

## Draft Guidance for Conducting and Developing an Affordability Finding

### Requirement:

Section 644.145 RSMo requires the Department of Natural Resources (the Department) to make a “finding of affordability” when “issuing permits under” or “enforcing provisions of” state or federal clean water laws pertaining to any portion of a combined, separate sanitary, or separate storm sewer systems for publicly-owned treatment works. Attachment 1 contains Section 644.145, RSMo, as established in House Bill 89 (2011) and amended in House Bill 1251 (2012). The Department will conduct an affordability review and develop a finding in connection with permit functions (new permits, renewals, and modifications) and enforcement actions for publicly-owned combined or separate sanitary treatment works, or separate storm sewer systems (hereinafter, referenced as the “entity”). A permit applicant in a community with three thousand and three hundred (3,300) or more residents may voluntarily certify that the applicable requirements are affordable to implement or may waive the requirement for an affordability finding; however, at no time shall the Department require that any applicant certify, as a condition to approving any permit, administrative or civil action, that a requirement, condition, or penalty is affordable. For communities with less than three thousand and three hundred (3,300) residents, the Department must complete an affordability analysis.

The Department is not required to make an affordability finding when: 1) issuing collection system extension permit; 2) issuing National Pollutant Discharge Elimination System permit renewals that include no new environmental requirements; or 3) the permit applicant certifies that the applicable requirements are affordable to implement or otherwise waives the requirement for an affordability finding. A construction permit that does not include new environmental requirements beyond what are already required by an existing compliance schedule is not required to have an affordability finding.

When permit modifications or permit renewals do not impose new requirements, the affordability finding may receive a less detailed review as described below. Municipal storm sewer system permits will be addressed on a case-by-case basis. When new regulations require local governments to spend additional resources to administer storm water controls, the procedure set forth in this guidance in addition to storm sewer system guidance will be used to address the affordability finding for storm sewer system permits. The Department will offer the permittee an opportunity to review a draft affordability finding and the permittee may suggest changes and provide additional supporting information within a reasonable timeframe.

Under Section 644.145, the Department must consider the following criteria as the basis for the finding:

- 1) A community's financial capability and ability to raise or secure necessary funding.
- 2) Affordability of pollution control options for the individuals or households of the community.
- 3) An evaluation of the overall costs and environmental benefits of the control technologies.
- 4) Ways to reduce economic impacts on distressed populations in the community, including but not limited to, low and fixed income populations, include consideration of: a) allowing adequate time in implementation schedules to mitigate potential adverse impacts on distressed populations resulting from the costs of the improvements and taking into consideration local community economic considerations; and b) allowing for reasonable accommodations for regulated entities when inflexible standards and fines would impose a disproportionate financial hardship in light of the environmental benefits to be gained.
- 5) An assessment of other community investments relating to environmental improvements.
- 6) An assessment of factors set forth in the U.S. Environmental Protection Agency (EPA) guidance, including but not limited to, the *CSO Guidance for Financial Capability Assessment and Schedule Development* that may ease the cost burdens of implementing wet weather control plans, including but not limited to, small system considerations, the attainability of water quality standards, and the development of wet weather standards.
- 7) An assessment of any other relevant local community economic condition.

It is beneficial for Department staff to have input from the entity and staff may request information relevant to or necessary to develop the finding.

### **Purpose:**

This guidance document provides a uniform and consistent approach to conducting affordability reviews that comply with statutory requirements, provide a meaningful platform to consider the unique challenges facing individual communities/systems, respond to community needs through the examination of factors impacting immediate and long-term affordability, and explore options to reduce financial impacts while remaining protective of the environment. While there are many objective statistics and formulas that are indicators of affordability, there is no single formula or statistic that can be used as a stand-alone measure of affordability. Objective and subjective factors should be considered together to develop the conclusion and to help communities implement and prioritize cost-effective, affordable approaches in achieving Clean Water Act objectives.

