

# Water Protection Program Financial Assistance Center Clean Water State Revolving Fund Additional Subsidization Stakeholder Meeting

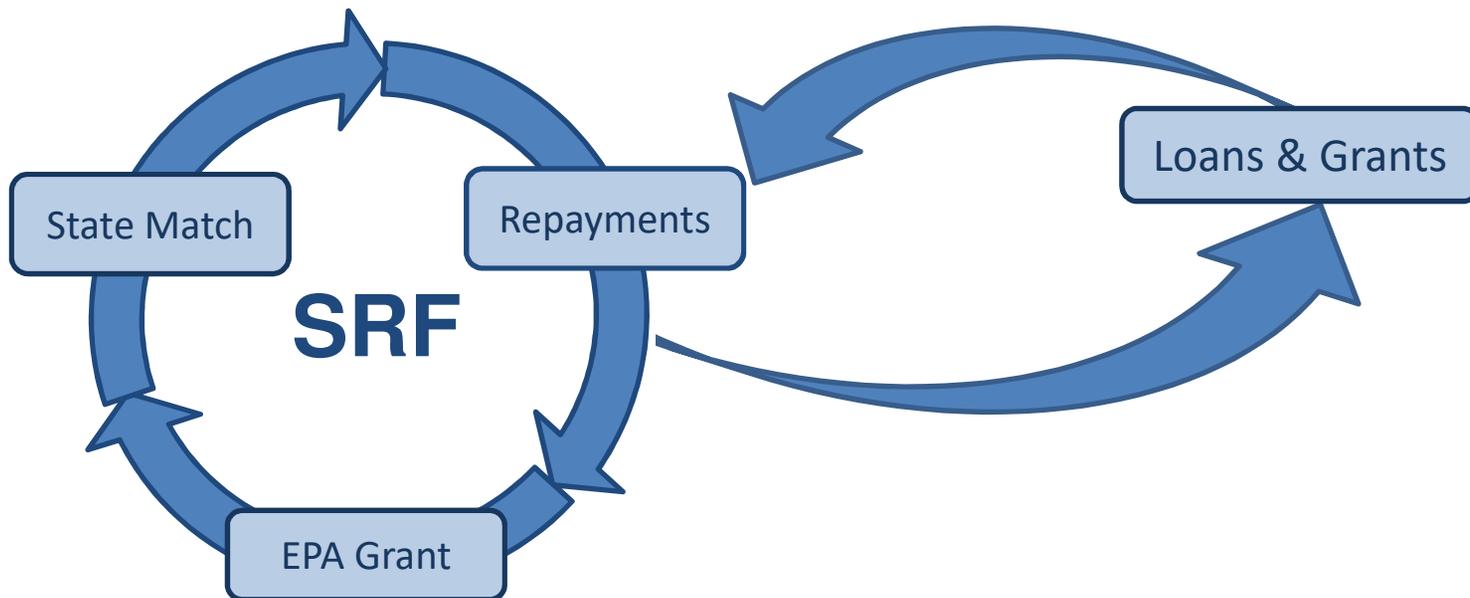
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January 21, 2020



# Clean Water State Revolving Fund (CWSRF)

CWSRF is a federal-state partnership that provides a renewable financing source for low-interest loans and grants to construct infrastructure projects to improve water quality.



## CWSRF Sources & Uses

- Federal Funding - Capitalization Grant
  - Congress determines capitalization appropriation annually and each state is allocated a percentage
- State Funding - 20% State Match
  - State must match 20% of the federal capitalization grant
- Loan Repayments
  - Used to fund additional projects
  - Can be pledged as security against revenue bonds
- Fees
  - Fees are used to support administrative costs of operating SRF program, state match, water pollution control branch operation and other water quality activities

# Eligible Financing Assistance to Borrowers

- SRF loans at below market interest rates
- Additional Subsidization
  - Grant - A portion of project funding is provided as a grant
  - Principal Forgiveness – A portion of the loan’s principal is forgiven and is not be repaid
  - Negative interest - A negative interest rate is charged, reducing the total repayment amount

# CWSRF Federally Eligible Projects

Eleven CWSRF eligibilities per federal law: Section 603(c) of the Clean Water Act (CWA) states that the CWSRF can provide assistance:

1. To any municipality, intermunicipal, interstate, or State agency for construction of publicly owned treatment works (as defined in section 212);
2. For the implementation of a management program established under section 319;
3. For the development and implementation of a conservation and management plan under section 320 (*related to national estuary program*);
4. For the construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage;
5. For measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water;
6. To any municipality, intermunicipal, interstate, or State agency for measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse;

## CWSRF Federally Eligible Projects cont.

7. For the development and implementation of watershed projects meeting the criteria set forth in section 122;
8. To any municipality, intermunicipal, interstate, or State agency for measures to reduce the energy consumption needs for publicly owned treatment works;
9. For reusing or recycling wastewater, stormwater, or subsurface drainage water;
10. For measures to increase the security of publicly owned treatment works;
11. To any qualified nonprofit entity, as determined by the Administrator, to provide assistance to owners and operators of small and medium sized publicly owned treatment works
  - (A) to plan, develop, and obtain financing for eligible projects under this subsection, including planning, design, and associated preconstruction activities; and
  - (B) to assist such treatment works in achieving compliance *with this Act*.

