

# **DRINKING WATER**

**State Revolving Fund**

**Loan Program and Set-Aside Programs**

**Intended Use Plan for Fiscal Year 2021**

**Oct. 1, 2020 through Sept. 30, 2021**

Approved by the Missouri Safe Drinking Water Commission – Oct. 14, 2020





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Cover photo is the City of Campbell 100,000-gallon water tower.  
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# Drinking Water State Revolving Fund Program

The Missouri Department of Natural Resources administers the Drinking Water State Revolving Fund (DWSRF). As a condition of a federal agreement with Environmental Protection Agency (EPA), 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 Safe Drinking Water Act (SDWA). This DWSRF Intended Use Plan (IUP) is the annual plan for Federal Fiscal Year (FFY) 2021.

Missouri applies to the EPA annually for a capitalization grant to fund its DWSRF program and capacity development programs. These funds are combined with the required state match and made available to Missouri communities in the form of low-interest loans. As the loans are repaid, the money is reused, or revolved, by the program to provide for future projects.

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**Approximately \$474 million in loans and additional subsidization has been obligated through the Drinking Water State Revolving Fund since 1996.**

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The DWSRF loan program was established by the Safe Drinking Water Act Amendments of 1996 to provide a renewable financing source for low-interest loans to public drinking water systems for high-priority infrastructure projects. Operation and management of Missouri's DWSRF program is directed by regulations 10 CSR 60-13.020 through 10 CSR 60-13.030 available at [sos.mo.gov/cmsimages/adrules/csr/current/10csr/10c60-13.pdf](https://sos.mo.gov/cmsimages/adrules/csr/current/10csr/10c60-13.pdf).

The DWSRF is managed by the Department and the Environmental Improvement and Energy Resources Authority (EIERA). The Department, with oversight from the Safe Drinking Water Commission (SDWC or Commission), is responsible for programmatic functions, including processing applications, priority scoring, IUP preparation, environmental review and permitting, reporting, and financial assistance disbursement and repayment processing. EIERA issues bonds, manages related tax issues and monitors post-issuance compliance. The Department and EIERA work together to maximize the amount of construction that can be supported by the program. The Department reserves the right to refinance, assign, pledge, or leverage any loans originated through the DWSRF Program.

The Department continually refines the DWSRF program to ensure it offers affordable financing to meet today's high priority water quality improvement needs and provides a stable source of funding for drinking water infrastructure projects well into the future. This IUP summarizes the development and management of the DWSRF priority lists and assurances required by federal mandates. It also details the proposed distribution of Missouri's anticipated DWSRF capitalization grants, state match funds, the repayments of previously awarded loans, and the interest earnings from the repayment account for FFY 2021.

# Federal Fiscal Year 2021 Drinking Water State Revolving Fund Program Goals

Each year, the Department evaluates the operations and the financial structures of the DWSRF to gauge program effectiveness and to improve program services and investment returns. The Department develops both long-term and short-term goals to continually improve the program:

## Long-term goals:

- Provide assistance to projects that protect public health by ensuring Missouri citizens served by public water supplies will have water that is safe to drink.
- Provide assistance to projects that increase the long-term sustainability of existing and proposed water systems, and encourage projects to consolidate, interconnect, or regionalize drinking water systems.
- Maintain the long-term integrity of the revolving fund by applying prudent financial standards to assistance provided to participants.
- Encourage systems to choose projects with the most cost-effective solutions.
- Protect source water for drinking water systems.
- Manage projects and work efficiently with participants to ensure projects proceed toward a binding commitment in a timely manner.
- Continue to implement and enhance the Department's Capacity Development Program, which implements a strategy to improve the technical, managerial, and financial capacity of Missouri's public water systems. Additional information is available at [dnr.mo.gov/env/wpp/cap-dev.htm](http://dnr.mo.gov/env/wpp/cap-dev.htm).

## Short-term goals:

- Implement a marketing strategy focused on recruiting large projects to increase use of the DWSRF program.
- Utilize additional subsidization incentives to assist disadvantaged communities and regionalization projects.
- Plan and implement a programmatic financing structure that offers a reliable funding mechanism for entities with significant capital spending needs.
- Have the DWSRF priority point criteria (Appendix 5) and readiness-to-proceed criteria (Appendix 6) updated and approved by the Missouri SDWC in fall 2020, prior to the application receipt deadline (March 1, 2021).

# Federal Fiscal Year 2021 Drinking Water State Revolving Fund Available Funding

During FFY 2021, the DWSRF program expects to have approximately \$111 million available for new DWSRF projects. This includes carry-over monies from previous years, loan repayments, interest earnings on investments of DWSRF resources, and federal capitalization grants and state match.