### **Process:**

The Department will use the format described within this document to develop the affordability finding. The finding shall be based on reasonably verifiable data. In most cases, the Department will request some advance information from the entity to assist in the development of the finding. A draft finding will be developed by the Department and shared with the entity for

review and comment prior to issuing a final finding (typically during the comment period for a permit or during the negotiation process for an enforcement action). A final finding will be issued after considering and incorporating relevant comments and additional information.

### **Format for the Affordability Finding:**

A draft format to serve as a basis for consistent affordability findings is included as Attachment 2.

### **Pre-Screening Tool:**

The Department has developed a pre-screening tool (in Microsoft Excel) to aid in the development of the finding. This tool will bring back key statistical information (census data, unemployment data, etc.) that will be used throughout the development of the finding. This information will also help identify distressed communities/populations that may warrant a closer review.

To use the pre-screening tool, open the Excel document to the worksheet (tab) entitled “Comparison Chart”. Select the target community from the drop down list and print the resulting chart (Note: A color printer is desirable to capture the color scale).

The pre-screening tool will return information on:

- Change in Population (20 year trend);
- Poverty Level;
- Unemployment Level;
- Reliance on Food Stamps;
- Median Age;
- Change in Median Age (20 year trend);
- Median Household Income; and
- Change in Median Household Income (20 year trend).

The pre-screening tool compares the values for the selected community to the overall Missouri figure and plots the difference based upon the number of standard deviations away from the statewide figures. The difference is plotted on a color gradient from green to red. Values falling “in the red zone” (greater than one standard deviation away from the statewide figures) will indicate areas of concern. Multiple values in the red zone may indicate that the community is substantially challenged and that it may be difficult for the entity to afford major investments.

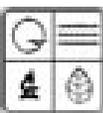
Staff preparing the affordability finding should consider the statistics individually and as a set. For example, a sharp decline in population paired with an increase in median age may indicate that younger generations are leaving the community thereby increasing affordability concerns.

Another feature of the tool is individual charts that plot the curve for all Missouri communities and show the statewide figure as well as the deviation. These charts may provide a beneficial visual aid especially when seeking to quantify measures for a distressed population. To access the individual charts, select the target community from the drop down list in the comparison chart (same as above) and open the worksheet (tab) corresponding to the chart for the statistic that is of interest.

Other worksheets (tabs) include the raw statistics and the source information.

### **Gathering Data and Developing the Affordability Finding:**

- Prior to developing the draft finding, staff may contact the entity and request basic information that may include: A copy of the entity's most recent financial statement; the number of residential connections; the number of commercial connections; current residential rate per 5,000 gallon per month; whether or not the entity has a commercial bond rating (and what that rating is); a list of major infrastructure or other investments in environmental projects (include clear indication of project timing and costs, and indicate any possible overlap or complications); and any other relevant local community economic conditions that may impact the entity's ability to afford the project. Although the entity is not required to submit this information, gathering this material in advance will allow staff to develop a more accurate and meaningful draft finding. If requested information is not made available, a disclaimer should be included in the finding stating that efforts made to obtain such information were unsuccessful; therefore, some level of generalization was necessary in the determination.
- **Basic Information** – Staff should identify the entity involved and describe with reasonable specificity the permit or enforcement action for which the finding is being developed. This should typically include a description of any significant new permit requirements, or the requirements being enforced, and a range of anticipated costs related to such requirements, in order to explain the context for the finding and its scope. Location information and a description of any unique geographic boundaries may also be important if the permit covers multiple (or partial) jurisdictions. Normally this information is contained in the permit or relevant enforcement documents. For some statistics, it may be necessary to calculate weighted averages to best represent the customer base. It may also be helpful to identify the customer base broken down to the number of residential and commercial hookups.
- **First Criteria** – Assess the entity's financial capability and ability to raise or secure necessary funding.



Staff should first consider whether the entity has already identified or secured funding (such as a combination of reserves or revenue stream from existing fees, or both; an existing loan; existing bond financing) sufficient to complete the project. If funding has already been secured, the entity has already demonstrated the ability to raise or secure necessary funding and an appropriate statement should be inserted into the finding document.

In the case of a permit modification that does not require a rate increase, staff should insert an appropriate statement such as “This is a voluntary request for a permit modification that does not involve any significant costs for the permittee or require changes to the rate structure; therefore, the financial capability exists.”

