

Missouri Clean Water Commission Meeting
Chateau on the Lake Resort
415 N. State Hwy. 265
Branson, Missouri

October 7, 2015

Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan

Issue: Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan and Priority List Recommendation.

Background: The Draft Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan and Priority List (IUP) was placed on public notice July 10, 2015. A public hearing was held before the Clean Water Commission on August 12, 2015 and the comment period subsequently closed on August 19, 2015.

As stated during the public hearing, the proposed project lists have been revised to include those projects meeting the Commission's readiness to proceed criteria prior to the close of the public comment period.

Comments were received by email from the U.S. Environmental Protection Agency and the Association of Missouri Cleanwater Agencies. A comment letter was also received from the Boone County Regional Sewer District expressing support for the State Revolving Fund program. A copy of the comments and the staff responses are attached.

Recommended Action: Staff recommends the adoption of the Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan and Priority List

Suggested Motion: "I move that the Clean Water Commission approve the Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan and Priority List as presented today with an effective date of October 1, 2015."

Attachments:

- Fiscal Year 2016 Clean Water State Revolving Fund Intended Use Plan and Priority List
- Staff Responses to Comments
- Letter from Tom Ratermann, Boone County Regional Sewer District
- Email from Paul Calamita, Missouri Association of Cleanwater Agencies
- Email from Sabre Germano, U.S. Environmental Protection Agency

CLEAN WATER

State Revolving Fund

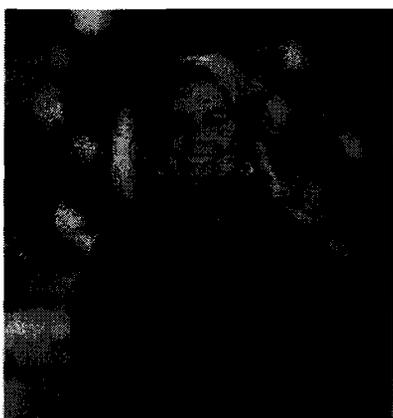
Intended Use Plan and Priority List for Fiscal Year 2016

Oct. 1, 2015 through Sept. 30, 2016

Proposed October 7, 2015



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES



Director's Letter

You'll notice our Clean Water State Revolving Fund Fiscal Year 2016 Intended Use Plan and Priority List has a new look. We hope you'll find this refreshed and streamlined plan easier to read and use.

What hasn't changed is the information inside the plan on how the fund benefits Missouri citizens and communities.

The Clean Water State Revolving Fund provides low-interest loans to municipalities, counties and public sewer districts for wastewater infrastructure projects, including new construction or the improvement or renovation of existing facilities.

Since 1989, the Clean Water State Revolving Fund has committed approximately \$2.4 billion in below-market rate loans to meet Missouri's wastewater infrastructure needs, saving 549 Missouri cities, counties, sewer districts and others approximately \$885 million through interest savings and grants. Farmers, livestock producers, watershed organizations, cities, rural homeowners and others have benefited from 140 separate loans and grants.

Besides financial savings, funding recipients help realize significant environmental benefits and help to stimulate local economies.

Our SRF program offers lower-cost financing to make projects affordable, and our financing strategy provides loans at 30 percent of the market interest rate.

During fiscal year 2016, Missouri expects to have \$216 million available for new Clean Water SRF projects.

Applying for a Clean Water State Revolving Fund loan doesn't have to be overwhelming. Our SRF staff strives to provide good customer service and will lead you through the process.

If you'd like to learn more about how we can help you and your community, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Sincerely,

Sara Parker Pauley
Director, Missouri Department of Natural Resources



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Cover photo: Shoal Creek in Joplin, Missouri, by Richard Harris, DNR Water Protection Program.
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Clean Water State Revolving Fund helps Missouri communities

Since 1989, the Clean Water State Revolving Fund has committed approximately **\$2.4 billion** in below-market rate loans and approximately **\$68 million** in grants to meet Missouri's wastewater infrastructure needs, saving 549 Missouri cities, counties, sewer districts and others approximately **\$885 million**.

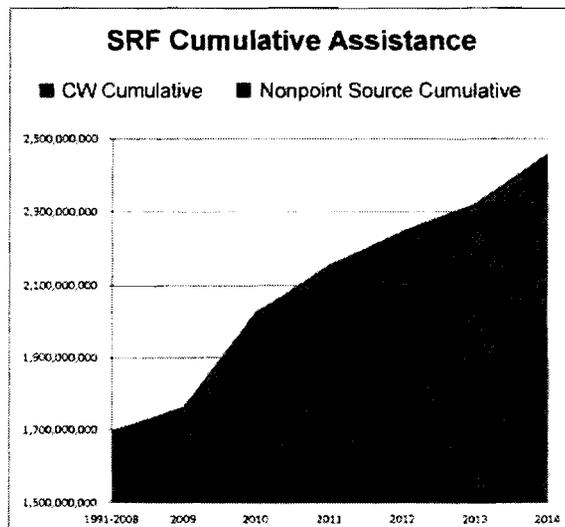
Approximately **\$21.3 million** has been obligated to nonpoint source projects through the Clean Water SRF since 1989. Farmers, livestock producers, watershed organizations, cities, rural homeowners and others have benefited from 140 separate loans and grants.

Missouri communities, public sewer districts, farmers, livestock producers, watershed organizations and others have benefited from the federal and state capitalized, low-interest loan program. Projects may be new construction or the improvement or renovation of existing facilities.

In addition to providing substantial savings to communities across Missouri, Clean Water State Revolving Fund loans help to protect human health, water quality and the economic viability of our communities. The projects funded are designed to reduce or eliminate polluted wastewater discharges, rehabilitate decaying collection systems, consolidate on-site systems into new collection systems or recycle treated wastewater.

To further maintain the health of Missouri's waters, the program may also fund eligible projects to reduce polluted runoff from urban and agricultural land, including urban storm water control, agricultural best practices implementation, forest and stream bank erosion control, wetland construction and maintenance, water and wastewater efficiency, energy efficiency and innovative green projects.

Missouri's Clean Water State Revolving Fund "revolves" because loan repayments and investment earnings are continually recycled to fund new projects. In addition to the revolving nature of the fund, the ongoing commitment of federal funds and a financing strategy that provides loans at 30 percent of the market interest rate form the foundation for this successful program.



Besides financial savings, funding recipients can realize significant environmental benefits and help to stimulate local economies. Water and wastewater infrastructure are two basic building blocks of community development.

To date, we have received requests for 60 projects totaling **\$370 million** for fiscal year 2016. For a complete listing of fiscal year 2016 projects, see the List of Fiscal Year 2016 Applicants in Appendix 2.

Missouri's Clean Water State Revolving Fund Program

The Missouri Department of Natural Resources administers the Clean Water State Revolving Fund. As a condition of a federal agreement with the U.S. Environmental Protection Agency, the department must submit an annual plan for the use of federal funds awarded and a strategy for managing the program in accordance with the Clean Water Act (CWA) Section 606(c). This Clean Water SRF Intended Use Plan is the annual plan for fiscal year 2016.

Operation and management of Missouri's Clean Water SRF program is directed by regulations 10 CSR 20-4.010, 10 CSR 20-4.040 through 10 CSR 20-4.042 and 10 CSR 20-4.050: <https://www.sos.mo.gov/adrules/csr/current/10csr/10c20-4.pdf>.

The department continues to refine and evaluate the program to ensure it provides a stable source of funding for clean water infrastructure projects well into the future. The department reserves the right to refinance, assign, pledge or leverage any loans originated through the Clean Water SRF program.

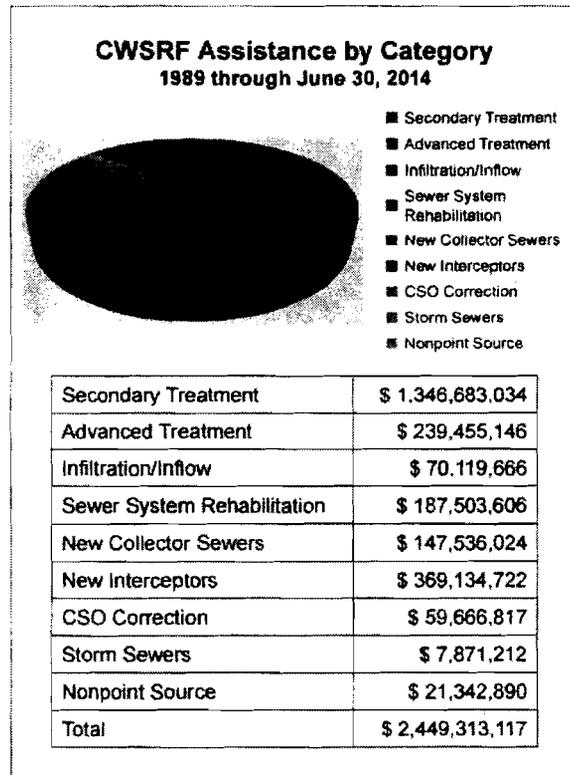
This Intended Use Plan summarizes the development and management of the Clean Water State Revolving Fund priority lists and assurances required by federal mandates. It also details the proposed distribution of Missouri's anticipated Clean Water State Revolving Fund capitalization grants, state match funds,

the repayments of previously awarded loans and the interest earnings from the repayment account deposits for fiscal year 2016.

During the 2014 reporting period, the Missouri Clean Water State Revolving Fund:

- Received federal capitalization grants totaling almost \$76 million
- Awarded six direct loans totaling almost \$131 million
- Awarded three grants totaling almost \$7 million
- Saved Missouri communities and citizens an estimated \$54.5 million in interest

The Clean Water State Revolving Fund loan program was established by the 1987 Clean Water Act amendments to provide a renewable financing source for statewide wastewater infrastructure and polluted runoff control needs while protecting state surface and ground waters.



New \$70 million Cape Girardeau wastewater treatment facility saves city more than \$30 million, expands service

Aging equipment, lack of space and sinkholes near Cape Girardeau's 50-year-old, undersized wastewater treatment plant posed serious challenges when it came time to upgrade infrastructure. The city's original wastewater treatment plant, built in 1962, was capable of treating 7 million gallons of wastewater per day and had been operating at full-capacity for years.



Upgrading the current system was not an option: The city would have to build a new one. A new wastewater plant would be the biggest capital improvement project in the city's history. Cape Girardeau city officials applied to the department for a Clean Water State Revolving Loan in the amount of \$70 million, then proposed to its voters a bond issue and sales tax to fund construction of a new wastewater treatment plant. The proposed new plant would be

capable of treating 11 million gallons of wastewater per day.

Cape Girardeau citizens recognized the importance of investing in new infrastructure. On April 5, 2011, voters passed a \$72 million sewerage system revenue bond issue and extended an existing one-quarter of 1 percent sales tax to December 2037 to help fund the project. In addition, working with the Department of Natural Resources would allow the city to maximize bond dollars and save more than \$30 million while expanding service to its residents.

The Department of Natural Resources recognized the need for this project and the impact it would have on the community and state. Using the Clean Water State Revolving Fund, the department's Financial Assistance Center provided a \$31 million low-interest loan to fund the first half of the construction and a \$39 million low-interest loan to complete the construction, saving the city more than \$30 million in interest. After 28 months of construction, the new plant began treating wastewater in December 2014. Construction was fully completed in March 2015.

The assistance provided by Missouri's Clean Water State Revolving Fund will help ensure the continued prosperity of the Cape Girardeau region and have a long-term positive impact on the economy, environment and public health.

Types of projects eligible for funding

Traditionally, the Clean Water State Revolving Fund Program dollars have helped municipalities build or improve wastewater treatment plants. However, conservation, agricultural and urban projects can now be funded through the Clean Water State Revolving Fund. These types of projects include urban runoff, wet weather flow, storm water and sewer overflows, water reuse and conservation and alternative treatment projects.

Wastewater projects may include the following:

- New treatment plants
- Treatment plant improvements and upgrades
- Sewer line extensions to existing unsewered properties
- Sewer rehabilitation
- Combined sewer overflow and sanitary sewer overflow corrections
- Storm water

Nonpoint source projects may include the following:

- Wetland protection and restoration measures
- On-site sewage disposal systems where existing systems are failing
- Best management practices for agriculture and storm water runoff
- Riparian buffers and conservation easements
- Wellhead and source water protection measures
- Addressing water quality problems at Brownfield sites

Projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities are eligible for funding under Green Project Reserve. See page 12 for more information.

How much money is available in fiscal year 2016?

During fiscal year 2016, Missouri expects to have \$216 million available for new Clean Water SRF projects. This includes carry-over monies from previous years, loan repayments, interest earnings on investments of Clean Water SRF resources and federal capitalization grants and state match. Project lists are in Appendix 2 on page 16 and information on the targeted funding is in Appendix 5 on page 36.

Who is eligible for funding?

- Missouri cities, towns, counties, regional sewer/water districts, water authorities and instrumentalities of the state are eligible for wastewater and nonpoint source loans.
- Private and nonprofit facilities, citizens groups and individuals are eligible for nonpoint source loans.

Loan Terms

- The Clean Water SRF offers a fixed-rate loan with a maximum term of 20 years.
- Interest rates are generally only 30 percent of the AAA municipal market rate.
- Annual fee of 1 percent of outstanding loan balance for administration costs.
- Short-term loans of one to three years are also available.
- Loan proceeds are to be expended within 36 months of the loan closing.

Applying for State Revolving Fund Assistance

The Missouri Department of Natural Resources solicits applications for the State Revolving Fund program each year:

- An eligible entity can submit an application at any time to the department. Applications

received postmarked by Nov. 15 will receive priority consideration for funding in the next fiscal year's Intended Use Plan.

- The application form is available at <http://dnr.mo.gov/env/wpp/srf/wastewater-project-guidance.htm>.
- A complete facility plan and a voted bond or other debt instrument are required for Clean Water SRF loan consideration. (A debt instrument includes general obligation and revenue bonds.)
- Potential applicants are encouraged to contact the Financial Assistance Center prior to submitting an application.