# CWSRF Federal Spending Requirements

- Green Project Reserve: 10%
  - Water Efficiency
  - Energy Efficiency
  - Green Infrastructure
  - Environmentally Innovative
- Additional Subsidization: min 10% - max 40% of federal capitalization grant
  - Additional Subsidization is grant, negative interest, or principle forgiveness
  - FFY2019 Intended Use Plan additional subsidization amount was approx. 15% = \$6,404,700 (the total capitalization grant was \$44,047,000)

# CWSRF Additional Subsidization Eligibilities

## Congressional Appropriation (Mandatory) 10%

Eligible Entity	Eligible Activity
Municipality** , interstate or state agency	Any point or nonpoint source projects
Private or nonprofit entity	Any nonpoint source projects
Nonprofit entity	Technical assistance to POTWs

## WRRDA Appropriation (Optional) 0 to 30%\*

Eligible Entity	Eligible Activity
Municipality**	<ul style="list-style-type: none"> <li>To benefit a municipality that meets the State's affordability criteria</li> <li>To benefit a municipality that does not meet the State's affordability criteria if it               <ol style="list-style-type: none"> <li>Seeks additional subsidization to benefit individual residential ratepayers;</li> <li>Demonstrates such ratepayers will experience a significant hardship from the rate increase to finance the project; and</li> <li>Directs the additional subsidization to such ratepayers through a user charge rate system.</li> </ol> </li> <li>To implement a process, material, technique, or technology               <ol style="list-style-type: none"> <li>To address water-efficiency goals;</li> <li>To address energy-efficiency goals;</li> <li>To mitigate stormwater runoff; or</li> <li>To encourage sustainable project planning, design, and construction.</li> </ol> </li> </ul>

\*States may provide additional subsidy of up to 30% if the total national appropriation is over \$1.3 billion.

\*\*Municipality definition: city, town, county, district, association, or other public body (including an inter municipal agency of two or more of the foregoing entities) created under State law, or an Indian tribe or an authorized Indian tribal organization, having jurisdiction over disposal of sewage, industrial wastes, or other waste, or a designated and approved management agency under section 208 of the Clean Water Act).



# Existing CWSRF Grant Programs

## FFY 2020 Intended Use Plan Grants (Oct 2019 – Sept 2020)

Small Community Affordability Grants (50% up to \$2 million dollars with CWSRF)

Regionalization Incentive Grant

## FFY 2021 Intended Use Plan Grants Planned (Oct 2020 – Sept 2021)

Small Community Affordability Grants (50% up to \$2 million dollars with CWSRF)

Regionalization Incentive Grant

Small Community Engineering Assistance Grants

Solicitation for Grant to a Non-Profit for Assistance to POTWs



# Potential New CWSRF Grant Program Ideas

## Additional Subsidization Opportunities

“Customer Affordability Grant” in combination with loan for large communities with Rate Assistance Program serving low income residents – Grant amount based on impact to low income rate payers

Grant in combination with loan for projects that reuse or recycle wastewater or stormwater

Grant in combination with loan for security measures included in a wastewater treatment project

Grant in combination with loan for energy efficiency measures included in a wastewater treatment project

Grant in combination with loan for projects for treatment upgrades needed to meet TMDLs

Grant in combination with loan for projects for treatment upgrades needed for nutrients

Grant in combination with loan for measures to manage, reduce, treat, or recapture stormwater (Green Project Reserve incentive)

Grant with local match required for developing an Integrated Management Plan

# Potential New CWSRF Grant Program Ideas

## Attendee Ideas

Stormwater projects that are needed after a municipality has completed an inflow and infiltration or a combined Sewer Overflow project to handle stormwater that is no longer going into the sewers

Grants to connect unsewered homes

Grants for projects that address streambank erosion/stabilization

Source water protection runoff from developed areas (non-agricultural related)

Holding basin in conjunction with stormwater or flood control (similar to previous Special Area Land Treatment (SALT) program

Increase population threshold for the Clean Water State Revolving Funds Affordability Grants up to 20,000

# CWSRF Intended Use Planning

**40 CFR § 35.3150:** The State must prepare a plan identifying the intended uses of the funds in the SRF and describing how those uses support the goals of the SRF.

## **The Intended Use Plan:**

- Must be prepared annually
- Must be subjected to public comment and review before submittal to EPA
- Must be submitted to EPA prior to the award of the capitalization grant

## **The Intended Use Plan Contents must include:**

- Short and long term goals of the program
- Types of activities to receive assistance
- Types of assistance to be provided
- Criteria and method established for the distribution of the SRF funds
- Allocation of available funds

## Next Steps

- Stakeholder Survey
- Next meeting February 28, 2020

Meeting materials will be posted at  
<https://dnr.mo.gov/env/wpp/cwforum/clean-water-state-revolving-fund-stakeholder-workgroup.htm>



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# Questions

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