If the entity has not yet demonstrated an ability to secure funding, staff should gather key data to indicate whether the capacity exists to pursue and secure capital. Such data may include:

- Current User Rate (suggest using rate per 5,000 gallons);
- Rate Capacity or Pay-as-you-go Option;
- Municipal Bond Rating (if available);
- Bonding Capacity (*General Obligation Bond capacity allowed by constitution:*
  - *Cities -- up to 20% of taxable tangible property,*
  - *Sewer districts --up to 5% of taxable tangible property);*
- Current Outstanding Debt (suggested source – most recent financial statements); other upcoming bonds or debt as may be identified by the entity;
- Consideration of integrated planning to address the most significant needs of the municipality; and
- Other factors.

If it is determined that the capacity to raise capital exists, staff should when possible, consider whether the entity will need to obtain voter approval or take other steps to secure the capital. Reasonable time should be built into schedules to allow for the acquisition of funding.

- **Second Criteria** – Assess the affordability of pollution control options for the individuals or households of the community.

Staff should identify the approximate costs of pollution control options and include in the opening section of the Affordability Finding. The most accurate information may come from engineering reports or cost estimates provided by the entity, if available. If none are available, staff should estimate the costs by utilizing a cost estimate matrix based on design peak flow for various technologies. See document entitled “CAPDEWORKS cost estimate summary.xls” (Note that this information may also be needed in the assessment of the Third Criteria.).

Staff should consider whether the entity's existing reserves and rate structure is sufficient to finance the project and/or to service any loans or bonds that may be needed (see the First Criteria).

Staff should consider trends that may indicate stability or instability within the community. From the pre-screening tool, consider the trend in population, median age, and median household income. If the community appears to have a relatively stable or growing population and income and no significant rate increases appear to be eminent, Staff may conclude that the pollution control options are affordable for individuals and households and an appropriate statement should be inserted into the finding document. If a required project will likely require a rate increase, staff should use the "residential indicator" as identified in EPA's *CSO Guidance for Financial Capability Assessment and Schedule Development*. Regardless of whether the project is for a Combined Sewer Overflow (CSO) community, the framework provided in this guidance is a useful mathematical tool that can be applied to other projects. This tool will help to identify the usage rate or cost per household and provide the basis to identify usage rates and costs as a percentage of median household income. See pages 12 through 19 - <http://www.epa.gov/npdes/pubs/csafc.pdf>. Note that in some cases the entity will have already identified new usage rates; while in other cases staff may need to estimate costs. Staff will need to select between usage rates and an estimate of cost on a case-by-case basis.

In cases where the community does not appear to have stable trends in population, age, and income, additional investigation may be warranted to further explore and address affordability concerns.

In the case of a permit modification that does not require a rate increase, staff should insert an appropriate statement such as "This is a voluntary request for a permit modification that does not change the existing pollution control options."

- **Third Criteria** - An evaluation of the overall costs and environmental benefits of the control technologies.

Staff should identify and describe the environmental benefits of any required project, including water quality impacts on the receiving stream, and reference any estimated project costs. Staff may use a cost estimate matrix based on design peak flow for various technologies (see document titled "CAPDEWORKS cost estimate summary.xls"). Permit writers may include a cost range for a particular requirement for the purpose of the affordability analysis, compliance schedule timeframe, or prioritization planning. The actual cost should be reflected in the facility plans.

In the case of a permit modification that does not change the control technologies, staff should insert an appropriate statement such as "This is a voluntary request for a permit modification that does not change control technologies."

- **Fourth Criteria** - Ways to reduce economic impacts on distressed populations in the community, including but not limited to, low and fixed income populations, include consideration of: a) allowing adequate time in implementation schedules to mitigate potential adverse impacts on distressed populations resulting from the costs of the improvements and taking into consideration local community economic considerations; and b) allowing for reasonable accommodations for regulated entities when inflexible standards and fines would impose a disproportionate financial hardship in light of the environmental benefits to be gained.