Additional information is available in Appendix 1 on page 13.

For more information, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Our partners

The success of Missouri's Clean Water SRF program is enhanced by the partnerships formed to deliver the programs:

- The Environmental Improvement and Energy Resources Authority issues bonds, manages related tax issues and monitors post-issuance compliance, while the Department of Natural Resources handles program prioritization, project management, permitting, environmental review and EPA compliance. The Missouri Clean Water Commission, the department and EI ERA work together to maximize the amount of construction that can be supported by the Clean Water SRF.
- The Missouri Water and Wastewater Review Committee reviews applications for projects requesting state or federal funds to finance water or wastewater system improvements. MWWRC agencies include the Missouri Department of Economic Development

Community Development Block Grant Program, the Missouri Department of Natural Resources and the U.S. Department of Agriculture, Rural Development.

- The Missouri Department of Agriculture oversees a loan program funded by the Clean Water SRF for the construction of animal waste treatment facilities. Loans for animal waste treatment facilities are awarded to the Missouri Agriculture and Small Business Development Authority, which in turn loans the funds to livestock and dairy producers for animal waste treatment facilities. For information on the Animal Waste Treatment System Loan Program, call 573-751-2129.

Want to save money and improve the quality of life in your community at the same time? Take advantage of our financing strategy that provides loans at 30 percent of the market interest rate. Call 573-751-1192 or e-mail fac@dnr.mo.gov today.

Missouri's Clean Water State Revolving Fund Program Goals

Each year, the Missouri Department of Natural Resources evaluates the operations and the financial structures of the Clean Water State Revolving Fund to gauge program effectiveness and to improve program services and investment returns. We develop both long-term and short-term goals to continually improve the program:

Long-term goals:

- Promote coordination efforts both within and outside the agency for the purpose of expediting project funding. The Clean Water State Revolving Fund program staff commit to work with the U.S. Department

of Agriculture Rural Development and the Department of Economic Development Community Development Block Grant program to provide affordable financing for municipal pollution prevention and control projects.

- Pursue more holistic regional and watershed-based solutions that address both point and nonpoint source pollution problems and opportunities to use distributed wastewater treatment options where they could be applied.

Short-term goals:

- Continue the Clean Water State Revolving Fund state regulations review and revision process. The rule changes are needed to implement recent revisions in federal law.
- Target available loan funds to high priority needs in accordance with the Intended Use Plan priority list to encourage construction of the highest impact water quality improvement projects.
- Look at ways the Clean Water State Revolving Fund program can be used to encourage sustainable infrastructure and capacity development concepts with borrowers.
- Continue to identify projects that qualify for green project reserve funding, in accordance with federal guidance.

Other state grant and loan programs are available

Pending sufficient state revenue sources, Small Community Engineering Assistance Program grants, small borrower loans and rural sewer grants may also be available. (There are no additional funds for the 40 Percent Construction Grant Program in fiscal year 2016.)

Small Community Engineering Assistance Grants: The Small Community Engineering Assistance Program grants are available for municipalities, counties, public sewer

or water districts, political subdivisions or instrumentalities of the state with a population of fewer than 10,000. The grants offer funding for wastewater engineering costs incurred in preparation of a facility plan. Communities may be eligible to receive an 80 percent grant with a 20 percent recipient match. The grant amount does not exceed \$50,000.

Small Borrower Loan Program: This program is limited to communities with a population of fewer than 1,000. The loan amount is limited to \$100,000. Loans can be secured by a bond issue or can be annually appropriated debt. This program was established with water pollution control bonds and continues with state direct loan repayments. This small revolving fund is state-funded exclusively and is not a part of the State Revolving Fund. The funds can be used for either drinking water or clean water needs.

Rural Sewer Grants: Public sewer districts, public water districts and communities with a population of fewer than 10,000 may be eligible for rural sewer grants. These grants cover up to 50 percent of the eligible costs of a project up to a maximum of \$500,000 or \$1,400 per connection, whichever is less. There are restrictions on geographic location within Missouri and the types of projects that the grants can fund.

40 Percent Construction Grant Program: The State 40 Percent Construction Grant Program provides assistance to those communities that do not qualify for a loan for the total amount of eligible project costs. There are no additional funds for the 40 Percent Construction Grant program in fiscal year 2016.

Information on Small Community Engineering Assistance Grants, small borrower loans and rural sewer grants is available at <http://dnr.mo.gov/env/wpp/srf/wastewater-grants.htm>. Also, see page 35 in Appendix 4.

To apply for these other state loans and grants, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

What are the terms of the financial assistance we provide?

The Clean Water State Revolving Fund offers a fixed-rate loan with a maximum term of 20 years. Short-term loans of one to three years are also available. Loan proceeds are to be expended within 36 months of the loan closing.

In accordance with state regulation 10 CSR 20-4.040, the interest rate is based on The Bond Buyer 25-Revenue Bond Index, which provides an estimate of the yield on a 30-year revenue bond offered under current market conditions. The rate is comparable to a AAA-rated municipal market rate.

The Missouri Department of Natural Resources charges an annual fee of 1 percent of the outstanding loan balance. The fee is used to administer the Clean Water SRF program and to fund other water quality activities in accordance with federal regulations.

Recent revisions in federal law allow the department to consider loan terms of up to 30 years, not to exceed the useful life of the project. The department will examine this issue and develop any needed criteria and guidelines that would be used if loan terms are extended past 20 years. Additional information will be made available as the terms and conditions are finalized.

Specifically, what pieces of my project can be funded?

Eligible expenses and allowable construction costs are described in state regulations that direct operation and management of Missouri's Clean Water SRF program. Examples include

engineering costs for planning, design and construction as well as costs to construct or rehabilitate collection and treatment structures and systems. A full list is available in 10 CSR 20-4.010, 10 CSR 20-4.040 through 10 CSR 20-4.042 and 10 CSR 20-4.050 at www.sos.mo.gov/adrules/csr/current/10csr/10c20-4.pdf.

For more information, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

How do we distribute Clean Water State Revolving Funds?

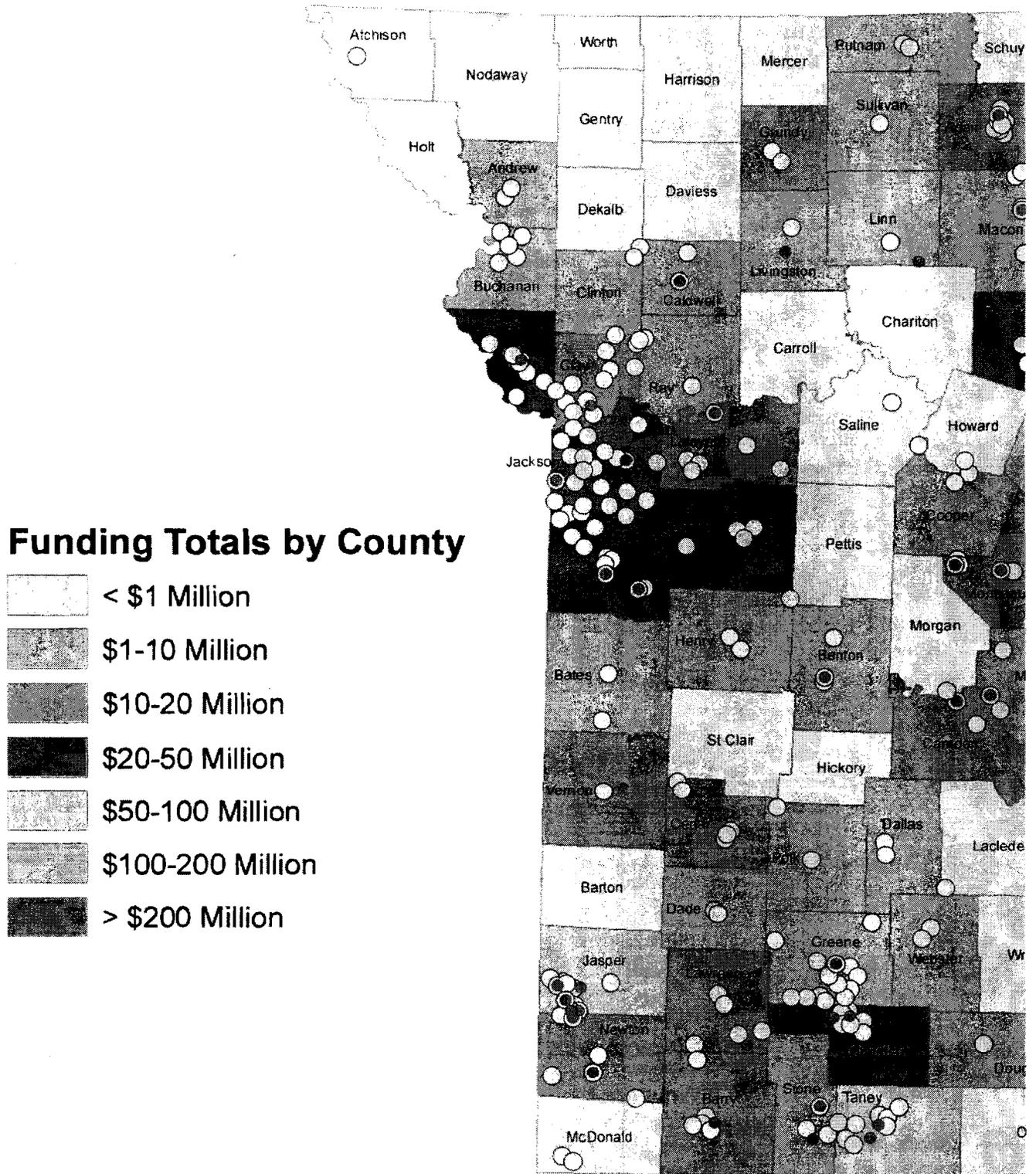
Fundable projects carried over from the previous fiscal year are allocated available funds first. The department then allocates a certain percentage of available funding for certain size communities or for high priority project types, such as Combined Sewer Overflows. Funds set aside for this reserve are based on a percentage of the anticipated available funds, the number of applicants ready to proceed and departmental priorities.

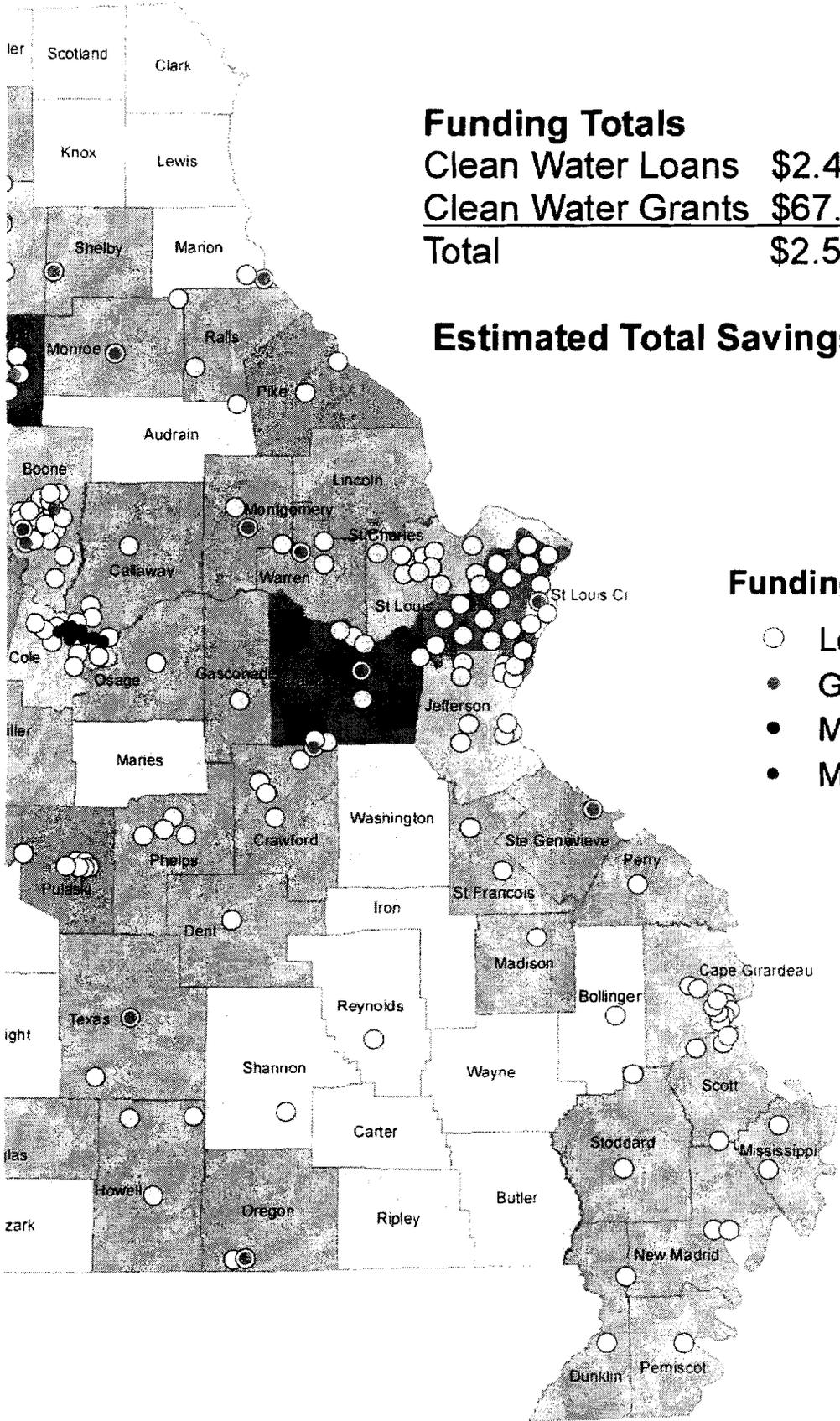
The funds are allocated as shown below:

- 40 percent to outstate Missouri (fewer than 75,000 people)
- 30 percent to large metropolitan areas and districts (75,000 or more people)
- 15 percent to address combined sewer overflow projects
- 15 percent to Green Project Reserve and department incentives

Any uncommitted funds from a specific group may be distributed to fund projects in other groups that are ready to proceed. Additional information is Appendix 2 on page 16.

