

State Revolving Fund 101: Financial benefits of the SRF program

Water Quality Control Division - Grants and Loans Unit

Department of Local Affairs - Division of Local Government

Colorado Water Resources and Power Development Authority



Meet the Presenters...

Mark Henderson is the Unit Manager for the Water Quality Control Division Grants and Loans Unit. Prior to his current role, Mark spent seven years as a Senior Review Engineer in the division engineering section and ten years as an environmental engineering consultant. Mark's expertise is focused on the funding as well as design and construction of water/wastewater treatment facilities. He has authored and edited numerous articles for Rocky Mountain Water Magazine (formerly Rumbles) including articles for Rural Community Assistance Partnership and contributions to the ASCE Infrastructure Report Card. He is a Colorado native and enjoys trail running, mountaineering, backpacking.



Meet the Presenters...

Evan Butcher is the Central Region Project Manager for the Water Quality Control Division Grants and Loans Unit. Evan has spent four and a half years managing water related projects with the Division and another eleven years managing construction projects in the private sector. When Evan is not at work he enjoys spending time with his family, riding mountain bikes and fishing.



Meet the Presenters...

Ian Loffert graduated from Regis University in 2017 with a degree in mathematics and economics. Ian is currently a Financial Analyst with the Colorado Water Resources and Power Development Authority, and has been a part of that organization for over 3 years. Ian is a Colorado native who currently resides in Westminster. In his spare time, Ian enjoys golfing, fly fishing the great waters of this state, and being anywhere in the mountains.



Meet the Presenters...

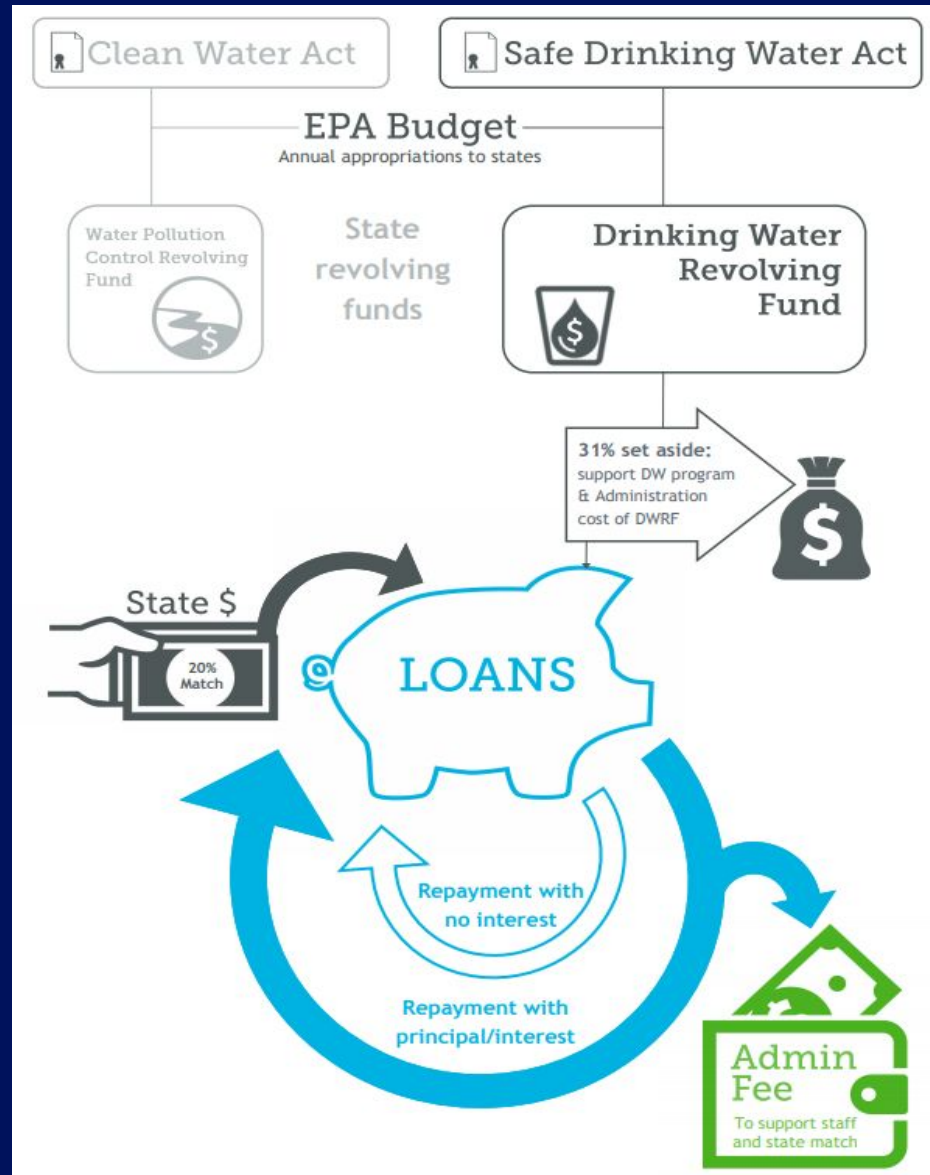
Desi Santerre has been with the Department of Local Affairs (DOLA) since 2017 and is the Water and Wastewater Program Manager, working with Colorado communities to evaluate and solve drinking water and wastewater infrastructure concerns. She has been working with the SRF program for three years, starting as a finance analyst before moving into her current position about a year ago. Prior to her employment with DOLA, Desi worked in healthcare management. Outside work, Desi enjoys trying to garden, travel, and spending time with family and friends.