Staff should use the results of the pre-screening tool to identify distressed populations and trends that indicate instability within a community.

Staff should examine projects and may identify potential suggestions for cost savings in narrative statements, including the incorporation of complementary green infrastructure practices designed to reduce environmental impacts from inflow, infiltration and related sources.

Particularly where medium/high financial burdens will result from the permit or enforcement action, staff should consider the following options that may reduce impacts to distressed populations:

- Adjusting implementation schedules as a possible method of reducing financial burden;
- Supporting new technology and green infrastructure (see *Missouri Guide to Green Infrastructure: Integrating Water Quality into Municipal Operations*. May 2012) [www.dnr.mo.gov/env/wpp/stormwater/mo-gi-guide.htm](http://www.dnr.mo.gov/env/wpp/stormwater/mo-gi-guide.htm);
- Developing an Use Attainability Analysis (UAA);
- Developing site specific criteria; or
- Using other innovative solutions that meet applicable legal requirements.

Note: Staff will likely need to evaluate these possibilities as part of the overall decision process, after working through all affordability criteria.

In the case of a permit modification that does not require a rate increase, staff should insert an appropriate statement such as “This is a voluntary request for a permit modification that will not require changes to the rate structure; therefore, there are no new economic impacts to distressed populations.”

- **Fifth Criteria** - An assessment of other community investments relating to environmental improvements.

Staff should identify any items they are aware of that may impact the entity’s ability to raise necessary funding.

Staff should provide the opportunity for the entity to provide a list of other investments or projects (including the schedule and cost) and explain any connection to the affordability of the wastewater project.

Staff should generate a concluding statement to summarize the other investments and identify possible overlap or complications.

In the case of a permit modification that does not require a rate increase, staff should insert an appropriate statement such as “This is a voluntary request for a permit modification; therefore, other community investments relating to environmental improvements do not impact affordability.”

- **Sixth Criteria** - An assessment of factors set forth in EPA guidance, including but not limited to, the *CSO Guidance for Financial Capability Assessment and Schedule Development* that may ease the cost burdens of implementing wet weather control plans, including but not limited to, small system considerations, the attainability of water quality standards, and the development of wet weather standards.

The “Residential Indicator” should have been developed as part of the assessment of the second criteria. An appropriate cross reference should be included in a narrative statement.

Staff should analyze the “Permittee Financial Capability Indicators” as identified in EPA’s *CSO Guidance for Financial Capability Assessment and Schedule Development*. See pages 20 through 41: <http://www.epa.gov/npdes/pubs/csofc.pdf>.

For each item, staff should calculate the statistic for the entity and log the appropriate score of 1, 2, or 3 for each item, or input “not available” when the information does not exist (i.e., when an entity does not have a bond rating, indicate “NA” in lieu of a numeric score). It is important that staff maintain accurate notes, documenting the source of the data and calculations as part of their file/backup material.

- Determine most recent bond rating (if available) (see also the First Criteria);
- Calculate the overall debt as a percent of full market property value (debt information should be available on most recent financial statements);
- Compare the unemployment rate to the Missouri average (see pre-screening tool);
- Compare the median household income to the Missouri average (see pre-screening tool);
- Determine property tax revenue as a percentage of full market property value; and
- Determine the property tax collection rate.

Calculate the average score (total the numeric values and divide the sum by the number of entries that have a valid numeric value).

Using the result of the residential indicator (calculated in the Second Criteria) and the average of the permittee financial capability indicators, determine the suggested burden from the “Financial Capability Matrix” by plotting the results on the respective axis.

In the case of a permit modification that does not require a rate increase, staff should insert an appropriate statement such as “This is a voluntary request for a permit modification that is not impacted by factors set forth in EPA guidance.”

- **Seventh Criteria** - An assessment of any other relevant local community economic condition.

Staff should assemble information on any additional economic conditions that may impact the entity’s ability to raise necessary funding. This may include other items that staff is aware of or items that the entity may provide. Example items might include knowledge that a major local employer is ceasing operation, other consent orders, significant population loss, etc.