Clean Water SRF helps Missouri communities





Funding Totals

Clean Water Loans \$2.43 Billion
Clean Water Grants \$67.7 Million
 Total \$2.5 Billion

Estimated Total Savings - \$885 Million

Funding Type

- Loan
- Grant
- Multi-County Loan
- Multi-County Grant

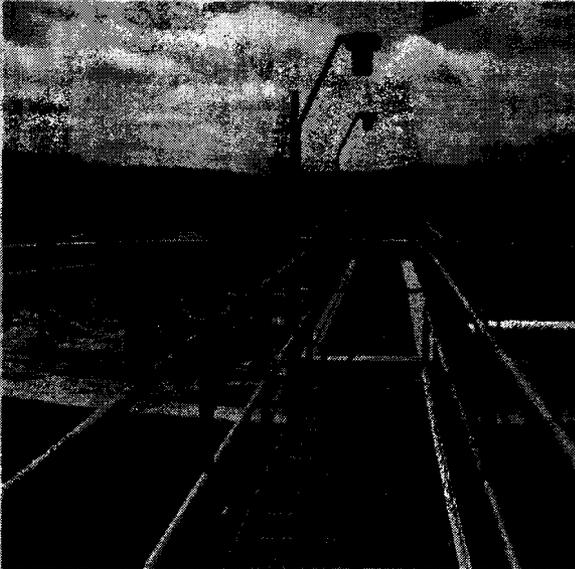
Expansion at Joplin wastewater treatment facility creates more than 500 jobs, saves \$12.6 million

In the decade leading up to the massive 2011 tornado that destroyed a large swath of Joplin, the city had been experiencing steady population growth. So much so that it outgrew much of its infrastructure, including two wastewater treatment plants.

The plants, known as the Turkey Creek and Shoal Creek plants, were both built in the 1980s and were operating at near-capacity by 2009. To continue its prosperous path, the growth of homes and businesses in the area had to be supported by sufficient infrastructure. Something had to be done to accommodate the increased amount of wastewater and meet increasingly stringent water quality standards, but funding would be an issue.

In 2009, Joplin voters approved a measure to issue \$35 million in revenue bonds for renovations at the wastewater treatment plants. Approval of this ballot measure allowed the city to borrow from Missouri's Clean Water State Revolving Fund.

The Missouri Department of Natural Resources awarded a \$6 million low-interest loan and a \$3 million grant in 2010 to the city to begin making improvements to the Turkey Creek plant.



Then, in 2011, the department awarded a \$26 million low-interest loan to the city to improve treatment of wastewater, including the addition of an ultraviolet disinfection system, which would lower the E. coli count in the water discharged from the plant into Turkey Creek. These funds were also used to expand the Shoal Creek collection system.

Finally, in 2014 the department awarded Joplin a \$3 million loan and a \$3 million grant for collection and treatment improvements to the northern part of the city and to complete the Shoal Creek expansion.

These projects not only help protect water quality in the region, but also provide an economic benefit to the area through expansion of infrastructure and the creation of more than 500 construction jobs. The low 1.7 percent interest rate on the \$26 million loan alone is projected to save Joplin rate payers an estimated \$12.6 million in interest.

Project Priority List: Ranking wastewater and nonpoint source projects

The department ranks projects for funding based on human health protection, the Federal Clean Water Act's fishable/swimmable goals, Missouri Water Quality Standards and Antidegradation Policy and Missouri's Nonpoint Source Management Program.

Proposed water quality projects receive points based on how they address watershed planning, failing onsite wastewater disposal systems, agriculture best management practices and more. A complete list and points awarded for each criteria are available at www.sos.mo.gov/adrules/csr/current/10csr/10c20-4.pdf.

Projects being funded in fiscal year 2016

The list of projects being funded in fiscal year 2016 is ranked by priority in Appendix 2 on page 16 and at <http://dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm>.

Funding process

The Missouri Department of Natural Resources will review the proposed project based on Clean Water State Revolving Fund eligibility requirements. Each project undergoes an application, technical and environmental review. If the proposed project is an eligible project, it will be added to the Clean Water State Revolving Fund Project Priority List.

The Project Priority List includes several types of projects:

- **Fundable projects** have a complete facility plan and a voted bond or other debt instrument in place. (A debt instrument includes general obligation and revenue bonds.) These projects are scheduled for financial assistance during the current fiscal

year, and funds are available to be allocated to the project.

- **Contingency projects** fall into one of two categories: fundable contingency or contingency. A fundable contingency project has a complete facility plan with acceptable debt instrument bonds in place, but sufficient SRF funding is unavailable, or the project is not expected to need funds in the current fiscal year. These projects may receive assistance if funds become available during the fiscal year. Other contingency projects have a complete facility plan but do not have an acceptable debt instrument in place. For these projects to move forward, a voter-approved bond or other debt instrument must be secured.
- **Planning projects** have submitted an application but may not have submitted a facility plan and do not have a voted bond or authorization to incur debt. The department anticipates these projects may be eligible to receive financial assistance and works with these communities to advance the projects to meet the readiness to proceed criteria.

The Missouri Department of Natural Resources monitors project compliance and administers financial assistance for funded projects. This includes quarterly construction inspections, processing pay requests and reviewing change orders for funding eligibility.

Additional Subsidization

Recent revisions in federal law require the department to consider the project's affordability when determining whether to provide additional subsidization to a community. The department is in the process of developing the criteria and guidelines that will be used if additional subsidization is provided to offset a portion of the project costs. The criteria will be based on income and unemployment data, population trends and may include other relevant data.

Additional information will be made available as the terms and conditions are finalized. The affordability criteria will replace the existing disadvantaged community criteria.

Modifications to Project Priority List

After the Missouri Clean Water Commission adopts the Clean Water SRF priority lists, it may modify the lists or redistribute the available funds in accordance with 10 CSR 20-4.010:

- **Inadequate allocations:** If federal Clean Water SRF allocations are less than the allocations anticipated, or if previous allocations are reduced, it may be necessary to reduce commitments to projects on the priority list.
- **Unanticipated or uncommitted funds:** The availability of unanticipated or uncommitted funds can result in a project moving from the contingency list to the fundable list. Additionally, the amount of funds allocated to projects on the fundable lists may increase or projects that have already received assistance may receive increased assistance.
- **Bypass:** A project on the fundable priority list not making progress in satisfying requirements for Clean Water SRF assistance will be removed from the fundable priority list. The project is then placed on the proper contingency or planning priority list as decided by the commission.
- **Project removal:** Projects may be removed from the priority list at the request of the applicant or a finding by the Department of Natural Resources that the project is ineligible for Clean Water SRF assistance.

Before taking action to modify the Project Priority List, the department notifies those projects directly affected.

Where the money comes from

Missouri applies to the U.S. Environmental Protection Agency annually for capitalization grants to fund its Clean Water State Revolving Fund program. To increase available funds, the state leverages its EPA capitalization grants in the municipal bond market. These funds are combined with the required state match and interest earnings and then made available to Missouri communities in the form of low-interest loans. As the loans are repaid, the money is reused (revolved) by the State Revolving Fund to provide for future projects.

Project lists are in Appendix 2 on page 16, and information on the targeted funding is in Appendix 5 on page 36.

Green Project Reserve

A portion of certain capitalization grants is to be used for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. See Appendix 5 on page 36 for additional information.

Department staff will work directly with applicants prior to funding to identify these projects. Additional information is in the Clean Water State Revolving Loan Fund Application Instructions online at <http://dnr.mo.gov/pubs/pub2284.pdf>.

Program commitments and state assurances

The Missouri Department of Natural Resources makes a number of program commitments and state assurances related to managing the Clean Water SRF.

See Appendix 5 on page 36 for a list of these commitments and assurances.

Appendix One:

SRF Application Process and Requirements

How to complete a Clean Water SRF application

The application form, instructions and guidance documents are available at www.dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm:

1. Potential applicants are encouraged to contact the Missouri Department of Natural Resources prior to submitting an application <http://dnr.mo.gov/forms/780-1951-f.pdf>. You can reach the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.
2. Obtain a Water Quality Review Assistance/Antidegradation Review Request <http://dnr.mo.gov/forms/780-1893-f.pdf> from the department before initiating facility planning activities.
3. In addition to the review request form, you may need additional attachments, available at <http://dnr.mo.gov/env/wpp/permits/antideg-implementation.htm>.
4. Complete a Facilities Plan Submittal Checklist <http://dnr.mo.gov/forms/780-2041-f.pdf>.

Two additional guidance documents will be helpful:

- Clean Water State Revolving Fund Project Facility Plan Guidance <http://dnr.mo.gov/pubs/pub2418.htm>
- Environmental Protection Agency 2012 Green Infrastructure Guidance <http://dnr.mo.gov/env/wpp/srf/docs/2012-epa-gpr-guidance.pdf>

Facility plans without the review request form and the Facility Plan Submittal Checklist are not complete. Incomplete facility plans will delay proposed projects and, ultimately, project funding.

Clean Water SRF applicants are strongly encouraged to retain the services of a registered municipal financial advisor. The U.S. Securities Exchange Commission issued a final rule that went into effect on July 1, 2014, that provides a clear definition of individuals who would be considered municipal advisors. It also provides guidance as to the scope of services and activities they provide, and, most importantly, it requires municipal advisors, including those acting as financial advisors, to be registered with the Securities Exchange Commission.

Applicants are also required to submit letters of approval from their state legislators when they submit their due diligence information. Find your Missouri representative and senator at <http://www.senate.mo.gov/legislookup/Default.aspx>.

If you have questions or need assistance, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Description of assistance

For projects listed in this plan, the Clean Water SRF assistance is in the form of loans with a target interest rate of 30 percent of AAA municipal market rate and an annual fee of 1 percent on the outstanding loan balance. Short-term loans are for a one- to three-year period. Long-term loans currently are fixed-rate loans that do not exceed 20 years. Additional subsidization in the form of grants may be provided in accordance with current federal appropriations if available.

Carry-over projects

Unfunded projects that filed an original application by Nov. 15, 2013, were automatically carried into the fiscal year 2016 Intended Use Plan unless the Missouri Clean Water Commission bypassed or removed the project, or the proposed loan recipient has requested to be removed.

State regulation establishes Nov. 15 as the annual submittal deadline for applications to participate in the programs during any fiscal year. However, applications will be accepted and processed at any time. Potential applicants are strongly encouraged to contact the department prior to submitting an application; call 573-751-1192 or email fac@dnr.mo.gov.

State regulation 10 CSR 20-4.040 establishes that applications are valid for two plan cycles. Those projects not meeting program criteria within the allotted two-year cycle will have their allocated funds released and reallocated to other projects. Reapplication to the program is possible at the end of the two-year cycle, but a project's position on a fundable, contingency or planning list may change with each subsequent application.

Carry-over projects in the fiscal year 2016 Intended Use Plan are not eligible to compete in the fiscal year 2017 Intended Use Plan unless reapplication is made by Nov. 15, 2015.

Funding List

Fundable Projects Lists identify those projects the Missouri Clean Water Commission intends to fund during a given fiscal year. Prior to completion and submittal of a facility plan, the applicant is strongly encouraged to obtain a water quality review from the department. An entity seeking to have a project placed on one of the fundable lists must have submitted a substantially complete facility plan and information indicating the public entity has an appropriate debt instrument in place. A debt instrument includes, but is not limited to, general obligation bonds and revenue bonds.

The Fundable Projects List is composed of four separate lists:

- Outstate Missouri Fundable Projects List
- Large Metropolitan Areas and Districts Fundable Projects List
- Combined Sewer Overflow Fundable Projects List
- Department Initiatives

Coordination

Except for projects funded solely through the Clean Water SRF, all applicants anticipating the use of other state or federal funds must complete a Missouri Water and Wastewater Review Committee project proposal. The applicant should contact the committee for a complete project proposal package. The Missouri Water and Wastewater Review Committee members represent the following agencies:

Denise Derks
Missouri Department of Economic Development
Community Development Block Grant Program
301 W. High Street, P.O. Box 118
Jefferson City, MO 65102
Telephone: 573-751-3600

David Potthast
Missouri Department of Natural Resources
Financial Assistance Center
1101 Riverside Dr., P.O. Box 176
Jefferson City, MO 65102
Telephone: 573-751-1192

Trudy Ziegelhofer
U.S. Dept. of Agriculture, Rural Development
601 Business Loop 70 West, Parkade Center, Suite 235
Columbia, MO 65203
Telephone: 573-876-0995

Appendix Two:

Project Lists and Financial Tables

Sources and Uses of Funds

The Clean Water SRF program expects to have approximately \$216 million available for financing during this fiscal year. The estimate includes carry-over monies from previous years, repayments, interest earnings on investments of Clean Water SRF resources, federal capitalization grants and state match.

Funds are allocated to projects that are on a Fundable List as approved by the Clean Water Commission. The amount of funds made available through this Intended Use Plan may be revised at any time due to changing economic conditions.

The Missouri Department of Natural Resources will use the 4 percent program administration set aside from the federal capitalization grants and fees charged to Clean Water SRF recipients for program administration.

The estimated sources and anticipated uses of funds can be found in the following table. The amounts reflected are as of Dec. 31, 2014.

