

Funding Drinking Water and Wastewater Improvements with the State Revolving Fund

Water Quality Control Division - Grants and Loans Unit

Department of Local Affairs - Division of Local Government

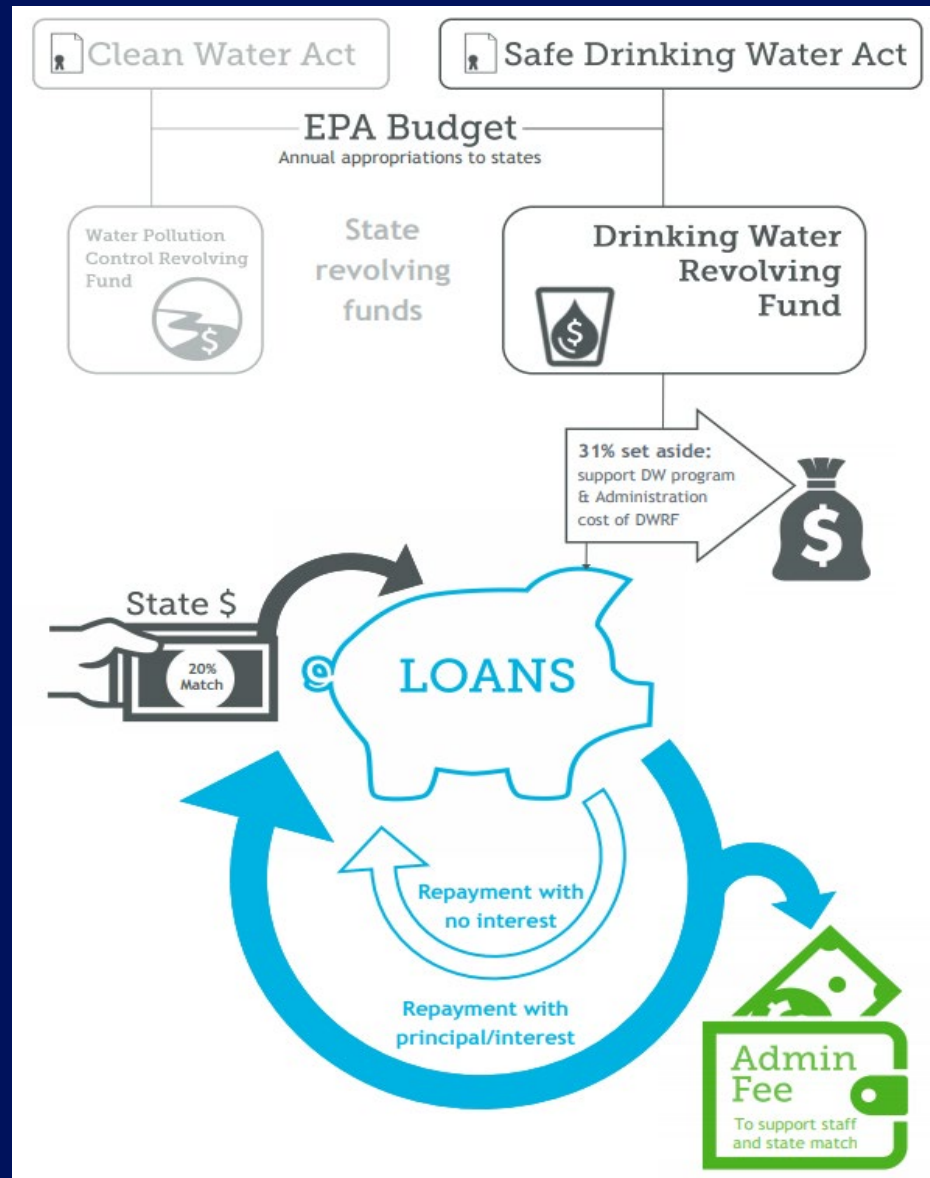
Colorado Water Resources and Power Development Authority



SRF: A perpetual funding source

Water Pollution Control Revolving Fund (WPCRF)

Drinking Water Revolving Fund (DWRF)



SRF Partner Agencies and Roles

Water Quality Control Division of the Colorado Department of Public Health & Environment (WQCD)

- Primacy agency.
- Program administration (including managing set asides and technical assistance programs).
- Technical review and advisory role.
- Federal reporting.

