 7, 1985;

20 (b) To guarantee, or purchase insurance for, public body
21 obligations for water pollution control facility construction or
22 replacement or activities if the guarantee or insurance would improve
23 credit market access or reduce interest rates, or to provide loans to
24 a public body for this purpose;

25 (c) As a source of revenue or security for the payment of principal
26 and interest on revenue or general obligation bonds issued by the state
27 if the proceeds of the sale of such bonds will be deposited in the
28 fund;

29 (d) To earn interest on fund accounts; and

30 (e) To pay the expenses of the department in administering the
31 water pollution control revolving fund according to administrative
32 reserves authorized by federal and state law.

33 (4) The department shall present a biennial progress report on the
34 use of moneys from the account to the appropriate committees of the
35 legislature. The report shall consist of a list of each recipient,
36 project description, and amount of the grant, loan, or both.

37 (5) The department may not use the moneys in the water pollution
38 control revolving fund for grants.

1 (6) The department shall give preference to projects that:

2 (a) Increase protection and improvement of water quality and public
3 health;

4 (b) Cost the residential ratepayers a higher amount to finance
5 without state assistance than other projects cost;

6 (c) Require action under federal and state permits and compliance
7 orders, including projects with a history of noncompliance;

8 (d) Are ready to proceed with planning, design, or construction;

9 (e) Are cost-effective based on an analysis of alternatives,
10 including regionalization;

11 (f) Are located in evergreen communities recognized under RCW
12 35.105.030, except that entities not eligible for designation as an
13 evergreen community shall not be given less preferential treatment than
14 an evergreen community;

15 (g) Have established programs to mitigate nonpoint pollution of the
16 surface or subterranean water sought to be protected by the water
17 pollution control facility, if the jurisdiction has the authority to
18 regulate storm water;

19 (h) Have adopted and are implementing: (i) A sewer use ordinance
20 or resolution and equitable sewer user charge system or (ii) a storm
21 water ordinance or resolution meeting permit requirements and storm
22 water fee system, whichever is applicable.

23 **Sec. 2.** RCW 90.48.110 and 2007 c 343 s 13 are each amended to read
24 as follows:

25 (1)(a) Except under subsection (2) of this section, all engineering
26 reports, plans, and specifications for the construction of new sewerage
27 systems, sewage treatment or disposal plants or systems, or for
28 improvements or extensions to existing sewerage systems or sewage
29 treatment or disposal plants, and the proposed method of future
30 operation and maintenance of said facility or facilities, shall be
31 submitted to and be approved by the department, before construction
32 thereof may begin. No approval shall be given until the department is
33 satisfied that said plans and specifications and the methods of
34 operation and maintenance submitted are adequate to protect the quality
35 of the state's waters as provided for in this chapter. Approval under
36 this chapter is not required for large on-site sewage systems permitted

1 by the department of health under chapter 70.118B RCW or for on-site
2 sewage systems regulated by local health jurisdictions under rules of
3 the state board of health.

4 (b) The department shall require, through the development of rules,
5 that plans established in this subsection include the following
6 elements:

7 (i) Reviews and updates of sewer plans on a six-year cycle,
8 including asset management and financial planning;

9 (ii) An equitable sewer user charge system for residential,
10 commercial, and industrial users to cover all financial obligation of
11 the planned community sewer utility;

12 (iii) Connection fees for new connections to a sewer system that
13 reflect a fair share cost of infrastructure from which new connections
14 will benefit;

15 (iv) A capital wastewater facilities reserve fund dedicated to
16 paying for wastewater infrastructure and equipment replacement; and

17 (v) A sewer use ordinance or resolution that restricts certain
18 connections and wastes to protect a local government's investment and
19 enhance the wastewater treatment's process stability and effluent
20 quality. At a minimum, the ordinance or resolution must:

21 (A) Require new sewers and connections to be properly designed and
22 constructed;

23 (B) Require a provision with a timeline and proximity in which
24 existing and future residences must connect to the sewer system;

25 (C) Prohibit inflow sources into the sewer system; and

26 (D) Prohibit introduction of toxic or hazardous wastes into the
27 sewer system in an amount or concentration that endangers the public's
28 safety or the physical integrity of the system which may cause
29 violations of the national pollutant discharge elimination system
30 permit or state waste discharge permit.

31 (2) To promote efficiency in service delivery and intergovernmental
32 cooperation in protecting the quality of the state's waters, the
33 department may delegate the authority for review and approval of
34 engineering reports, plans, and specifications for the construction of
35 new sewerage systems, sewage treatment or disposal plants or systems,
36 or for improvements or extensions to existing sewerage system or sewage
37 treatment or disposal plants, and the proposed method of future
38 operations and maintenance of said facility or facilities and

1 industrial pretreatment systems, to local units of government
2 requesting such delegation and meeting criteria established by the
3 department.

4 (3) For any new or revised general sewer plan submitted for review
5 under this section, the department shall review and either approve,
6 conditionally approve, reject, or request amendments within ninety days
7 of the receipt of the submission of the plan. The department may
8 extend this ninety-day time limitation for new submittals by up to an
9 additional ninety days if insufficient time exists to adequately review
10 the general sewer plan. For rejections of plans or extensions of the
11 timeline, the department shall provide in writing to the local
12 government entity the reason for such action. In addition, the
13 governing body of the local government entity and the department may
14 mutually agree to an extension of the deadlines contained in this
15 section.

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