**Sources and Uses of Funds
Capitalization Grants and Loan Repayments
(As of Dec. 31, 2014)**

Estimated Sources		
FFY 2013 CW SRF Capitalization Grant (federal portion only)	\$ 143,852	
FFY 2014 CW SRF Capitalization Grant (federal portion only)	\$ 30,909,014	
FFY 2015 CW SRF Capitalization Grant (federal portion only, not yet awarded)	\$ 38,669,000	
Loan Repayment Fund (Balance in Fund 0602 as of 12/31/14)	\$ 260,888,556	
Balance of Fund 0649 as of 12/31/14	\$ 1,265,147	
Projected Proceeds from Bond Refinancing (1/1/15 - 9/30/17)	\$ 1,153,907	
Estimated CWSRF portion of Fund 0602 Investment Interest (1/1/15 - 9/30/17)	\$ 3,720,171	
Estimated CWSRF portion of Fund 0649 Investment Interest (1/1/15 - 9/30/17)	\$ 22,502	
Reserve Release (1/1/15 - 9/30/17)	\$ 141,318,973	
Direct Loans - Principal and Interest Repayments (1/1/15 - 9/30/17)	\$ 102,341,966	
EIERA Bond Sale - 2015A (State Match Funds)	\$ 27,500,000	
Total Estimated Sources		\$ 607,933,088
Estimated Uses		
Binding Loan Commitments (Balance of Reserve Payable 12/31/14)	\$ 175,577	
Base Program Funds Committed for Direct Loans as of 12/31/14	\$ 143,426,399	
Base Program Funds Committed for Direct Grants as of 12/31/14	\$ 5,831,070	
4% Administrative Expenses from FFY 2013 Capitalization Grant	\$ 113,500	
4% Administrative Expenses from FFY 2014 Capitalization Grant	\$ 1,486,936	
4% Administrative Expenses from FFY 2015 Capitalization Grant	\$ 1,504,760	
DWSRF Fund Transfer (Fund 0602) - FY 2015	\$ 5,000,000	
DWSRF Fund Transfer (Fund 0602) - FY 2016	\$ 5,000,000	
Match Bond Debt Service (A2012 and A2010)		
Remaining Principal Due as of 12/31/14	\$ 6,543,000	
Interest Due Through 9/30/2015	\$ 307,063	
Additional Match Bond Debt Service Due through FY 2015 **	\$ 1,638,272	
2010B and 2015A Pledge Commitments (1/1/15 - 9/30/17)	\$ 19,322,661	
Independent Audit	\$ 42,000	
Anticipated Direct Loans during FY 2015 (1/1/15 - 9/30/15)	\$ 200,955,298	
FFY 2011 Capitalization Grant Additional Subsidization	\$ 1,693,677	
FFY 2012 Capitalization Grant Additional Subsidization	\$ 3,266,140	
FFY 2013 Capitalization Grant Additional Subsidization	\$ 2,614,923	
FFY 2014 Capitalization Grant Additional Subsidization	\$ 3,172,658	
FFY 2015 Capitalization Grant Additional Subsidization	Up to \$4,000,000 ***	
Loan Funds Available for FY 16 CW IUP Projects	\$ 205,839,154	
Total Estimated Uses		\$ 607,933,088

** Debt Service for the Match Bond Debt Service currently being funded from the Clean Water SRF program rather than state funds.

*** The department will utilize up to this amount. As grant funds are awarded, loan funds will be reduced accordingly. See Appendix 5 on page 36 for more information.

Continued on page 18

Loan and Grant Commitments 1/1/15 through 9/30/15	Loan	Grant	Total
Pulaski Co. S.D. No. 1 (Weeks Hollow WWTF)	6,894,500	-	6,894,500
Belton, City of - Funded 6/3/15	13,977,000	-	13,977,000
Boone County RSD (Sunrise Estates Int., Westwood Meadows, El Rey Heights, Spring Park and Rocky Fork) - Funded 4/20/15	3,064,000	-	3,064,000
MSD - MSD Public I/I Reduction Program - Phase II - Funded 8/8/15	16,000,000	-	16,000,000
Fulton, City of	13,000,000	-	13,000,000
Liberty, City of	79,000,000	-	79,000,000
MSD - MSD Public I/I Reduction Program - Phase III - Funded 8/8/15	59,000,000	-	59,000,000
Monett	1,895,000	945,260	2,840,260
Windsor Place, Village of	939,000	607,758	1,546,758
Brashear	637,798	637,797	1,275,595
Aurora - Funded 1/14/15	-	805,829	805,829
Rocky Mount S.D. - Funded 3/25/15	-	3,000,000	3,000,000
Odessa - Phase II - Funded 7/21/15	3,000,000	3,000,000	6,000,000
Nevada - Funded 5/5/15	2,722,000	-	2,722,000
Macon	826,000	825,500	1,651,500
Total Commitments 1/1/15 - 9/30/15	200,955,298	9,822,144	210,777,442

Project Lists

The list of fiscal year 2016 applicants appears on the following page. The list location column indicates the section of the project lists the application appears in. The project lists follow the list of applicants.

It is important to note:

- The fundable project lists may change significantly between the draft Intended Use Plan placed on public notice and the final version approved by the Clean Water Commission.
- The inclusion of a project on the fundable list is not a guarantee of funding. Other factors, such as timely progress toward funding, compliance with program requirements and funding availability, may impact project funding.

For more information on the Clean Water SRF Program, contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

List of Fiscal Year 2016 Applicants

Note: An explanation of the abbreviations and codes appears at the end of the list.

APPLICANT	APPLICATION DATE	PRIORITY POINTS	SERVICE AREA POP.	LIST LOCATION
Alba	9/26/2014	85	594	OS-FUND
Arbyrd	9/23/2014	85	509	OS-FUND
Ashland	9/30/2014	50	3,707	P
Aurora - Phase II	11/18/2014	100	7,508	P
Belle	10/6/2014	95	1,545	P
Boone Co. RSD (Bolti Road Coll System)	11/17/2014	75	25	P
Boone County RSD (Hallsville Connection)	11/15/2013	90	223	P
Boone Co. RSD (Phenora North Coll System)	11/17/2014	80	25	P
Carthage - WWTP Upgrades *	5/20/2014	105	14,378	C
Center	11/17/2014	75	512	P
Center Creek Wastewater Treatment Board	11/14/2014	85	15,268	P
Chamois *	10/22/2013	125	546	C
Deer Run Creek Reorganized Common Sewer District	11/24/2014	110	385	P
Drexel *	11/14/2013	85	965	P
Duckett Creek Sewer District	5/4/2015	125	112,500	P
Duquesne	9/29/2014	65	1,790	OS-FUND
East Lynne *	11/15/2013	95	303	C
Gravois Arm Sewer District - Johnson Bay WWTF *	11/15/2013	85	125	P
Gravois Arm Sewer District - Phase 4	11/14/2014	70	936	P
Holts Summit *	11/15/2013	75	3,400	P
Kirksville - WWTP	9/30/2014	120	17,505	OS-FUND
Labadie Sewer District *	11/19/2013	75	595	P
Lake Ozark	9/30/2014	115	1,586	OS-FUND
Lancaster *	12/27/2013	75	940	P
Lockwood *	11/6/2013	50	936	P
Louisiana *	6/3/2014	105	3,364	P
Madison *	11/19/2013	100	554	C
Meadville *	1/10/2014	105	512	C
Memphis *	1/8/2014	50	1,822	P
Milan	2/2/2015	70	85	OS-FUND
Miller *	11/6/2013	55	699	P
Missouri Agriculture & Small Business Development	10/6/2014	N/A	N/A	DI
Moscow Mills *	9/9/2014	105	2,509	C
MSD - Public I/I Reduction Program - Phase IV *	11/18/2013	145	1,300,000	LM-FUND
MSD - Public I/I Reduction Program - Phase V	9/12/2014	185	1,300,000	LM-FUND
New London *	8/8/2013	115	974	C
North Cass Waste Management Sewer District *	11/19/2013	55	75	P
Peculiar *	11/19/2013	65	4,608	P
Peculiar *	11/19/2013	50	4,608	P
Peculiar *	11/19/2013	50	500	P
Pierce City *	11/14/2013	90	1,385	C
Pocahontas *	11/20/2013	45	114	P
Poplar Bluff	9/26/2014	70	17,023	P
Purdy	11/12/2014	50	1,098	P
Renick *	3/27/2014	70	172	C
Russellville	8/26/2015	20	807	P
Shelbina *	11/14/2013	35	1,704	P
Sikeston Board of Municipal Utilities *	11/5/2013	95	17,000	P
South Dunklin County Reorganized Common Sewer District	11/24/2014	85	241	P

Note: An explanation of the abbreviations and codes appears at the end of the list.

APPLICANT	APPLICATION DATE	PRIORITY POINTS	SERVICE AREA POP.	LIST LOCATION
St. Joseph (Blacksnake Creek Stormwater)	9/25/2014	130	96,789	CSO-FUND FUND-CONT
Sunrise Beach	11/15/2013	85	431	P
Taney County Regional Sewer District *	11/21/2013	95	1,443	P
Unionville	9/30/2014	65	1,865	OS-FUND
Upper White River Basin Foundation *	10/18/2013	95	28,658	C
Wardsville *	11/15/2013	65	1,550	P
Wellsville *	4/22/2014	75	1,217	C
Weston	11/18/2014	105	1,641	P
Windsor *	11/1/2013	90	2,901	P

An * indicates the project is carried over from last year's IUP.

Disadvantaged communities are reflected in **bold italic print**.

Abbreviations and Codes

C – Carryover List	Fund – Fundable List
Cont – Contingency List	LM – Large Metropolitan Areas & Districts
CSO – Combined Sewer Overflow	OS - Outstate
DI - Department Initiatives	P – Planning List

Fiscal Year 2016 Project Lists

Applicant	Project #	Description	Priority Points	Service Area	Eligible Costs	Loan Amount	Grant Amount	Funding Type	NPDES #	Problem Code	Financing Schedule FY - Qtr	Needs Category	Initiation of Operations	Green Project Reserve				
														Category	Business/ Categorical	Amount		
Carryover Fundable List Available Funds																		
						\$ 205,839,154	\$ 10,747,398											
Chamols *	C295703-01	TP, Coll Rehab	125	546	\$ 1,355,898	\$ 338,974	\$ 1,016,924	DIS	MO-0039642	4, 5	16-1	II, IIIB	16-4	EE	B	\$ 705,684		
New London *	C295728-01	Coll, TP Impr	115	974	2,931,355	732,839	2,198,516	DIS	MO-0092975	5	16-1	I, IIIA	17-1	EE	B	1,479,700		
Carthage - WWTP Upgrades *	C295809-01	TP Impr	105	14,378	6,000,000	6,000,000	-	-	MO-0039136	5	16-4	I	17-4					
Moscow Mills *	C295810-01	PS, I	105	2,509	2,252,845	2,252,845	-	-	MO-0129852 MO-0119709	1	16-2	I, IVB	17-1					
Meadville *	C295801-01	TP Impr	105	512	930,056	465,028	465,028	PW	MO-0041114	5	16-2	I	17-2					
Madison *	C295658-01	Inf, Coll, TP Impr	140	554	3,140,937	1,570,469	1,570,468	PW	MO-0096920	4, 5	16-2	I	17-3	EE	B	1,350,419		
Upper White River Foundation *	C295611-02	NPS- Decentral- ized	95	28,658	1,000,000	-	1,000,000	NPSG	N/A	4	16-1	VIII	N/A	EI	C	1,000,000		
East Lynne *	C295695-01	TP, I	95	303	885,900	885,900	-	-	MO-0099961	5	16-4	I, IIIA	17-1					
Pierce City *	C295696-01	TP Impr, Coll	90	1,385	991,375	495,688	495,687	PW	MO-0099155	1, 4, 5	16-1	I, II, IIIA, IIIB	16-4					
Wellsville *	C295807-01	TP Impr	75	1,217	2,000,000	500,000	1,500,000	DIS	MO-0041050 MO-0050695	1, 5	16-2	II, IIIA, IVB	17-1					
Renick *	C295806-01	TP, Coll	70	172	592,667	296,334	296,333	PW	MO-0104019	5	16-2	II, IVA	17-1					
Total Carryover Fundable Projects						\$ 22,081,033	\$ 13,538,077										\$ 4,535,803	
Balance						\$ 192,301,077	\$ 2,204,442											

Notes: An explanation of the abbreviations and codes appears at the end of the project lists. Disadvantaged communities are reflected in bold italic print.

Allocation of Available Loan Funding

Loan Balance Forward from Fundable Carry-over Project Lists		\$ 192,301,077
Outstate Missouri (1)	40%	\$ 76,920,430
Large Metropolitan Areas and Districts (2)	30%	\$ 57,690,323
Combined Sewer Overflow (CSO)	15%	\$ 28,845,162
Department Initiatives	15%	\$ 28,845,162

(1) Service area population of less than 75,000.

(2) Service area population of 75,000 or more.

Financial Summary of the Fundable Projects Lists (loan funding only)

	Outstate Missouri	Large Metropolitan Areas & Districts	Combined Sewer Overflow	Department Initiatives	Total
Loan Allocation	\$ 76,920,430	\$ 57,690,323	\$ 28,845,162	\$ 28,845,162	\$ 192,301,077
Total Projects (1)	\$ (28,537,911)	\$ (95,500,000)	\$ (45,300,000)	\$ (500,000)	\$ (169,837,911)
Balance Before Transfers	\$ 48,382,519	\$ (37,809,677)	\$ (16,454,838)	\$ 28,345,162	\$ 22,463,166
Transfers	\$ (37,809,677)	\$ 37,809,677			\$ -
	\$ (10,572,842)		\$ 10,572,842		\$ -
			\$ 5,881,996	\$ (5,881,996)	\$ -
					\$ -
Total Transfers	\$ (48,382,519)	\$ 37,809,677	\$ 16,454,838	\$ (5,881,996)	\$ -
Balance Available (2)	\$ -	\$ -	\$ -	\$ 22,463,166	\$ 22,463,166
Amount Forward to Project Tables (3)	\$ 28,537,911	\$ 95,500,000	\$ 45,300,000	\$ 22,963,166	\$ 192,301,077

(1) From the Project Lists on the subsequent pages.

(2) Balance may be shifted to other categories to fund projects that are ready to proceed.

(3) Amount equals the Allocation + Total Transfers.