Colorado Water Resources & Power Development Authority (CWRPDA or “the Authority”)

- Financial structure.
- Manages budgets and investments.
- Disburses funds.
- Federal reporting.
- Provides state match.
- Loan portfolio monitoring.

Colorado Department of Local Affairs (DOLA)

- Conducts financial capacity assessments.
- Financial and managerial assistance to systems.
- Coordinates funding collaboration.
- SRF outreach.



State Revolving Fund Summary

Over 75 active projects

Total in excess of \$195,000,000

Colorado program totals since inception:

- DWRF Cap Grants received ~\$426M.
- WPCRF Cap Grants received ~\$399M.



Box Elder Sanitation District
Wastewater Treatment Plant Upgrades Project

Larger loan examples:

- Town of Breckenridge, DW ~\$57M
- Box Elder SD, WW ~\$28M

Smaller loan examples:

- East Alamosa WSD, DW ~\$1.6M
- Town of Genoa, WW ~\$50K

Program capacities:

- ~\$40M-\$70M annually for each program



Eligible Projects

- Drinking Water- Drinking Water Revolving Fund (DWRF)
- Wastewater- Water Pollution Control Revolving Fund (WPCRF)
 - Stormwater



Drinking Water Eligibility

Eligible Borrowers:

- **Public Water System:** Is a system for the provision of water for human consumption to the public through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves at least twenty-five individuals.
- Colorado local governments or private non-profits

Eligible Project Categories



1. Treatment
2. Transmission and Distribution
3. Source
4. Storage
5. Consolidation
6. Creation of a new system



Wastewater Eligibility

Eligible Borrowers:

- Colorado local governments

Eligible Project Categories



1. Construction of a publicly owned treatment works (section 212)
2. Implementation of a management plan (section 319)
3. Development or implementation of a conservation and management plan (section 320)
4. Construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage
5. For measures that manage, reduce, treat, or recapture stormwater of subsurface drainage water
6. Measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse
7. Development or implementation of watershed projects (section 122)
8. Reduction of energy consumption needs of the publicly owned treatment works
9. Reuse or recycling of wastewater, stormwater, or subsurface drainage water
10. Security measures for a publicly owned treatment works



Stormwater Projects

- Same process as a wastewater projects - starting with the annual eligibility survey, environmental & design review.
- Recent project:
 - City of Evans
 - \$8,600,000 leveraged loan - repaid with stormwater fees
 - 2 major projects for new storm sewer structures and improvements to the stormwater control system



image - <http://drewpavelchak.com/projects/stormwater-infographic/>

Resources for more information about eligible projects

WQCD Project Manager Map:

<https://drive.google.com/file/d/1sgMNyANCinFoRZc7aI2NT5YhW-IN0tDq/view>

Overview of Clean Water State Revolving Fund Eligibilities:

https://www.epa.gov/sites/production/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf

Drinking Water State Revolving Fund Eligibility Handbook:

https://www.epa.gov/sites/production/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf



State Revolving Fund Program

Low interest loan program to finance the design and construction of public drinking water, wastewater and stormwater infrastructure projects.

- Direct loans: Projects up to \$3 million.
- Leveraged loans: Projects greater than \$3 million.
- Loan terms: Up to 30 years.
- **7 Loan application deadlines:** Jan. 15 (Spring Issue), Feb. 15, April 15, June 15 (Fall Issue), Aug. 15, Oct. 15, and Nov. 15.