## Eligible project types

Eligible projects include infrastructure improvements that facilitate compliance with national primary drinking water regulations or otherwise significantly advance the public health protection objectives of the Safe Drinking Water Act. Projects may be new construction or the improvement or renovation of existing facilities.

Drinking water projects may include the following:

- Treatment plants
- Transmission and distribution mains
- Supply sources (i.e. wells, interconnections, and surface water intakes)
- Storage facilities
- Water security projects
- Purchase of a reservoir water rights in order to meet drinking water health protection objectives of the Safe Drinking Water Act

Certain water projects are ineligible for assistance including the following:

- Construction or rehabilitation of dams
- Construction or rehabilitation of most water reservoirs
- Projects needed primarily for fire protection
- Projects needed primarily to serve future population growth

Eligible expenses and allowable construction costs also include engineering costs for planning and design, land if needed for the project, and legal costs associated with the project. Eligible and ineligible expenses are further described in the DWSRF Eligibility Handbook available at [epa.gov/drinkingwatersrf/dwsrf-eligibility-handbook](http://epa.gov/drinkingwatersrf/dwsrf-eligibility-handbook).

## Eligible borrowers

- Political subdivisions (including counties, incorporated cities and towns, and regional water or sewer districts) that are not owned by the federal government
- Not-for-profit corporations providing a wholesale or regional water supply
- Investor-owned water utility corporations

All eligible applicants must demonstrate technical, managerial, and financial capacity to enter into a binding financial commitment.

## **Terms of financial assistance**

The DWSRF offers a fixed-rate loan with a standard interest rate that is 30 percent of the market rate. The market 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, which is comparable to an AAA-rated municipal market rate. Loan proceeds must be expended within 36 months of the loan closing.

The standard loan term is 20 years or the useful life of the project, whichever is less. Terms of up to 30 years, not to exceed the useful life of the project, may be available for applicants experiencing a significant financing challenge. The Department evaluates extended-term financing requests on a case-by-case basis, and adds 0.5 percent interest to the standard rate for projects with extended-term financing. The Department charges an annual fee of 0.5 percent of the outstanding loan balance to help administer the DWSRF program.

DWSRF additional subsidization in the form of grant funding, negative interest, or principal forgiveness, in conjunction with a loan, may be available for eligible borrowers in accordance with current federal appropriations (see Loans with additional subsidization, page 6).

## **Distribution of funds**

Missouri law requires the Department to allocate funds by population size category as shown below, to the extent possible:

- 20 percent to very small community systems serving up to 3,300 people
- 15 percent to small systems serving 3,301 to 9,999 people
- 65 percent to general communities (not restricted by population served)

After the Department allocates funds to all fundable projects within a particular category, it may transfer remaining unobligated funds to another category for which funds are not sufficient to satisfy all fundable projects. This approach maximizes the availability of funding to meet ready-to-proceed, documented infrastructure needs, and fully commit Drinking Water SRF funds as required by federal law.

The Department will consider funding applications for eligible private entity borrowers if funding is still available after all funding applications by political subdivisions have been satisfied.

## **Project Prioritization**

The DWSRF Priority Points Criteria (Appendix 5) and Distribution-of-Funds and Readiness-to-Proceed Criteria (Appendix 6) are the basis for project ranking and funding allocation. The priority point criteria describe the criteria the Department uses to prioritize loan applications. The most serious problems are given the highest priority. The readiness-to-proceed criteria describe the minimum criteria an applicant must meet to be eligible to be placed on the fundable list.

## **Intended Use Plan listing process**

The Department reviews the project applications based on DWSRF eligibility requirements and assigns priority points based on the DWSRF Priority Points Criteria to eligible projects. Next, the Department

places eligible projects on the DWSRF Project Priority List and ranks projects by priority point score within each funding category.

The DWSRF Project Priority List contains the following categories:

- **Fundable List:** This list includes projects that meet the readiness-to-proceed criteria. i.e., those for which the applicant has submitted a complete engineering report, documentation of an acceptable debt instrument, and any necessary funding commitments from other state and/or federal agencies contributing funds to the project. The Department schedules these projects for financial assistance during the current fiscal year, and allocates available funds accordingly.
- **Fundable Contingency List:** This list includes projects that meet the readiness-to-proceed criteria, however 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.
- **Planning List:** This list includes projects for which the Department has received an application, but is awaiting submittal of an engineering report and/or an acceptable debt instrument. The Department works with these communities to assist them in meeting readiness-to-proceed criteria. Once the criteria are met, the Department may move the project to the fundable list if funds are available.