Fiscal Year 2016 Project Lists

Applicant	Project #	Description	Priority Points	Service Area Pop.	Eligible Costs	Loan Amount	NPDES #	Problem Code	Financing Schedule FY - Qtr	Needs Category	Initiation of Operations	Category	Business/ Categorical	Amount
Kirksville - WWTP	C295250-11	TP Exp, Impr	120	17,505	\$ 18,000,000	\$ 18,000,000	MO-0049506	5	16-2	I	18-3			
Lake Ozark	C295646-02	Coil Rehab	115	1,586	2,722,674	2,722,674	N/A	4,5	16-2	IVB	17-3	EE	B	2,722,674
Alba	C295709-01	TP, Coil Rehab	85	594	2,500,000	2,500,000	MO-0089036	5	16-1	I, II, IIIA, IIIB	17-1			
Arbyrd	C295811-01	TP Impr, Coil	85	509	1,534,105	1,534,105	MO-0101346	5	17-3	IVA, VII	18-1			
Milan	C295723-01	TP Rehab	70	85	354,192	354,192	MO-0119318	1,3	16-1	IIIB	16-4			
Unionville	C295720-01	Coil Rehab	65	1,865	2,475,881	2,475,881	MO-0054569	5	16-4	IIIA	17-3			
Duquesne	C295447-04	Coil	65	1,790	951,059	951,059	N/A	4	16-4	IVB	17-2			
Total Outstate Missouri Fundable Projects					\$ 28,537,911	\$ 28,537,911								\$ 2,722,674
Balance					\$ -	\$ -								
Large Metropolitan Areas & Districts Fundable List Available Funds					\$ 95,500,000	\$ 95,500,000								
MSD - MSD Public I/I Reduction Program - Phase IV *	C295023-38	I/I	145	1,300,000	\$ 44,000,000	\$ 44,000,000	Multiple	4,5	16-4	IIIA	17-4	EE	B	44,000,000
MSD - MSD Public I/I Reduction Program - Phase V	C295023-39	I/I	185	1,300,000	51,500,000	51,500,000	Multiple	4,5	17-4	IIIA	18-4	EE	B	51,500,000
Total Large Metropolitan Areas & Districts Fundable Projects					\$ 95,500,000	\$ 95,500,000								\$ 95,500,000
Balance					\$ -	\$ -								

Applicant	Project #	Description	Priority Points	Service Area Pop.	Eligible Costs	Loan Amount	NPDES #	Problem Code	Financing Schedule FY - Qtr	Needs Category	Initiation of Operations	Green Project Reserve			
												Category	Business/Categorical	Amount	
Combined Sewer Overflow Fundable List Available Funds						\$ 45,300,000									
St. Joseph - Blacksnake Creek Stormwater Design	C295699-04	CSO	145	96,789	\$ 10,000,000	\$ 10,000,000	MO-0023043	5	16-1	V	17-1	EE	B	10,000,000	
St. Joseph - Blacksnake Creek Stormwater Construction	C295699-05	CSO	130	96,789	77,300,000	35,300,000	MO-0023043	5	16-4	V	19-3	EE	B	35,300,000	
Total Combined Sewer Overflow Fundable Projects						\$ 87,300,000	\$ 45,300,000								\$ 45,300,000
Balance						\$ -									
Department Initiatives Fundable List Available Funds						\$ 22,963,166									
Missouri Agriculture & Small Business Development	C295212-09	TP	N/A	N/A	\$ 500,000	\$ 500,000	N/A	3	16-1	VIIIB	17-1				
Total Department Initiatives Fundable Projects						\$ 500,000	\$ 500,000								\$ -
Balance						\$ 22,463,166									
Fundable Contingency List (Complete Facility Plan Submitted and Approved Debt Instrument)															
St. Joseph - Blacksnake Creek Stormwater Construction	C295699-05	CSO	130	96,789	\$ 42,000,000		MO-0023043	5	16-4	V	19-3	EE	B	40,071,000	
Total Fundable Contingency Projects						\$ 42,000,000									\$ 40,071,000
Contingency List (Complete Facility Plan Submitted)															
Total Contingency Projects						\$ -									\$ -

Applicant	Project #	Description	Priority Points	Service Area Pop.	Eligible Costs	Loan Amount	NPDES #	Problem Code	Financing Schedule FY - Qtr	Needs Category	Initiation of Operations	Category	Business/ Categorical	Amount	Planning List	
Ashland, City of	C295710-01		50	3,707	\$ 6,600,000											
Aurora - Phase II	C295711-02		100	7,508	1,307,050											
Belle	C295813-01		95	1,545	633,571											
Boone Co. RSD (Boll Road Coll System)	C295375-25		75	25	248,808											
Boone Co. RSD (Hallsville Connection)*	C295375-23		90	223	1,459,500											
Boone Co. RSD (Phenora North Coll System)	C295375-24		80	162	372,099											
Center	C295817-01		75	512	2,969,262											
Center Creek Wastewater Treatment Board	C295446-02		85	15,268	4,935,451											
Deer Run Creek Reorganized Common Sewer District	C295815-01		110	385	3,836,757											
Drexel *	C295803-01		85	965	1,850,000											
Duckett Creek Sewer District	C295819-01		125	112,500	10,320,000											
Gravois Arm Sewer District - Johnson Bay WWTF *	C295715-02		85	125	307,304											
Gravois Arm Sewer District - Phase 4	C295715-01		70	936	4,742,079											
Holis Summit *	C295192-04		75	3,400	450,000											
Labadie Sewer District *	C295727-01		75	595	1,708,682											
Lancaster *	C295804-01		75	940	2,067,500											
Lockwood *	C295724-01		50	936	1,608,842											
Louisiana *	C295686-02		105	3,364	350,000											
Memphis *	C295802-01		50	1,822	3,143,700											
Miller *	C295726-01		55	699	804,121											
North Cass Waste Management Sewer District *	C295672-01		55	75	939,100											

Applicant	Project #	Description	Priority Points	Service Area Pop.	Eligible Costs	Loan Amount	NPDES #	Problem Code	Financing Schedule FY - Qtr	Needs Category	Initiation of Operations	Green Project Reserve			
												Category	Business/ Categorical	Amount	
Peculiar *	C295612-01		65	4,608	8,914,524										
Peculiar *	C295613-02		50	4,608	5,300,000										
Peculiar *	C295613-01		50	500	775,000										
Pocahontas *	C295729-01		45	114	649,415										
Poplar Bluff	C295671-01		70	17,023	18,119,172										
Purdy	C295818-01		50	1,098	4,154,300										
Russellville	C295718-01		20	807	2,377,620										
Shelbina *	C295655-01		35	1,704	6,196,067										
Sikeston Board of Municipal Utilities *	C295323-02		95	17,000	16,000,000										
South Dunklin County Reorganized Common Sewer District	C295816-01		85	241	1,315,990										
Sunrise Beach	C295540-02		85	431	3,384,050										
Taney County Regional Sewer District *	C295219-07		95	1,443	19,128,543										
Wardsville *	C295800-01		65	1,550	517,300										
Weston	C295814-01		105	1,641	3,101,000										
Windsor *	C295512-01		90	2,901	5,000,000										
Total Planning List Projects					\$ 145,586,807										\$ -

Description Reference List		Problem Codes	Needs Codes	Green Project Reserve Codes	
Coll	Collection	1 - NPDES Permit Violation	I	Secondary Treatment	
CSO	Combined Sewer Overflow	2 - Unpermitted Discharge	II	Advanced Treatment	B Business Case
Det	Detention	3 - Water Quality Stds. Violation	IIIA	I/I correction	C Categorical
Exp	Expansion	4 - Public Health Problems	IIIB	Sewer replacement or rehabilitation	EE Energy Efficiency
FM	Force Main	5 - Future NPDES Violation Expected			EI Environmentally Innovative
Impr	Improvements		IVA	New Collection	GI Green Infrastructure

Distribution of Loan Administration Fees

On Oct. 20, 2005, the U.S. Environmental Protection Agency issued guidance on the administration fees charged by the state to recipients of Clean Water SRF program assistance. Fees charged by the program are not included as principal in loans. The administration fee may be considered program income, depending upon the source of the loan and the timing of the fee receipt. As shown in the following table, the administration fees collected are considered as

- program income earned during the capitalization grant period;
- program income earned after the capitalization grant period; or
- non-program income.

During the grant period is defined as the time between the effective date of the grant award and the ending date of the award reflected in the final grant financial report.

Program income earned during the grant period may only be used for eligible Clean Water SRF activities, as defined in the Clean Water Act, and program administration. Program income earned after the grant period, as well as non-program income, may be used for a broad range of water-quality related purposes. The State of Missouri has obtained approval from the EPA to use program income earned after the grant period for water-quality related purposes.

Source And Distribution Of Funds			
Loan Administration Fees¹			
As of Dec. 31, 2014			
Income	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income
Beginning Balance as of 07/01/14	\$ 863,388	\$ 22,329,363	\$ 8,109,415
FY 15 Income (thru 12/31/14)	\$ 226,522	\$ 1,413,383	\$ 1,021,214
FY 15 Interest Earnings (thru 12/31/14)	\$ 2,335	\$ 54,775	\$ 20,836
Subtotal	\$ 1,092,245	\$ 23,797,521	\$ 9,151,465
Expenditures Thru 12/31/14			
FY 15 Personnel Services	\$ (36,397)	\$ (153,365)	\$ -
FY 15 Fringe	\$ (15,319)	\$ (69,735)	\$ -
FY 15 Expenses	\$ (46,644)	\$ (5,909)	\$ -
FY 15 PSD Expenditures	\$ -	\$ (188,529)	\$ (207,496)
FY 15 DNR Transfers ²	\$ (9,580)	\$ (22,306)	\$ -
FY 15 ITSD Transfers ^{2&3}	\$ (10,887)	\$ (25,347)	\$ -
FY 15 HB 13 Transfers ²	\$ (4,407)	\$ (10,262)	\$ -
Subtotal	\$ (123,234)	\$ (475,453)	\$ (207,496)
Income Less Expenditures	\$ 969,011	\$ 23,322,068	\$ 8,943,969
Projected Income			
FY 15 Income (01/01/15 - 06/30/15)	\$ 474,251	\$ 1,419,717	\$ 1,729,654
FY 15 Interest Income (01/01/15 - 06/30/15)	\$ 4,465	\$ 33,742	\$ 25,657
FY 16 Income (07/01/15 - 06/30/16)	\$ 1,538,428	\$ 2,655,227	\$ 3,430,587
FY 16 Interest Income (07/01/15 - 06/30/16)	\$ 11,552	\$ 62,053	\$ 45,303
Subtotal	\$ 2,028,696	\$ 4,170,739	\$ 5,231,201
Projected Expenditures			
FY 15 Personnel Services	\$ (155,946)	\$ (596,371)	\$ -
FY 15 Fringe	\$ (76,813)	\$ (289,389)	\$ -
FY 15 Expense & Equipment	\$ (240,614)	\$ (44,615)	\$ (694,412)
FY 15 DNR Transfers ²	\$ (44,455)	\$ (87,267)	\$ (65,629)
FY 15 ITSD Transfers ^{2&3}	\$ (52,066)	\$ (102,312)	\$ (76,461)
FY 15 HB 13 Transfers ²	\$ (20,439)	\$ (40,122)	\$ (30,178)
FY 15 PSD Expenditures	\$ -	\$ (12,453,767)	\$ (3,969,980)
FY 16 Personal Service, Fringe, Expenses & Indirect	\$ (932,891)	\$ (229,035)	\$ (133,449)
FY 16 ITSD Direct Costs ³	\$ -	\$ -	\$ (694,412)
FY 16 Board Training & Operator Certification	\$ -	\$ (250,000)	\$ -
FY 16 Abatement of Water Quality Emergencies	\$ -	\$ -	\$ (250,000)
FY 16 Water Quality & Watershed Initiatives	\$ -	\$ (1,500,000)	\$ -
FY 16 Rural Sewer Grants	\$ -	\$ (3,500,000)	\$ -
FY 16 Fixed Station Ambient Network Contract	\$ -	\$ (479,905)	\$ (378,500)
FY 16 Water Quality Studies	\$ -	\$ -	\$ (100,000)
FY 16 Small Community Engineering Assistance Program	\$ -	\$ -	\$ (2,000,000)
Subtotal	\$ (1,523,224)	\$ (19,572,783)	\$ (8,393,021)
Total Actual and Projected	\$ 1,474,483	\$ 7,920,024	\$ 5,782,149

¹ The distribution of loan administration fees to various department activities is subject to change throughout the fiscal year. Actual fund uses will be reported in the fiscal year 2016 Clean Water State Revolving Fund Annual Report.

² Similar to the inclusion of Indirect Costs in federal grants, this represents the SRF Admin Fees proportionate share of departmental administrative costs.

* DNR transfers reflect the cost of departmental staff and related expenses.

* ITSD transfers reflect the information technology related costs for those staff.

* HB 13 transfers reflect the cost of the related office space.

³ ITSD is the state's Information Technology Services Division.

Appendix Three:

SRF Program Administration

The Missouri Department of Natural Resources' Water Protection Program is the delegated authority for the administration of federal funds made available to the state under the provisions of the Clean Water Act by the U.S. Environmental Protection Agency. The funds are for financing a variety of eligible projects and are to be used in perpetuity for low-interest loans made from the Clean Water State Revolving Fund.

This Intended Use Plan describes the proposed use of funds reserved for financial assistance for clean water infrastructure improvements during fiscal year 2016 (Oct. 1, 2015, to Sept. 30, 2016). This Intended Use Plan shall remain effective until Sept. 30, 2016, or until such time as the fiscal year 2017 Intended Use Plan becomes effective.

Cash Flow Model

Missouri uses the cash flow model for the Clean Water SRF.