SRF Direct Loan Benefits

- Interest rate accrual date and minimal first payment
- No prepayment penalty
- Project came under budget? Reduce loan by remaining amount at no fee (principal reduction)
- Loan repayment schedule flexibility
- Flexible application dates



SRF Leveraged Loan Benefits

- Significant interest rate savings (70-80% of the AAA market rate)
- No continuing disclosure or EMMA filings - we take care of those requirements
- We handle all arbitrage rebate calculations
- Loan repayment schedule flexibility and one simple loan on books
- Access to bank trustees and no trustee fees



Additional Ways to Access Reduced Interest Rates

- Green Project Reserve
- Disadvantaged Communities



Green Project Reserve (GPR)

- Currently available for clean water projects only (Water Pollution Control Revolving Fund)
- Green Project Reserve Categories:
 - Green infrastructure
 - Water efficiency
 - Energy efficiency
 - Environmentally innovative activities.
- Qualify as a categorically green project or through a business case

Green Components costs:



Greater than 15% but less than 20% of project cost.



Equal to or greater than 20% of project cost

Interest rates are:

- 1.5% loan interest rate on loans up to \$3 million
- Loans more than \$3 million, reduced rate on first \$3 million

- 0.5% loan interest rate on loans up to \$3 million
- Loans more than \$3 million, reduced rate on first \$3 million



Case Study #1: WPCRF Leveraged Loan with GPR component - City of Gunnison

Project Description - The project included improvements at the existing wastewater treatment facility for the influent pumping, screening, oxidation ditch, secondary clarifiers, UV disinfection, dewatering, composting, SCADA, collection line repair and associated appurtenances.

Funding Package:

WPCRF Leveraged Loan:	\$9,541,520 (1.69%; 20 years)
GPR Loan:	\$3,000,000 (0.5%; 20 years)
WPCRF Planning Grant:	\$10,000
<u>WPCRF D&E Grant</u>	<u>\$300,000</u>
Total Project Cost:	\$12,851,520

Interest rate

**1.69% (2.42%
AAA Market Rate)**

Estimated Savings Over Life of Loan ~ \$800,000

- Notable Recent Subsidized Interest Rates (2020A)- 1.28%, 1.29%, 1.59%, 1.60%



Disadvantaged Communities

- Population of 10,000 or less
- Meeting certain primary and secondary factors including:
 - Primary
 - Median Household Income (MHI)
 - Median Home Value (MHV)
 - County 24-month unemployment rate or job loss over 10-years
 - Secondary
 - County Median Household Income (MHI)
 - County 10-year population change
 - Household assessed value
 - Current & projected system debt per tap to MHV
 - System full-cost per tap to MHI



SRF Grant Assistance

Planning Grants

- Up to \$10,000 per project
- Eligible projects: DW/WW/SW governmental entities; DW private, non-profit
- Meet Planning Grant criteria
- On Eligibility List
- 20% match requirement
- Requires completed pre-qualification form and pre-qualification meeting

Design and Engineering Grants (D&E)

- Disadvantaged Community
- Eligible projects: DW/WW/SW governmental entities
- Grant size based on project type and expense. Maximum amount: \$300,000
- Requires approved Project Needs Assessment for a feasible project



Principal Forgiveness

- Availability varies, at times may be unavailable. *Currently only available for drinking water projects.*
- Eligibility for and amount of principal forgiveness determined at loan application
- Must be a Category 2 Disadvantaged Community
- Amount of forgiveness ranges from 20%-80% of loan request, current maximum of \$1,000,000



<https://dadsense.co/how-to-get-free-money/>



Principal Forgiveness

Upcoming change in 2022

- Starting January 1, 2022, Category 1 Disadvantaged Communities will also be eligible for Principal Forgiveness
- Amount of forgiveness ranges from 20%-80% of loan request, current maximum of \$400,000



Additional Funding Resources

Available Financial Assistance document: <https://drive.google.com/file/d/1mi4VNQhxjcDdRU5jUpGSwVinx5a7X6R1/view?,authuser=0>

DOLA

Energy and Mineral Impact Assistance Fund
Community Development Block Grant

Regional Manager map and contact information: cdola.colorado.gov/regional-managers