- **Conclusion** – Staff should develop a narrative conclusion and issue a finding of affordability. The conclusion should consider any significant subjective factors along with the objective measures that are formula driven. The conclusion should reference any extensions to compliance schedules, water quality standards considerations, implementation of innovative technologies, prioritization planning, or other changes in the permit or enforcement documents that impact affordability.

Affordability Requirement as established in House Bill 89 (2011) and amended House Bill 1251 (2012)

644.145. 1. When issuing permits under this chapter that incorporate a new requirement for discharges from publicly owned combined or separate sanitary or storm sewer systems or treatment works, or when enforcing provisions of this chapter or the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., pertaining to any portion of a publicly owned combined or separate sanitary or storm sewer system or treatment works, the department of natural resources shall make a finding of affordability upon which to base such permits and decisions, to the extent allowable under this chapter and the Federal Water Pollution Control Act.

2. (1) The Department of Natural Resources shall not be required under this section to make a finding of affordability when:

- (a) Issuing collection system extension permits;
- (b) Issuing National Pollutant Discharge Elimination System operating permit renewals which include no new environmental requirements; or
- (c) The permit applicant certifies that the applicable requirements are affordable to implement or otherwise waives the requirement for an affordability finding; however, at no time shall the Department require that any applicant certify, as a condition to approving any permit, administrative or civil action, that a requirement, condition, or penalty is affordable;

(2) The exceptions provided under paragraph (c) of subdivision (1) of this subsection do not apply when the community being served has less than three thousand three hundred residents.

3. When used in this chapter and in standards, rules and regulations promulgated pursuant to this chapter, the following words and phrases mean:

(1) "Affordability", with respect to payment of a utility bill, a measure of whether an individual customer or household can pay the bill without undue hardship or unreasonable sacrifice in the essential lifestyle or spending patterns of the individual or household, taking into consideration the criteria described in subsection 4 of this section;

(2) "Financial capability", the financial capability of a community to make investments necessary to make water quality-related improvements.

4. The Department of Natural Resources shall adopt procedures by which it will make affordability findings that evaluate the affordability of permit requirements and enforcement actions described in subsection 1 of this section, and may begin implementing such procedures prior to promulgating implementing regulations. The commission shall have the authority to

promulgate rules to implement this section pursuant to chapters 536 and 644, and shall promulgate such rules as soon as practicable. Affordability findings shall be based upon reasonably verifiable data and shall include an assessment of affordability with respect to persons or entities affected. The Department shall offer the permittee an opportunity to review a draft affordability finding, and the permittee may suggest changes and provide additional supporting information, subject to subsection 6 of this section. The finding shall be based upon the following criteria:

- (1) A community's financial capability and ability to raise or secure necessary funding;
- (2) Affordability of pollution control options for the individuals or households of the community;
- (3) An evaluation of the overall costs and environmental benefits of the control technologies;
- (4) An inclusion of ways to reduce economic impacts on distressed populations in the community, including but not limited to low- and fixed-income populations. This requirement includes but is not limited to:
  - (a) Allowing adequate time in implementation schedules to mitigate potential adverse impacts on distressed populations resulting from the costs of the improvements and taking into consideration local community economic considerations; and
  - (b) Allowing for reasonable accommodations for regulated entities when inflexible standards and fines would impose a disproportionate financial hardship in light of the environmental benefits to be gained;
- (5) An assessment of other community investments relating to environmental improvements;
- (6) An assessment of factors set forth in the United States Environmental Protection Agency's guidance, including but not limited to the "Combined Sewer Overflow Guidance for Financial Capability Assessment and Schedule Development" that may ease the cost burdens of implementing wet weather control plans, including but not limited to small system considerations, the attainability of water quality standards, and the development of wet weather standards; and
- (7) An assessment of any other relevant local community economic condition.

5. Prescriptive formulas and measures used in determining financial capability, affordability, and thresholds for expenditure, such as median household income, should not be considered to be the only indicator of a community's ability to implement control technology and

shall be viewed in the context of other economic conditions rather than as a threshold to be achieved.

6. Reasonable time spent preparing draft affordability findings, allowing permittees to review draft affordability findings or draft permits, or revising draft affordability findings, shall be allowed in addition to the Department's deadlines for making permitting decisions pursuant to section 644.051.