### **Modifications to Project Priority List**

After the Missouri SDWC adopts the DWSRF Project Priority Lists, it may modify the lists or redistribute the available funds as outlined below:

- **Inadequate allocations:** If federal DWSRF allocations are less than anticipated, or if previous allocations are reduced, the Department may recommend reducing project commitments.
- **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 or vice versa. The Department's goal is to fund all projects if possible.
- **Bypass:** The Department may recommend that the Commission move a project from the Fundable Priority List to the Fundable Contingency List if it is not making timely progress in order to make the committed funds available to another project that is ready to proceed. Bypass procedures are described in Appendix 6.
- **Project removal:** The Department may recommend removal of the project from the priority list at the request of the applicant or if the Department finds the project is ineligible for DWSRF assistance.

Before taking action to modify the Project Priority List, the Department will notify those applicants directly affected.

## Additional Subsidization

The Safe Drinking Water Act allows the state to provide additional subsidization in the form of grants, principal forgiveness, or negative interest loans. The Department offers additional subsidization for eligible design and construction projects and to fund engineering reports. Only political subdivisions (including counties, incorporated cities and towns, and regional water or sewer districts), and not-for-profit corporations may receive additional subsidization. The Department determines the amount of the capitalization grant to be allocated for additional subsidization each year based on federal appropriation and Missouri's DWSRF program needs. FFY 2021 additional subsidization funding allocations are described in Appendix 1.

### Loans with additional subsidization

The Department obligates additional subsidization funding to eligible projects on the Fundable List in priority order based on eligibility and available funding. The additional subsidization commitment is for two IUP cycles, and is awarded when the applicant enters into a binding financial commitment. Failure to make timely progress may result in bypass and the loss of the additional subsidization commitment.

The Department offers additional subsidization to two types of projects, subject to available funding. They are:

- Additional subsidization funding in the form of a grant, in combination with a loan, to public water systems proposing a project that will regionalize and/or consolidate a public water system that meets the state disadvantaged community criteria
- Additional subsidization in the form of a grant or principal forgiveness, in combination with a loan, to public water systems that meet the state disadvantaged community criteria making needed improvements to their own system

State regulations define a disadvantaged community as any applicant serving a population of 3,300 or fewer, whose average user rates for 5,000 gallons will be at or above two percent of the recipient median household income, and the recipient median household income is at or below 75 percent of the state average.

The America's Water Infrastructure Act of 2018 mandated changes to DWSRF additional subsidization that compel the state to provide additional subsidization through two distinct authorities.

- **Congressional authority:** Additional subsidization issued with the Congressional authority may be in the form of grant funds, negative interest, or principal forgiveness. The Department will provide this additional subsidization as grant funds. Under state law pertaining to municipal borrowing, recipients receiving grants and loans are permitted to use bond authority for the loan amount only.
- **Safe Drinking Water Act Authority:** Additional subsidization issued with the Safe Drinking Water Act statutory authority must be in the form of negative interest or principal forgiveness. The Department will provide this additional subsidization as principal forgiveness. Under state law pertaining to municipal borrowing, recipients receiving a grant and a loan must obtain bond authority for the total project amount, which includes the amount of principal forgiveness.

Recipients that represent a town, village, city of the third or fourth class, or a charter city with less than 30,000 inhabitants may opt to issue and use bond authority for the amount of principal forgiveness through a special obligation bond without voter approval, issued under Section 91.450 RSMo.

The Department will determine whether to award an applicant's additional subsidization as a grant or principal forgiveness, based on the borrower's disadvantaged status, amount of funding available through the each of the authorities described in the above bullets, the borrower's existing bonding capacity, and/or its ability to issue bonds under Section 91.450 RSMo. The Department will work with each system individually to identify which funding option can be utilized.

### **Engineering Report grants**

Additional subsidization in the form of a grant is available through the DWSRF to assist small communities with engineering costs to plan for drinking water system improvements related to the system's compliance and ability to provide safe drinking water. Municipalities, counties, public sewer districts, and public water districts with a population of fewer than 3,300 residents may apply. Larger systems developing a plan to serve a system with a population of 3,300 or less may also apply. Funding is offered through a competitive, annual funding cycle. The Department will accept applications each year through December 31. Appendix 2 describes the amount of grant funds committed for Engineering Reports. Appendix 7 includes application instructions.

### **Program commitments and state assurances**

Federal appropriations to the DWSRF program primarily fund high-priority infrastructure projects. However, the Safe Drinking Water Act also allows states to set aside up to 31 percent for authorized projects that support public drinking water program activities. See Appendix 3 for details on Missouri's set-asides.

The Department makes a number of program commitments and state assurances related to managing the DWSRF. See Appendix 4 for a list of these commitments and assurances.