WQCD

Water Quality Improvement Fund Grant
Small Communities Grant

Stay informed: <https://colorado.us3.list-manage.com/subscribe?u=cacd027356b7c70aacd2a6529&id=a288b4a596>

CWRPDA

Water Revenue Bond Program
Small Hydropower Loan Program

CWCB

Water Project Loan Program
Numerous grant programs

USDA

Grants and loans for drinking water and wastewater projects
Emergency Community Water Assistance Grant



Case Study #2: DWRF Direct Loan - Arabian Acres Metropolitan District

Project Description - The project consisted of rehabilitating the existing distribution system, constructing a new storage tank, existing storage facility improvements, installing a new well, new water treatment facilities, treatment upgrades and additional contact time piping.

Funding Package:

DWRF Direct Loan:	\$1,100,000 (0.5%; 30 years)
DWRF Principal Forgiveness:	\$400,000
DWRF Planning Grant:	\$100,000
DWRF D&E Grant:	\$300,000
<u>2019 EIAF Grant:</u>	<u>\$1,000,000</u>
Total Project Cost:	\$2,810,000

Figure 5: Control Building B Interior



61% Grant Funding

Case Study #3: WPCRF Direct Loan with Co-Funding - Town of Peetz

Project Description: Wastewater treatment upgrades (lined lagoons), pump station, & piping.

47% Grant Funding

Funding Package:

WPCRF Loan:	\$1,000,000
EIAF Grant:	\$1,000,000
Planning/ D&E grant:	\$260,000
USDA Loan:	\$900,000
<u>USDA Grant:</u>	<u>\$413,000</u>
Total Project Cost:	\$3,570,000

CoBank provided interim financing



<https://success.ada.org/en/dental-benefits/member-support-on-third-party-issues>





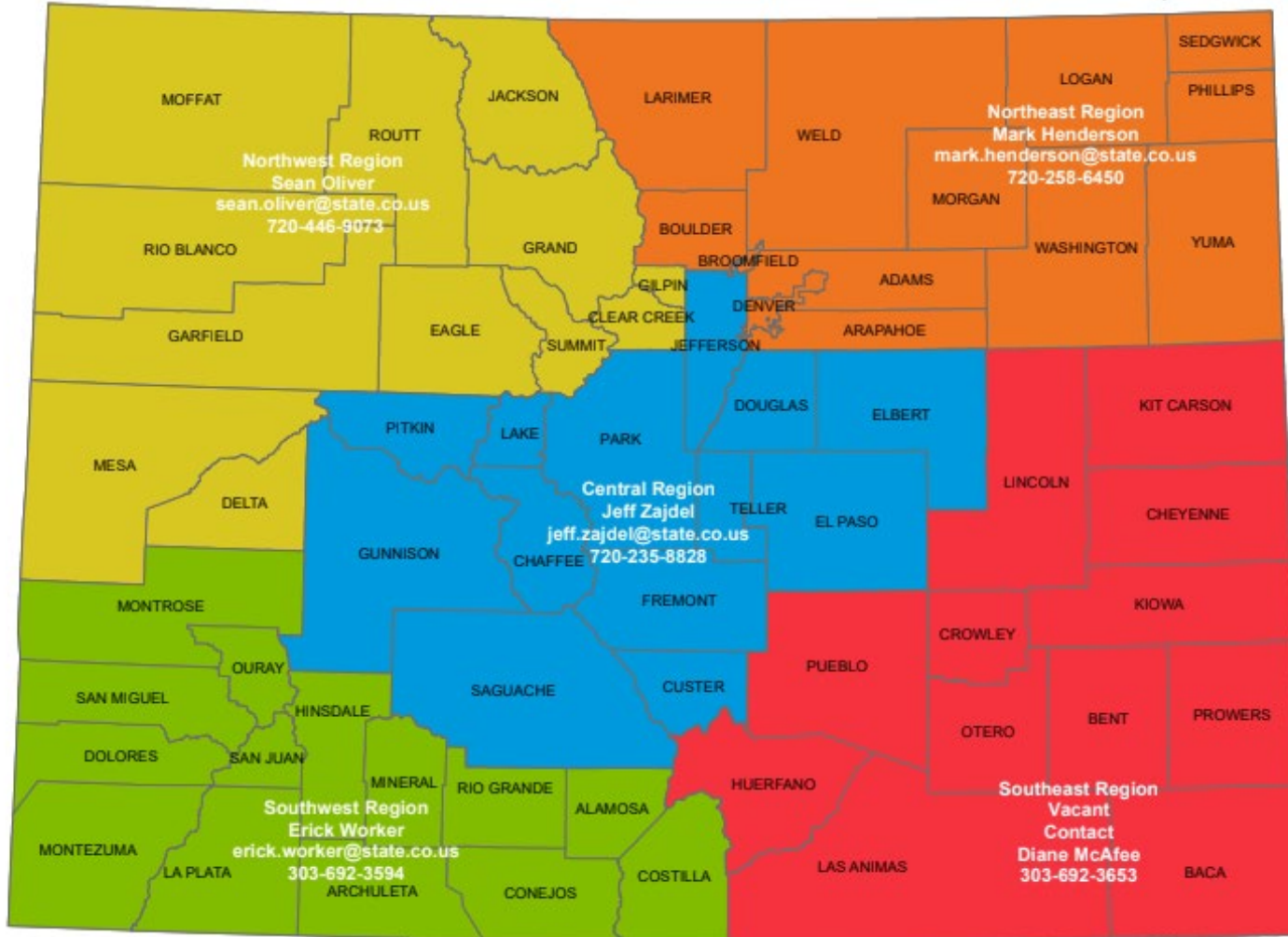
COLORADO
Water Quality Control Division
Department of Public Health & Environment