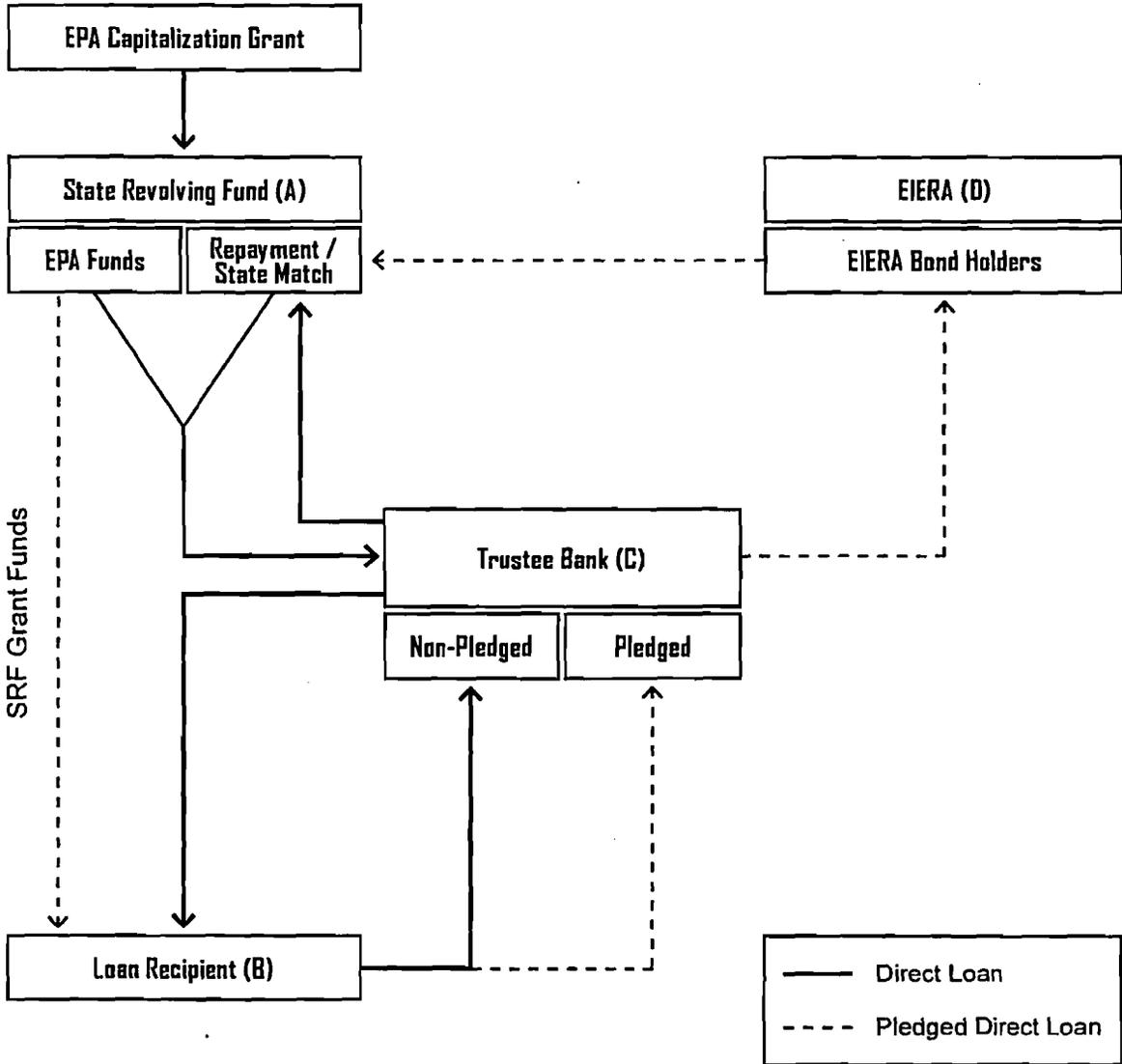
The Cash Flow Model diagram on page 32 illustrates the SRF flow of funds. Construction loan repayments must begin within one year after the first operational contract is substantially completed; that is, the facilities are placed into operation. The loan repayment schedules will generally consist of semi-annual interest payments, and semi-annual or annual principal payments. The trustee bank holds the periodic participant repayments in separate recipient accounts outside the Clean Water SRF. Interest earnings on these recipient accounts are credited to the communities' debt service account, which reduces the amount of interest to be paid by the communities.

The department receives federal Capitalization Grants from the Environmental Protection Agency. There is a 20 percent state match required to receive the grants. The funds are deposited into the State Revolving Fund (A) and used in accordance with applicable federal and state program requirements. State match funds are disbursed prior to using Capitalization Grant funds.

Under the cash flow model loan program, the department purchases the debt obligations of the participants directly. As construction progresses, funds are released from the Clean Water SRF (A) to the recipient (B) through the trustee bank (C) so the construction costs can be paid. Recipients of a grant receive the grant funds directly from the Clean Water SRF program. Upon completion of the project, the loans are adjusted to reflect the final loan amount.

Loan recipients send their loan principal and interest payments to the trustee bank (C). At such time as the Clean Water SRF program needs to replenish the repayment fund, the EI ERA (D) exercises its authority to sell bonds, and the direct loans are pledged to retire the EI ERA debt. The proceeds of this sale are deposited into the Clean Water SRF repayment account. The principal and interest payments on the EI ERA bonds are secured through the pledge of the direct loan principal and interest payments from previous Clean Water SRF program participants. Any surplus principal and interest that is not needed for the EI ERA debt service is deposited into the repayment account.

Clean Water SRF Cash Flow Model



Cross-collateralization of funds

The U.S. Departments of Veterans Affairs and Housing and Urban Development, and the Independent Agencies Appropriations Act 1998 (Public Law 105-65), authorized limited cross-collateralization between the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. Cross-collateralization allows states to use Clean Water SRF funds as security for bonds issued to finance Drinking Water SRF projects and vice versa. The cross-collateralization of the two funds may enhance the lending capacity of one or both SRFs. State statute 644.122 RSMO provides the state's legal authority to implement cross-collateralization.

Transfer loan funds between Drinking Water SRF and Clean Water SRF

Section 302 of the Safe Drinking Water Act Amendments of 1996 authorized the transfer of funds between the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. The rules governing the transfer of funds limit the dollar amount a state can transfer to no more than 33 percent of a Drinking Water SRF capitalization grant. As funding is available and as needs arise, the department can transfer loan funds with the approval of the Missouri Safe Drinking Water Commission, the Missouri Clean Water Commission and EPA. Transfers between the two funds may enhance the lending capacity of one or both state revolving funds. State statute 644.122 RSMO provides Missouri's legal authority to implement this transfer of funds.

In fiscal year 2015, the department transferred \$5 million of non-federal funding from the Clean Water SRF to the Drinking Water SRF. An additional \$5 million of non-federal funding will be transferred in fiscal year 2016. The transfer is needed to fund projects that are expected to be ready to proceed in fiscal year 2016.

Current and recent transfers

Fiscal Year	Clean Water SRF	Drinking Water SRF
2013	\$10,000,000	(\$10,000,000)
2013*	\$18,500,000	(\$18,500,00)
2015	(\$5,000,000)	\$5,000,000
2016	(\$5,000,000)	\$5,000,000

*Federal capitalization grant portion

The department, with prior approval from the Missouri Safe Drinking Water Commission, the Missouri Clean Water Commission and EPA, as appropriate, reserves the right to make additional transfers in the future.

Repayment fund investment interest earnings to retire state debt

The debt service for all Water Pollution Control Bonds has historically been paid through the state's general revenue, with the exception of the series sold in 2002. The department obtained

an agreement with the U.S. Environmental Protection Agency to repay the 2002 series using the investment interest earnings from the Clean Water SRF repayment fund.

The department renegotiated this agreement with EPA to apply Clean Water SRF investment interest earnings to bonds issued prior to 2002, not just the 2002 series. Specifically, the Clean Water SRF operating agreement, between the department and the U.S. Environmental Protection Agency, has been amended to allow for the use of repayment fund investment interest earnings to retire the SRF's share of the Water Pollution Control Bonds used for state match. On Jan. 10, 2007, the commission amended the 2007 Clean Water SRF Intended Use Plan to allow for the use of investment interest earnings to retire the SRF's share of the Water Pollution Control Bonds issued prior to 2002 and used for state match at that time.

The department has analyzed the impact on the Clean Water SRF should the investment interest earnings be used to pay interest on the SRF's share of the Water Pollution Control Bonds. The department intends to use approximately \$1.6 million during fiscal year 2016. Staff will continue to monitor the use of investment interest earnings in future years to ensure that the integrity of the Clean Water SRF fund will not be negatively affected.

Appendix Four:

Other state-funded grant and loan programs

Small Community Engineering Assistance Grants: The Small Community Engineering Assistance Program grants are available for municipalities, counties, public sewer or water districts, political subdivisions or instrumentalities of the state with a population of fewer than 10,000. The grants offer funding for wastewater engineering costs incurred in preparation of a facility plan. Communities may be eligible to receive an 80 percent grant with a 20 percent recipient match. The grant amount does not exceed \$50,000.

SCEAP overview	http://dnr.mo.gov/env/wpp/srf/wastewater-grants.htm
SCEAP factsheet	http://dnr.mo.gov/pubs/pub2485.htm
SCEAP application	http://dnr.mo.gov/forms/780-2217-f.pdf

Small Borrower Loan Program: This program is limited to communities with fewer than 1,000 population. The loan amount is limited to \$100,000. Loans can be secured by a bond issue or can be annually appropriated debt. This program was established with water pollution control bonds and continues with state direct loan repayments. This small revolving fund is state-funded exclusively and is not a part of the State Revolving Fund. The funds can be used for either drinking water or clean water needs.

For fiscal year 2016, there is a balance of \$2,772,097 available. This balance includes all repayments from clean water and drinking water loans made with state water pollution control bond funds as well as projected interest and repayments through Dec. 31, 2014. Applications are accepted throughout the year, and uncommitted funds can be accessed at any time. For more information on the Small Borrower Loan Program, visit <http://dnr.mo.gov/env/wpp/srf/>.

Once an application is received and reviewed, it is presented to the Missouri Clean Water Commission for approval.

Rural Sewer Grants: Public sewer districts, public water districts and communities of fewer than 10,000 population may be eligible for rural sewer grants. These grants cover up to 50 percent of the eligible costs of a project up to a maximum of \$500,000 or \$1,400 per connection, whichever is less. There are restrictions on geographic location within Missouri and the types of projects that the grants can fund. Additional information is available at <http://dnr.mo.gov/env/wpp/srf/wastewater-grants.htm>.

40 Percent Construction Grant Program: The Clean Water Commission developed the State 40 Percent Construction Grant Program to provide assistance to those communities that do not qualify for a loan for the total amount of eligible project costs. There are no additional funds for the 40 Percent Construction Grant program in fiscal year 2016. Information on 40 percent construction grants is available at <http://dnr.mo.gov/env/wpp/srf/wastewater-grants.htm>.

To apply for these other state loans and grants, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Appendix Five:

EPA Requirements and Assurances

The Missouri Department of Natural Resources makes a number of program commitments and state assurances related to managing the Clean Water SRF.

Federal capitalization grants

The Department of Natural Resources receives federal capitalization grants from the Environmental Protection Agency. There is a 20 percent state match required to receive the grants. The funds are used in accordance with applicable federal and state program requirements. State match funds are disbursed prior to using capitalization grant funds.

Capitalization grant requirements

Beginning in federal fiscal year 2010, two additional requirements were imposed on the state as a condition of receiving capitalization grants: additional subsidization and the Green Project Reserve.

Additional subsidization

The Clean Water Act allows the state to provide additional subsidization. The subsidization may be provided in the form of a grant, principal forgiveness or negative interest loans.

The Clean Water Act, as amended, requires each state to establish affordability criteria by September 30, 2015. The criteria will assist in identifying applicants that would have difficulty financing projects without additional subsidization. It must be based on income, unemployment data, population trends and other data determined relevant by the state. The Missouri Department of Natural Resources is developing the criteria and guidelines.

The Missouri Department of Natural Resources is reserving up to \$4 million of the federal fiscal year 2015 capitalization grant for these purposes. As the criteria are finalized, each project will be evaluated prior to the loan award date. Grant funding may be awarded based on the project's affordability, the number of eligible projects and the availability of grant funding. Each grant dollar awarded will be offset by a corresponding reduction in the project's loan, and the overall statewide loan funds allocated to fiscal year 2016 Intended Use Plan projects.

Grant funds under the affordability criteria will be made to fiscal year 2016 applicants on a first ready basis at the time the applicant is ready to enter into a binding financial commitment. For fiscal year 2016 applicants to be eligible to receive grant funding, they must serve a population of 10,000 or less and have received a "high burden" determination through a Clean Water State Revolving Fund Additional Subsidization Affordability Analysis. The amount of grant funds available to each eligible project will not exceed the lesser of i) \$2 million dollars, ii) 50 percent of the eligible project cost or iii) grant funds available to award under this Intended Use Plan.

The policy, guidance and form for the Additional Subsidization Affordability Analysis will be available at <http://dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm>.

Prior to fiscal year 2016, it was the department's intent to give preference to disadvantaged communities as well as to on-site decentralized wastewater treatment and green infrastructure demonstration projects. A table of the previous capitalization grants and the intended use of funding for each of the categories appears on the next page.

Grant Year	Disadvantaged Community Reserve	Nonpoint Source & Green Infrastructure Demo. Grants	Public Entity & Satellite Community Partnerships	Public & Private Partnership Demo Projects	Priority Watershed Reserve	Total
FFY 10	\$ 3,292,323	\$ 3,812,000	\$ 265,644	\$ 0	\$ 3,238,194	\$ 10,608,161
FFY 11	\$ 5,202,089	\$ 1,188,000			\$ 6,254,482	\$ 12,644,571
FFY 12					\$ 3,266,140	\$ 3,266,140
FFY 13	\$ 1,107,939	\$ 1,000,000			\$ 506,984	\$ 2,614,923
FFY 14					\$ 3,172,658	\$ 3,172,658
Total	\$ 9,602,351	\$ 6,000,000	\$ 265,644	\$ 0	\$ 16,438,458	\$ 32,306,453

The Sources and Uses of Funds table and fundable project lists in Appendix 2 provide detailed information on the planned recipients of this funding. The department intends to use any remaining additional subsidization funding from these capitalization grants consistent with the criteria being developed for the federal fiscal year 2015 capitalization grant.