7. If the Department of Natural Resources fails to make a finding of affordability where required by this section, then the resulting permit or decision shall be null, void and unenforceable.

8. The Department of Natural Resources' findings under this section may be appealed to the commission pursuant to subsection 6 of section 644.051.

DRAFT

Missouri Department of Natural Resources  
Water Protection Program  
Affordability Determination and Finding  
(In accordance with RSMo 644.145)

*[insert information to identify the system, permit action, etc.]*

*[Name (of entity/permittee/applicant)]*

*[identify permit, enforcement action, etc.]*

Section 644.145 RSMo requires the Missouri Department of Natural Resources to make a “finding of affordability” when “issuing permits under” or “enforcing provisions of” state or federal clean water laws “pertaining to any portion of a combined or separate sanitary sewer system or publicly-owned treatment works.”

Description:

*[insert information on location, geographic boundaries and connections.]*

Residential Connections: \_\_\_\_\_

Commercial Connections: \_\_\_\_\_

Total Connections: \_\_\_\_\_

New Permit Requirements or Requirements Now Being Enforced:

*[Insert information as applicable.]*

Range of Anticipated Costs Associated with Complying with Requirements:

*[Insert discussion of primary options available and include estimated costs.]*

**(1) A community’s financial capability and ability to raise or secure necessary funding** (examine key indicators of the communities ability to raise funds):

*[If the entity has already documented or raised sufficient funding, insert appropriate statement here and delete below criteria]*

Current User Rates \_\_\_\_\_

Rate Capacity or Pay as You Go Option:

Municipal Bond Rating (if applicable): \_\_\_\_\_

Bonding Capacity: \_\_\_\_\_

*(General Obligation Bond capacity allowed by constitution:  
cities=up to 20% of taxable tangible property  
sewer districts=up to 5% of taxable tangible property)*

Current Outstanding Debt: \_\_\_\_\_

Other Indicators:

*[Insert appropriate statement here to summarize criteria – if possible, conclude whether or not the entity appears to have the capability and ability to raise or secure funding. Include discussion of potential voter approval requirements and any other factors that may impact the project schedule.]*

**(2) Affordability of pollution control options for the individuals or households of the community:**

*[If no rate increase appears to be needed and the community appears stable, insert appropriate statement here – depending upon circumstances, this may eliminate the need to complete below calculations.]*

*[If a fee increase will likely be required, complete the “residential indicator” as identified in EPA’s CSO Guidance for Financial Capability Assessment and Schedule Development and insert corresponding information below.] [Note – if the entity has already established new rates sufficient to pay for the project, staff needs only to identify the new rate and the MHI to perform this calculation.]*

Current Annual Operating Costs (Exclude Depreciation): \_\_\_\_\_

Current User Rate: \_\_\_\_\_

Estimated Capital Cost of Pollution Control Options: \_\_\_\_\_

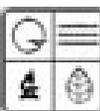
Annual Cost of Additional *(Operating Costs and Debt Service)*: \_\_\_\_\_

Estimated Resulting User Rate and/or Cost per Household: \_\_\_\_\_

Median Household Income: \_\_\_\_\_

Rate and/or Cost per Household as a

Percent of Median Household Income: \_\_\_\_\_



<i>(Rate or Cost/MHI)</i> Check Appropriate Box	Financial Impact	Residential Indiciary (Cost or Usage Rate as a percent of Median Household Income)
<input type="checkbox"/>	Low	Less than 1% MHI
<input type="checkbox"/>	Medium	Between 1% and 2% MHI
<input type="checkbox"/>	High	Greater than 2% MHI

*[Insert appropriate statement here to summarize criteria based upon results from the above table and other factors that may impact affordability for individuals and households.]*

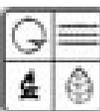
***(3) An evaluation of the overall costs and environmental benefits of the control technologies:***

*[List key project components and their associated cost estimates. Consider alternative technologies when feasible. Identify environmental benefits to be achieved. Depending upon the circumstances, a narrative description may be the most appropriate way to present options.]*