SRF: A perpetual funding source

Water Pollution
Control Revolving
Fund (WPCRF)

Drinking Water
Revolving Fund
(DWRF)



SRF Partner Agencies and Roles

WQCD

- Primacy agency.
- Program administration.
- Technical review and advisory role.
- Manages DWRF set asides.
- Federal reporting.

Authority

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

DOLA

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



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.



State Revolving Fund Summary

Over 83 active projects

Total in excess of \$215,000,000

Colorado program totals since inception:

- DWRF Cap Grants received ~\$400M.
- WPCRF Cap Grants received ~\$387M.



Town of Breckenridge
Treatment Plant Project

Larger capacity examples:

- Town of Breckenridge DW ~\$58M
- City of Gunnison WW ~\$13M

Smaller capacity examples:

- Town of Nucla WW ~\$250K
- Town of Lake City DW ~\$1.6M

Program capacities:

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



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.



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 and Environmentally Innovative Activities.
 - Categorically Green Projects - Clearly fall into and fill the GPR categorical definition
 - Business case may be required to demonstrate effectiveness proposed improvements

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



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
 - 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

https://demography.dola.colorado.gov/disadvantaged_communities/



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 = DAC criteria for 2020
- 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: Same criteria as Planning Grants (feasible projects)
- Grant size based on project type and expense. Maximum amount: \$300,000
- Requires approved Project Needs Assessment.



Principal Forgiveness

- Availability varies, at times may be unavailable
- Must be a Category 2 Disadvantaged Community
- Eligibility and amount of principal forgiveness determined at loan application
- Amount of forgiveness ranges from 20%-80% of loan request, current maximum of \$400,000



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



DOLA Grants for Water and Sewer Projects

- Community Development Block Grants
- Energy/Mineral Impact Assistance Fund Grants
(Administrative, Tier 1 and Tier 2)



Community Development Block Grant (CDBG)

- The funds come from federal appropriations in the amount around \$2.8M annually.
- Must benefit low to moderate income areas. Business case type analysis can be done if the map does not determine qualifications.
- Annual applications accepted through February.
- Maximum award: \$600,000
- Eligibility:
 - Eligible uses of funds include acquisition, design/engineering, construction, reconstruction, rehabilitation or installation of public improvements or public facilities. Examples of projects include sewer and water systems, community centers, food banks, shelters, health clinics etc.



Energy/Mineral Impact Assistance Fund Grant



- Funds come from the state severance tax on energy and mineral production and from a portion of the state's share of royalties paid to the federal government for mining and drilling of minerals and mineral fuels on federally-owned land.
- ~~Three application cycles: April, August, and December 1st deadlines.~~
 - State FY 2021- only 2 application cycles: October and March 1st deadlines.
- Max awards: \$25,000 (Administrative), \$200,000 (Tier 1) \$1,000,000 (Tier 2)
- Eligibility:
 - Eligible entities to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions and state agencies.



Other DOLA Programs

- Energy/Mineral Impact Loan Fund
- Small Communities Technical Services Program

DOLA Regional Managers

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cdola.colorado.gov/regional-managers



Additional Funding Opportunities

- Water Quality Control Division (WQCD) grants
- Water Revenue Bond Program
- Small Hydro Loan Program
- Other funding sources
 - CWCB
 - USDA
 - CoBank

Available Financial Assistance document:

<https://cdola.colorado.gov/local-government-services/water-wastewater-management>



WQCD Grants

- **Water Quality Improvement Fund**

- Category 1-3 - SW/WW projects: awarded 2019 projects. Request for Applications possible later this year or 2021.
- Category 4 - Non-point source projects: RFA opens 10/09.