Green Project Reserve

A portion of certain capitalization grants is to be used for projects (to the extent applications are received) that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. A summary of the required amounts from each capitalization grant appears below.

Federal Fiscal Year	Required Amount
2010	\$ 11,296,600
2011	\$ 8,187,200
2012	\$ 3,917,900
2013	\$ 3,700,900
2014	\$ 3,886,800
2015	\$ 3,866,900

Department staff will work directly with applicants prior to funding to identify projects or components of projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. Additional information regarding green infrastructure is available at <http://dnr.mo.gov/env/wpp/srf/docs/2012-epa-gpr-guidance.pdf>.

Program commitments and state assurances

The Missouri Department of Natural Resources makes a number of program commitments and state assurances related to managing the Clean Water SRF. Each year, the department intends to comply with each of the terms and conditions in the capitalization grant.

Administrative costs

The department intends to use 4 percent of the federal fiscal year 2015 federal capitalization grant funds for program administration.

Public review and comment

The Intended Use Plan and priority list are reviewed and adopted through a public review and comment process.

Environmental review

The department has adopted regulation 10 CSR 20-4.050, which provides for a state environmental review in accordance with the National Environmental Policy Act for projects receiving Clean Water SRF loans. Projects have a potential need for preparation of an environmental impact statement. A final decision regarding the need for an environmental impact statement will be made on each project during review of the facility plans. Most projects are determined to have no significant impact or can meet a categorical exclusion.

Federal environmental cross-cutters, signage requirements and the Federal Funding Accountability and Transparency Act (FFATA)

The Missouri Clean Water Commission assures that all Clean Water Act Clean Water SRF requirements are met by the designated equivalency projects in prior intended use plans. This means that for each capitalization grant the department receives, it has to identify a group of projects that equals the amount of the grant and ensures those projects meet all required federal environmental cross-cutters, signage requirements, and FFATA. Cross-cutters include environmental, social and economic federal laws, executive orders and policies that apply to projects receiving federal financial assistance. Examples of the cross-cutters include compliance with the Endangered Species Act, the Civil Rights Act, the Equal Employment Opportunity Order and the Uniform Relocation Act. Signage requirements will be established by the department and may include construction signage, posters, brochures, newsletters, bill insert, press releases or other acceptable media. FFATA requires reporting on executive compensation. All projects are susceptible to equivalency requirements. A final determination is made at the time of loan closing or other binding financial agreement execution.

Binding commitments

The department will enter into binding commitments for a minimum of 120 percent of each EPA grant payment into the Clean Water SRF within one year of the receipt of each payment.

Expenditure of funds

The department will expend all funds in the Clean Water SRF in an expeditious and timely manner.

Anticipated cash draw ratio (proportionality)

Missouri uses the cash flow model of the Clean Water SRF. The federal capitalization grant is not used as security on the state match bonds. State match funds are disbursed prior to using capitalization grant funds.

Additional Recipient Requirements

- **Single Audit Act Compliance**

Recipients of federal funds from any source(s) totaling more than \$750,000 are subject to the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996.

These requirements provide the federal government with assurances that the expenditures of federal funds are for their intended purposes and that the dispersal of those funds occurs in a timely manner. Final loan and grant documents will include specific information.

- **Missouri Labor Standards**

In accordance with Chapter 290 RSMo, projects receiving financial assistance for any construction project carried out in whole or in part with assistance made available by the Clean Water SRF must comply with the requirements of the Missouri Department of Labor and Industrial Relations.

The Department of Natural Resources will not supply annual wage orders (wage determinations) for the projects. It is the responsibility of each recipient to obtain the correct wage orders and maintain compliance throughout the project. For additional information, contact the Missouri Department of Labor and Industrial Relations, Division of Labor Standards, Wage and Hour Section, 3315 W. Truman Boulevard, Room 205, P.O. Box 449, Jefferson City, MO 65102-0449; 573-751-3403, or laborstandards@labor.mo.gov.

- **Davis-Bacon Act**

All SRF treatment works projects must comply with the federal Davis-Bacon Act requirements. This means all construction workers on SRF treatment works projects must be paid Davis-Bacon wages, and those wages must be verified by checking weekly payrolls. The term "treatment works," as it relates to the Davis Bacon Act requirements, has the meaning as defined in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).

Compliance terms and conditions with Davis-Bacon for all procurement contracts are found in section 513 of Title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Anyone employed on projects funded directly or in part by the federal government must be paid prevailing wages as determined by the Secretary of Labor. The U.S. Department of Labor has additional information, including an overview and compliance assistance resources, at <http://www.dol.gov/compliance/laws/comp-dbra.htm>.

If you have questions, please call the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

- **Procurement of Professional Services**

In accordance with Section 602(b)(14) of the Clean Water Act, a contract for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping or architectural-related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent state qualifications-based requirement. The department has requested a review of sections 8.285 through 8.291 and 327.181 RSMo to determine if they are equivalent to the federal requirements for the procurement of architectural and engineering services. All recipients of funding through the Clean Water SRF that have new solicitations, significant contractual amendments and contract renewals initiated on or after Oct. 1, 2014, must comply with the elements of the procurement processes for architectural and engineering services as identified in 40 U.S.C. 1101 et seq., or sections 8.285 through 8.291, RSMo, or seek and receive written authorization from the department to use an alternate procurement method.

- **American Iron and Steel Products**

In accordance with Sec. 608.(a) of the Federal Water Pollution Control Act, Clean Water SRF recipients must assure that it, as well as its contractors and subcontractors, will only use iron and steel products in the project that are produced in the United States in a manner consistent with United States obligations under international agreements. The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The participant understands that this requirement may only be waived by the applicable federal agency in limited situations as set out in Sec. 608.(d) of the Federal Water Pollution Control Act.

- **Fiscal Sustainability Plan**

Section 603(d)(1)(E) of the Clean Water Act now requires loan recipients for projects that involve the repair, replacement, or expansion of publicly owned treatment works to develop and implement a fiscal sustainability plan or certify that they have developed and implemented such a plan. This provision applies to all loans for which the borrower submitted an application on or after Oct. 1, 2014.

The plan must include:

- an inventory of critical assets that are part of the treatment works;
- an evaluation of the condition and performance of inventoried assets or asset groupings;
- a certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

The department is developing specific guidelines for the contents of the plan and will require loan recipients to certify that a plan has been developed and implemented.

- **Cost Effectiveness Analysis**

Section 602(b)(13) of the Clean Water Act now requires a municipality or intermunicipal, interstate or state agency receiving assistance from the Clean Water State Revolving Fund to certify that it has conducted cost and effectiveness analysis. This provision applies to all types of assistance provided to the public entities described above for which the recipient submits an application on or after Oct. 1, 2015.

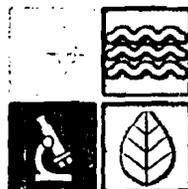
The analysis must include:

- the study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and
- the selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account—
 - the cost of constructing the project or activity;
 - the cost of operating and maintaining the project or activity over the life of the project or activity; and
 - the cost of replacing the project or activity.

For applications received on or after Oct. 1, 2015, the department will ensure that public entities described above complete a cost and effectiveness analysis that meets these requirements.

For more information

For more information, contact the Department of Natural Resources' Financial Assistance Center at 573-751-1192, fac@dnr.mo.gov or <http://dnr.mo.gov/env/wpp/srf/>.



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES

Water Protection Program - Financial Assistance Center

PO Box 176 Jefferson City, MO 65102-0176
573-751-1192 ♦ fac@dnr.mo.gov ♦ www.dnr.mo.gov

**Draft Fiscal Year 2016 Clean Water State Revolving Fund
Response to Comments**

1. **Comment:** Boone County Regional Sewer District. Letter attached.

Response: Statements were supportive in nature; as such no response is required.

2. **Comment:** Association of Missouri Cleanwater Agencies. We urge the Department to quickly establish procedures to allow for 30-year loans. Most of our major sewer infrastructure has a 30-year life expectancy and, accordingly, would qualify for such funding. Moreover, several AMCA members would benefit greatly from being allowed to refinance existing SRF debt with 30-year loans. We do not understand why the Department has not already moved to embrace this additional flexibility within the federal program. We urge the Department to provide a schedule for when the Department will make this important flexibility available to new and existing borrowers.

Response: The department is evaluating and considering loan terms out to 30 years for some or all eligible Clean Water State Revolving Fund (SRF) projects. A change in the loan term will impact the SRF program and communities and needs to be made after due consideration. The department has engaged stakeholders on this issue and has received both support for and warnings of caution against longer term loans. The department is considering the implications carefully and these items include:

- The changes to state regulation that may be required
- The increased amount of interest and fees each community would incur over the extended term of the loan.
- The appropriate interest rate to be charged for a longer term loan.
- The overall financial impact on the SRF program resulting from longer term loans, including the impact of funds available for future loan applicants.

3. **Comment:** Association of Missouri Cleanwater Agencies. The IUP notes that short term loans of 1-3 years in duration are available without specifying any loan rates. What rates could such loans be issued at and are there particular projects which DNR has in mind for such funding?

Response: The interest rates on short term loans are the same as the rates for a 20 year loan. The department will evaluate applications for short-term loans consistent with the regulations for the program.

4. **Comment:** Association of Missouri Cleanwater Agencies. We estimate that this one percent fee amounts to about \$5 million annually. We are unclear what these funds are used for. They do not appear in the estimated sources of funds shown on page 17. We also question the need for these funds. We would like to see the Department reduce these fees to one-half of one percent. Additionally, if the Department has excess funds on hand, we believe it should waive the one percent fee (as it may be reduced going forward) for several years until any surplus has been

drawn down. We urge the Department to provide full transparency on the annual amount collected, any current balance for these funds, and the uses of these funds.

Response: Information on the department's use of the loan fees is included on pages 29 and 30 of the Intended Use Plan. Loan fees are used in accordance with federal SRF program guidance. The fees are used to cover many costs including personnel, information technology and equipment and are also utilized by the department for a wide range of water quality related activities. The department is sensitive to the annual fee rate but believes the fee rate is appropriate and necessary to accomplish the department's mission.

5. **Comment:** Association of Missouri Cleanwater Agencies. Page 7 of the draft IUP notes that the interest rate for loans is based on 10 CSR 20-4.040 but does not note that such rates can be reduced by the Commission on a case-by-case basis for loans made under the Direct Loan Program. We think some acknowledgement of this loan rate flexibility should be noted in the final IUP.

10 CSR 20-4.040(4)(A) Target Interest Rate. The TIR for all assistance provided under 10 CSR 20-4.041, Direct Loan Program, shall not be less than thirty percent (30%) of the weekly Twenty-Five Bond Revenue Index as published in The Bond Buyer (or any successor publication) the week preceding funding, rounded up to the nearest one-hundredth (0.01) of one percent (1%). The commission may reduce the interest rate to meet the needs of the applicant. In order to reduce the interest rate, the commission must determine that unique or unusual circumstances exist. In addition, the commission may reduce the interest rate for projects impacting enterprise zones as authorized under state law.

Response: The department acknowledges that the regulations allow for the commission to reduce the interest rate for unique or unusual circumstances. However, in recent years grant funding has been available and used to provide additional subsidization, particularly to disadvantaged communities. For fiscal year 2016, additional grant funds are available to communities who meet affordability criteria to make their project more affordable (see pages 36-37 of the Intended Use Plan for more information).

The Intended Use Plan purpose is to indicate how the commission and department plan to administer the SRF program for the upcoming year which is to keep the target interest rate at 30% of the Twenty-Five Bond Revenue Index and to provide grant funding for eligible recipients.

The department notes that the interest rates for recent SRF loans have been between 1.22% and 1.46%. The department believes these are among the lowest interest rates for not only SRF programs across the country but that are generally available from any funding source. An applicant may petition the commission for a reduced interest rate if they believe their individual circumstances warrant such consideration.

6. **Comment:** Association of Missouri Cleanwater Agencies. We wonder why the fund information provided on page 17 of the draft is only current through 12/31/14 instead of 12/31/15?

Response: Obviously fund balances are not yet known for 12/31/15 since that date is still in the future. The department assumes the comment is regarding why a more recent date for the fund balance isn't used. The Intended Use Plan takes many months to prepare and finalize. The department has historically used the end of December and while a later fund balance could be

used the department does not expect that changing the date would materially affect the amount of funds available.

7. Comment: U. S. Environmental Protection Agency (EPA). Email comments attached.

Response: Staff reviewed the comments and felt they were primarily of a programmatic nature. A conference call with EPA Region 7 staff was subsequently conducted on August 20, 2015. Staff satisfactorily addressed EPA's comments and questions. A few changes were made to the Intended Use Plan as a result of their comments and the follow-up discussion. Information was added to the IUP on the following topics:

- The Federal Funding Accountability and Transparency Act (FFATA) – page 38
- Project signage requirements – page 38
- Fiscal Sustainability Plan requirements – page 40
- Cost Effectiveness Analysis requirements – page 41



BCRSD

Boone County Regional Sewer District

Clean water for your future

1314 North 7th Street
Columbia, MO 65201
p: 573-443-2774
f: 573-499-0489

www.bcrsd.com

August 19, 2015

Jeff Starr
MDNR Water Protection Program
P O Box 176
Jefferson City, MO 65102

RE: Comments on draft Fiscal Year 2016 Clean Water SRF Intended Use Plan (IUP) and
Priority List

Dear Mr. Starr:

Thank you for the opportunity to comment on the draft Fiscal Year 2016 Clean Water SRF IUP
and Priority List.

The Boone County Regional Sewer District (BCRSD) is pleased that five of its projects are listed
in the IUP and approximately \$4.2 million is reserved for BCRSD projects. The BCRSD finds
the use of the SRF program to fund its capital improvements plan to be beneficial to its ratepayers
in light of the reduced interest expense. The BCRSD believes that the Clean Water SRF program
is important to public wastewater providers as they strive to improve their systems to meet the
needs of ever stringent water quality regulations.