*[As warranted - Discussion existing technology, need for upgrade, basis for enforcement action, why capital project is necessary, classification of receiving stream and water quality limits, etc.]*

***(4) An inclusion of ways to reduce economic impacts on distressed populations in the community, including but not limited to, low and fixed income populations. This requirement includes but is not limited to:***

- (a) Allowing adequate time in implementation schedules to mitigate potential adverse impacts on distressed populations resulting from the costs of the improvements and taking into consideration local community economic considerations; and*
- (b) Allowing for reasonable accommodations for regulated entities when inflexible standards and fines would impose a disproportionate financial hardship in light of the environmental benefits to be gained.*



Potentially Distressed Populations for <i>[insert city, county]</i>	
Unemployment	
Median Household Income	
Percentage Change in Median Household Income (1990–2010)	
Percentage Population Growth/Decline (1990-2010)	
Change in Median Age in Years (1990-2010)	
Percent of Households in Poverty	
Percent of Households Relying on Food Stamps	

Opportunity for cost savings or cost avoidance:

*[Insert list or "None Noted".]*

Opportunity for changes to implementation/compliance schedule, new technology, site specific criteria, use attainability analysis:

*[Insert list or "None Noted".]*

*[Insert concluding statements to identify possible cost reductions.]*

***(5) An assessment of other community investments relating to environmental improvements:***

*[Insert list of major infrastructure or other investment in environmental projects – include clear indication of project timing and costs.]*

*[Insert statement to summarize other investments and highlight possible overlap or complications.]*

***(6) An assessment of factors set forth in the United States Environmental Protection Agency's guidance, including but not limited to the "Combined Sewer Overflow Guidance for Financial Capability Assessment and Schedule Development" that may ease the cost burdens of implementing wet weather***

***control plans, including but not limited to, small system considerations, the attainability of water quality standards, and the development of wet weather standards:***

See Section (2) of this analysis for the residential indicator as outlined in the above-referenced EPA guidance.

**Secondary indicators for consideration [for each item, insert the appropriate score or 'NA.']**

Socioeconomic, Debt and Financial Indicators				
Indicators	Strong (3 points)	Mid-Range (2 points)	Weak (1 point)	Score
Bond Rating Indicator	Above BBB or Baa	BBB or Baa	Below BBB or Baa	
Overall Net Debt as a % of Full Market Property Value	Below 2%	2% - 5%	Above 5%	
Unemployment Rate	>1% below Missouri average	± 1% of Missouri average	>1% above Missouri average	
Median Household Income	More than 25% above Missouri MHI	± 25% of Missouri MHI	More than 25% below Missouri average	
Property Tax Revenues as a % of Full Market Property Value	Below 2%	2% - 4%	Above 4%	
Property Tax Collection Rate	Above 98%	94% - 98%	Below 94%	

Average Score for Financial Capability Matrix: \_\_\_\_\_  
Residential Indicator (from Criteria #2 above): \_\_\_\_\_

### Financial Capability Matrix

Financial Capability Indicators Score from above ↓	Residential Indicator (User rate as a % of MHI)		
	Low (Below 1%)	Mid-Range (Between 1.0% and 2.0%)	High (Above 2.0%)
Weak (below 1.5)	Medium Burden	High Burden	High Burden
Mid-Range (1.5 – 2.5)	Low Burden	Medium Burden	High Burden
Strong (above 2.5)	Low Burden	Low Burden	Medium Burden

Estimated Financial Burden: \_\_\_\_\_

***(7) An assessment of any other relevant local community economic condition.***

*[List and discuss any other relevant economic condition.]*

### **Conclusion and Finding**

*[Narrative conclusion/finding:*

*Insert statements to summarize key factors that impact distressed populations or affordability; and*

*Insert summary statements to describe any time extensions or other changes to the permit or enforcement action that resulted from the affordability analysis.]*

As a result of reviewing the above criteria, the Department hereby finds that the action described above will result in a [insert high, medium, low] burden with regard to the community's overall financial capability and a [insert high, medium, low] financial impact for most individual customers/households.