WQCD Grants and Loans Unit

Project Managers Map

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Diane McAfee, Program Assistant, 303-692-3653
Matt Alms, NEPA Specialist, 720-263-3743

Updated 01/2021



Water Quality Control Division Grants & Loans Unit Project Managers Map

For most up-to-date map:

<https://www.colorado.gov/pacific/cdp/he/wq-grants-and-loans-contacts>



Major Program Milestones

Eligibility Survey



Pre-Qualification



Project Needs
Assessment (PNA)



Loan Application



Loan Execution



Construction

Environmental Review

- Preliminary Environmental Determination
- Final Environmental Determination
- Environmental Clearance

Design Review

- Design Submittal
- Design Review/ RFI
- Design Approval



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Annual Eligibility Survey



Who: Municipalities, counties, special districts -
All publicly owned water and sewer systems, private nonprofit water systems, publicly owned stormwater systems.

What: Identify all 20-year capital improvement needs.

When: Survey submittal deadline: JUNE 30 to be on list for next year

Where: <https://www.colorado.gov/pacific/cdphe/wq-eligibility-survey>

Why: *Required annually*

- First step to securing SRF funding.
- Not an application for funding; just the first step.
- Does not obligate an entity to apply.



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Construction

American Iron and Steel

- All iron and steel products that are 50% or greater by cost must be produced in the U.S.A.
- This includes: pipes, fittings, municipal castings, hydrants, tanks, flanges, pipe clamps, valves, structural steel, reinforced precast concrete, construction materials (roofing, ductwork, doors, fasteners, etc).

Davis Bacon Wage

- Lock in the wage decision during bidding.
- Certified payrolls checked against wage decision.
- Interviews (sample of workers from GC and subs).



Major Program Milestones Questions?

Eligibility Survey



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Program Contact Information

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Websites

DOLA - <https://cdola.colorado.gov/>

CWRPDA - <https://www.cwrpda.com/>

WQCD GLU - <https://www.colorado.gov/pacific/cdphe/wq-grants-and-loans>

Colorado Environmental Online Services System (CEOS) -
<http://ceos.colorado.gov/CO/CEOS/Public>