The BCRSD is grateful to the MDNR Financial Services Center for its commitment to the
program and its efforts to appropriate the funds in as fair a manner as possible.

Yours truly,
BOONE COUNTY REGIONAL SEWER DISTRICT

Tom Ratermann
General Manager

C: File

From: Schulte, Cari on behalf of DEQ.WPCP.FAC
To: Starr, Jeff
Subject: FW: Comments on FY 16 CWSRF Intended Use Plan
Date: Tuesday, August 04, 2015 1:33:20 PM

CWSRF IUP Comment.

Cari Schulte

Administrative Assistant
Financial Assistance Center
Water Protection Program
Missouri Department of Natural Resources
(573) 751-1192; cari.schulte@dnr.mo.gov

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From: Paul Calamita [mailto:paul@aqualaw.com]
Sent: Tuesday, August 04, 2015 9:25 AM
To: DEQ.WPCP.FAC
Cc: Paul Calamita
Subject: Comments on FY 16 CWSRF Intended Use Plan

Dear Mr. Starr:

Please accept the following comments on the FY 16 CWSRF on behalf of the Association of Missouri Cleanwater Agencies.

30 Year Loans & Refinancing Existing 20-Year Debt.

We urge the Department to quickly establish procedures to allow for 30-year loans. Most of our major sewer infrastructure has a 30-year life expectancy and, accordingly, would qualify for such funding. Moreover, several AMCA members would benefit greatly from being allowed to refinance existing SRF debt with 30-year loans. We do not understand why the Department has not already moved to embrace this additional flexibility within the federal program. We urge the Department to provide a schedule for when the Department will make this important flexibility available to new and existing borrowers.

Short Term Loans.

The IUP notes that short term loans of 1-3 years in duration are available without specifying any loan rates. What rates could such loans be issued at and are there particular projects which DNR has in mind for such funding?

One Percent Fee on Annual Loan Amounts.

We estimate that this one percent fee amounts to about \$5 million annually. We are unclear what

these funds are used for. They do not appear in the estimated sources of funds shown on page 17. We also question the need for these funds. We would like to see the Department reduce these fees to one-half of one percent. Additionally, if the Department has excess funds on hand, we believe it should waive the one percent fee (as it may be reduced going forward) for several years until any surplus has been drawn down. We urge the Department to provide full transparency on the annual amount collected, any current balance for these funds, and the uses of these funds.

Loan Rates

Page 7 of the draft IUP notes that the interest rate for loans is based on 10 CSR 20-4.040 but does not note that such rates can be reduced by the Commission on a case-by-case basis for loans made under the Direct Loan Program. We think some acknowledgement of this loan rate flexibility should be noted in the final IUP.

10 CSR 20-4.040(4)(A) Target Interest Rate. The TIR for all assistance provided under 10 CSR 20-4.041, Direct Loan Program, shall not be less than thirty percent (30%) of the weekly Twenty-Five Bond Revenue Index as published in The Bond Buyer (or any successor publication) the week preceding funding, rounded up to the nearest one-hundredth (0.01) of one percent (1%). The commission may reduce the interest rate to meet the needs of the applicant. In order to reduce the interest rate, the commission must determine that unique or unusual circumstances exist. In addition, the commission may reduce the interest rate for projects impacting enterprise zones as authorized under state law.

Timeliness of Financial Information.

We wonder why the fund information provided on page 17 of the draft is only current through 12/31/14 instead of 12/31/15?

Thank you for considering our comments on the proposed FY 16 CWSRF Intended Use Plan.

Paul Calamita
General Counsel
AMCA

From: [Roth, Tonya](#)
To: [Starr, Jeff](#)
Subject: FW: EPA Comments - 2016 CW Draft IUP
Date: Friday, August 07, 2015 11:24:16 AM
Attachments: [EPA Comments MO 2016 CW Draft IUP.docx](#)
[MO CW OA Amend 5.pdf](#)
Importance: High

FYI

Tonya Roth, MBA

Financial Assistance Center
Water Protection Program
Department of Natural Resources
Phone – 573-522-3008
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From: Germano, Sabre [<mailto:Germano.Sabre@epa.gov>]
Sent: Friday, August 07, 2015 11:18 AM
To: Crawford, Eric
Cc: Roth, Tonya; Healy, Nancy; Heflin, Harry; Nix, Tanya
Subject: EPA Comments - 2016 CW Draft IUP
Importance: High

Good morning Eric. Attached are our comments on the 2016 CW Draft IUP. The second attachment is for reference.

What times would work best for you on Thursday, August 20 for a 1-hour conference call to discuss ? We are also available on August 21.
Let me know and once we confirm the time I'll get things set up on this end and send a call-in#.

We look forward to our discussion.

We hope you have a nice weekend.

Thanks!

Sabre Germano
Water, Wetlands, and Pesticides Division
Waste Water & Infrastructure Management Branch
EPA Region 7
11201 Renner Boulevard
Lenexa, KS 66219
913-551-7026
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Missouri 2016 CW Draft IUP

EPA Comments 8/7/15

Revisions Requested - WRRDA

Fiscal Sustainability Plan. Information as to how this new requirement (treatment works for repair, replacement or expansion) is being met needs to be stated. This is in effect for applications submitted on or after 10/1/14.

Cost and Effectiveness Analysis. Information as to how this new requirement will be met needs to be included. This is in effect for applications on or after 10/1/15.

Overall

Because the SRF year went through a formal change, we would appreciate the cover page and page 2, 1st paragraph define the range of Fiscal Year 2016 as October 1, 2015 – September 30, 2016.

Can the CW Draft IUP to be submitted earlier next year?

Programmatic/Technical

p.14 "State regulation establishes Nov. 15 as the annual submittal deadline for applications to participate in the programs during any fiscal year." With your plans now to amend the IUPs quarterly (we find this as a good practice) and with your SRF FY changed to start Oct. 1, would the Nov. 15th date need to be addressed?

p.17 S/U Table. We would expect to see actual '15 Cap Grant amount (\$38,669,000), the 4% Admin, and any other adjustments as needed.

p.22-25 PPL and p.17 S/U Table. The 2016 Project List funding levels and 2016 Sources/Uses funding amounts need to match. The project total is \$146,164,600; the total for '16 projects on p.17 S/U table is \$159,702,677. Also, the \$4M grants amount in S/U table does not match with the \$8,758,952 grants in '16 PPL.

FFATA – A statement regarding FFATA requirement compliance. As there is not a Cap Grant condition, we request this be included in final IUP. Suggest p.38.

Appendix Five -

Amount of 2015 Capitalization Grant (\$38,669,000) should be stated. Recommend here or in another area.

p. 37 Cross Cutters – What equivalency (FFATA, Single Audit, etc) projects have been selected?

P.35-36 – Additional subsidy - In paragraph 3, include the 30%/\$11,600,700 limit for '15 along with the up to \$4M. Additionally, here or elsewhere, we request that the grant requirement information be included for each grant year. (we had a similar comment on the '14 Annual Report). 2014 Grant Requirement is stated below as an example:

'14 - at least equal to \$2,115,106, no more than \$3,172,658

Additionally, when the grants portion is included in the final IUP, we request that the following information be indicated for each project:

- Investigations, studies or plans that improve technical, managerial, and financial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure.
- Preliminary planning, alternatives assessment, and eligible capital projects that reflect the full life cycle cost of infrastructure assets, conserve natural resources, or use alternative approaches to integrating natural or "green" systems into the built environment.

p.36 GPR – \$ 1.7M. If the final IUP does *not* include projects for \$3.8M, include information which documents the GPR solicitation process and explains why a sufficient number of eligible GPR projects were not identified. Additionally, as with Ad Sub above, please indicate the grant requirement for each year. For example, 2014 is 10% (\$3,886,800). Targeted amounts are not clear on the actual grant requirement.

Financial

Match: We ask that you provide your most updated match analysis. EPA needs to see identified sources of match and the amount of state match from each source. Within the Sources and Uses table, we see the match source as being EIARA bond sale (Series 2015A) for \$27,500,000. That's good, but we are need you to clarify what the \$27.5M covers and if under or overmatched.

Pg. 2 – Chart – CWSRF Assistance by Category: should this read ***1989 through September 30, 2014?***

Page 11, paragraph above "Additional Subsidization." With the attention on internal controls and transaction testing, EPA recognizes the benefits of MDNR's administering quarterly construction inspections and encourage this internal control to continue.

Page 17, Sources and Uses – EPA would like for MO to provide more current charts in future IUPs. Being dated Dec 31, the chart is already 7 months old.

Within the sources/uses table, under "Projected Income," shouldn't the projection be through the end of the SRF Year, September 30th?

On the transfers of funds from CW to DW, where is the line item \$10 million (\$5 million '15 and \$5 million '16) in the sources? Listing the transfer as a use is fine, but we would like to see how it's going to be used. The narrative on page 32 states "The transfers are needed to fund projects that will be ready to proceed in fiscal year 2015." If this is to fund projects, seems like the "Loan Funds Available for FY 16 CW IUP Projects" would be \$169,702,677 rather than \$159,702,677. Please help us understand.

Fees, Pages 28-29. The narrative/table on fees is misleading. We seek to understand why there are two categories (PI earned after the grant period/Non PI). On the 2nd column of the table "program income earned after the capitalization grant" is non-program income. Recommend the 3rd column of non-program income be combined with column 2 and delete 3rd column. It would appear from the table that the uses for columns 2 and 3 are the same.

Fees (cont.)

- Page 61043 of the 2005 guidance says "EPA will treat funds deriving from CWSRF fees that are not program income the same as moneys from program income earned after the grant period, both types of funds being eligible for use in water quality activities" and "if the state is using program income earned after the grant period and non-program income only for purposes related to water quality, it need not account separately for these types of fees collected."
- Amendment 5 to the CW OA, dated 2007, D.6 states "Maintain records, which account separately for fees collected and specify how those amounts are used. The state shall account separately for program income earned during the grant period, program income earned after the grant period, and amounts collected that are not program income." Q: Is this the reason for the separation to be maintained? If so, it may be good to refer to this in the narrative.

Proportionality, top page 38 vs page 30. The wording on page 30 is clear that 100% is the proportionality ratio. On page 38, we suggest to either change the word "deposited" to "disbursed" otherwise, it isn't clear that 100% is the proportionality ratio, or just delete the paragraph since you've already stated it one page 30.

mo cw oa

AMENDMENT NO. 5
TO STATE REVOLVING FUND
OPERATING AGREEMENT
BY AND BETWEEN
THE MISSOURI DEPARTMENT OF NATURAL RESOURCES
AND THE
U.S. ENVIRONMENTAL PROTECTION AGENCY, REGION VII

Section VI is amended by the addition of the following provisions:

C. Transfer of Funds Between CWSRF and DWSRF; Cross-collateralization of Funds

1. In accordance with Section 302 of the Safe Drinking Water Act Amendment of 1996, the state may transfer funds from the Clean Water State Revolving Fund to the Drinking Water State Revolving Fund or from the Drinking Water State Revolving Fund to the Clean Water State Revolving Fund. Prior to the transfer of funds, approval shall be obtained from the Clean Water Commission and the Safe Drinking Water Commission. Such transfers are subject to the allowances of the Safe Drinking Water Act as amended. State authority is provided by Section 644.122 RSMO.
2. The Departments of Veteran Affairs and Housing and Urban Development, and the Independent Agencies Appropriations Act, 1998 (Public Law 105-65) authorized limited cross-collateralization between the Drinking Water State Revolving Fund (DWSRF) and the CWSRF. Cross-collateralization allows states to use CWSRF funds as security for bonds issued to finance DWSRF projects and vice versa. The cross-collateralization of the two funds may enhance the lending capacity of one or both SRFs. State statute 644.122 RSMO provides the state's legal authority to implement cross-collateralization.

In case of default, the first level of security is the Bond Reserve Fund. As a further credit enhancement, and to assure the best possible bond rating, the Leveraged Loan Program repayment stream can be captured prior to deposit into the subaccounts of the WWLRF to remedy defaults of any recipient.

When loan recipients make principal payments, the corresponding release of funds from each participant's reserve account will first pass through the Master Trustee to remedy any instance of default that may have occurred on any other SRF project. If no defaults have occurred, the released amount is deposited into the Water and Wastewater Revolving Fund. If a default has occurred, and once it has been remedied by the above-described process, payments are made by the defaulting loan recipient to the fund that provided the default remedy, plus any interest and penalties that accrued to them.

D. The state agrees to monitor program income in accordance with 40 CFR Part 35, Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Fund Program Assistance. Specifically, the state shall:

1. Calculate program income on a project by project basis in accordance with 40 CFR 35, II.C.1.(1);
2. Use program income earned during the grant period for the on-going administration of the Clean Water State Revolving Fund Program to supplement fund administration costs above the CWA's four percent ceiling on administration costs;

3. Use program income earned after the grant period, in accordance with 40 CFR 35, II.C.2.(2), for a broad range of water quality related purposes as well as program administration;
4. Identify, in the Clean Water State Revolving Fund Intended Use Plan, all types of fees charged on loans, including the fee rate, and the amount of fees available;
5. Identify, in the Clean Water State Revolving Fund Annual Report, all types of fees charged on loans, the amount of fees collected, and how those amounts were used; and,
6. Maintain records, which account separately for fees collected and specify how those amounts are used. The state shall account separately for program income earned during the grant period, program income earned after the grant period, and amounts collected that are not program income.

U. S. ENVIRONMENTAL PROTECTION
AGENCY, REGION VII

MISSOURI DEPARTMENT OF
NATURAL RESOURCES

William A. Spratlin

Doyle Childers for

William A. Spratlin, Director
Water, Wetland, and Pesticides Division

Doyle Childers, Director
Missouri Department of Natural Resources

5/18/01

4/18/01

Date

Date