- Estella More estella.moore@state.co.us

<https://www.colorado.gov/pacific/cdphe/nonpoint-source-funding-opportunities>

- Category 5 - Lead testing for public schools: Not currently available.

- **Small Communities Grant** – Funded when there is enough severance tax. Request for Applications posting planned October/November 2020.

<https://www.colorado.gov/pacific/cdphe/wq-grants>



Water Quality Improvement Fund (WQIF)

2019 RFA awarded 10 projects, total \$1,080,000 for
Category 1 - 3

WQIF -Categories (\$ amounts can change)

1. Stormwater management training (\$100,000 max)
2. Projects that improve water quality or address a water quality violation.(\$140,000 max)
3. Planning and/or construction of stormwater or wastewater improvement projects. (\$210,000 max)

Example from 2019 Request for Applications:

- Lamar, City of / WW project (\$210,000 award)
 - Rehab/Improvements to address degrading headworks building
 - Maintains water quality and permit compliance
 - Match Percentage of project total 45%



2017 Hot Sulphur Springs Stormwater
Erosion Project



Small Communities Grants (SCG)

2020 Request for Applications: Approx \$4.4 M total funds

- Tier 1 (~\$400,000) - Planning and design for \$50,000 or less
- Tier 2 (~\$4,000,00) - Infrastructure projects including planning design and construction for \$400,000 or less.
- Both Tiers split 50/50 WW/DW

Examples from 2016 Request for Applications:

- Tier 2 - Highland Park SD / WW project (\$200,000)
 - Repair collection system and manholes to reduce inflow and infiltration.
 - Match percentage of project total 44%
- Tier 1 - Bristol WSD / DW project (\$94,500)
 - Installation of new meters and aperturnances, to reduce water loss and prevent backflow.
 - Match percentage of project total 10%



Moffat County for Maybell WWTF Lagoon
Liner Project



Water Revenue Bond Program (WRBP)

Projects

Water and wastewater treatment plants, pump stations, dams/reservoirs, water rights, pipelines, wells, meters, reuse, storage tanks, etc., including facilities for streamflow improvements and for stabilization of stream and river banks.

Loans

- \$300,000 to \$500,000,000
- Cost of issuance up to \$250,000 is covered by the Authority (currently)
- Arbitrage rebate calculations and trustee fees are paid by the Authority
- No subsidy on interest rates
- Interest rates based on market rate for insured revenue bonds (if available)
- Terms are generally 20 years or less, but can be longer
- Debt Service Reserve Fund Required (if surety bond not available)
- Low Coverage Requirements

Example - Town of Telluride \$12,910,000 @ 3.13% (2020), 20 Years

- Cost of Issuance - \$324,033 (\$250,000 covered by Authority)



CWRPDA Small Hydropower Loan Program

Matching Grants available (\$15k)

Loans with terms of up to 30 years (previously 20 years)

Loans up to \$5 million (previously \$2 million)

Project size max 10 MW (previously 5 MW)

Interest rate of 2.5%



Example - Tri-County Water Conservancy District - \$2m
(co-funded with CWCB; \$18m project total; 8 MW turbine)



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

- **Project Description** - The project includes 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 \$9,541,520 @ 1.69%
GPR - \$3M @ 0.5%; Planning - \$10k; D&E - \$300k
(\$9,843,890 in project funds)
Total funding of \$12,851,520
- **Estimated Savings Over Life of Loan** ~ \$800,000
- **Notable Recent Subsidized Interest Rates (2020A)**- 1.28%, 1.29%, 1.59%, 1.60%

Interest rate

1.69% (2.42%
AAA Market Rate)



Case Study #2: DWRF Direct Loan - Town of Hot Sulphur Springs

Project Description - The project consists of increasing the treatment capacity at the existing water treatment plant by adding a second skid.

Funding Package:

DWRF Direct Loan:	\$200,000 (0.5%; 30 years)
DWRF Principal Forgiveness:	\$300,000
Town Reserves:	\$30,000
DWRF D&E Grant:	\$70,000
<u>2020 EIAF Grant:</u>	<u>\$200,000</u>
Total Project Cost:	\$800,000



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



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

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

Total Project Cost: \$3.57M

47% Grant Funding

Funding Package:

WPCRF Loan:	\$1M
EIAF Grant:	\$1M
Planning/ D&E grant:	\$260K
USDA Loan:	\$900K
USDA Grant:	\$413K
CoBank provided interim financing	



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



Questions?

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Websites

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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>