### **Plan for timely and expeditious use of funds**

Federal law and regulations direct states to manage all SRF programs in a manner that ensures timely and expeditious use of all funds. Because not all available funds are committed to projects in this IUP, the Department developed a strategic plan for improving the prompt use of DWSRF funds. The plan includes, but is not limited to, increasing marketing and workshops; developing a DWSRF guidance for communities; targeting outreach to communities and privately owned utilities with large capital projects; streamlining processes to decrease the time from application to funding; and creating new project management tools for staff.

### **Missouri Water and Wastewater Review Committee**

The Missouri Water and Wastewater Review Committee is a group representing three agencies, including the Department, the Missouri Department of Economic Development's Community Development Block Grant Program, and the U.S. Department of Agriculture - Rural Development, which provide funding to communities for water and wastewater infrastructure improvements. The

committee convenes once a month to review proposals and engineering reports, and make recommendations to optimize project funding. This collaborative effort is intended to stretch limited financial assistance dollars to support the greatest number of projects for Missouri communities.

### **Application deadline**

The Department accepts applications at any time. Applications received or postmarked by March 1 will receive priority consideration for funding in the next fiscal year's IUP. See Appendix 2 for more information about applying for funding.

### **Projects being funded in fiscal year 2021**

The list of projects being funded in FFY 2021 is ranked by priority in Appendix 1.

# **Appendix 1: Project Priority Lists and Financial Tables**

## **Estimated Sources and Uses of Funds**

During FFY 2021, the DWSRF program expects to have approximately \$111 million available for loans and additional subsidization during this fiscal year. The estimate includes carry-over monies from previous years, repayments, interest earnings on investments of DWSRF resources, federal capitalization grants, and the state match.

The Department allocates funds to projects that are on a Fundable List as approved by the SDWC. The amount of funds made available through this IUP may be revised at any time due to changing economic conditions.

The estimated sources and anticipated uses of funds are available in the following table. The amounts reflected are as of December 31, 2019.

**Drinking Water State Revolving Fund  
Estimated Sources and Uses of Funds  
FFY 2021 Intended Use Plan**

<b>Estimated Sources as of December 31, 2019</b>		
Anticipated Capitalization Grants for Drinking Water State Revolving Fund	\$	54,047,419
Cash Balance *	\$	54,771,842
Anticipated Loan Repayments and Investment Earnings Net of Bond Payments (1/1/20 - 9/30/22)	\$	54,873,329
State Match - FFY 2021 Capitalization Grant **	\$	675,003
<b>Total Estimated Sources</b>		<b>\$ 164,367,593</b>
<b>Estimated Uses</b>		
Undisbursed Amounts Committed to Existing Projects	\$	5,882,850
Anticipated Funds Committed to Drinking Water Set-Aside Activities	\$	14,875,895
Anticipated Direct Loans Closing between 1/1/20 and 9/30/20	\$	27,609,708
Anticipated Grants Awarded between 1/1/20 and 9/30/20	\$	4,985,346
Anticipated Additional Subsidization Available for FFY 2021 DWSRF IUP Projects	\$	16,204,914
Anticipated Loan Funds Available for FFY 2021 DWSRF IUP Projects	\$	94,808,880
<b>Total Estimated Uses</b>		<b>\$ 164,367,593</b>

\* On October 18, 2018, the Environmental Improvement and Energy Resources Authority issued bond series 2018A in tax exempt revenue bonds, of which \$10,020,000 was for the Drinking Water State Revolving Fund. Bond proceeds support approximately three years of state match requirements to the FFY2018, 2019 and 2020 capitalization grants. The bond proceeds were deposited into the Water & Wastewater Loan Revolving Fund for disbursement, and will provide all but \$675,003 of state match for the FFY2020 capitalization grant (utilized in this FFY2021 Intended Use Plan).

\*\* A bond sale or a transfer of loan administration fees is expected to provide the remaining \$675,003 in state match needed.

<b>Loan and Grant Commitments 1/1/20 through 9/30/20</b>	<b>Loan</b>	<b>Grant</b>	<b>Total</b>
Marshfield - Funded 1/15/20	\$ 6,164,000	\$ -	\$ 6,164,000
Madison Co - Funded 2/7/20	\$ 1,369,000	\$ 2,000,000	\$ 3,369,000
Centralia	\$ 2,744,000	\$ -	\$ 2,744,000
Missouri American Water	\$ 10,315,000	\$ -	\$ 10,315,000
Pierce City	\$ 2,508,612	\$ 2,000,000	\$ 4,508,612
Carrollton	\$ 4,180,647	\$ -	\$ 4,180,647
Laurie	\$ 328,449	\$ 985,346	\$ 1,313,795
<b>Total Commitments 1/1/20 through 9/30/20</b>	<b>\$ 27,609,708</b>	<b>\$ 4,985,346</b>	<b>\$ 32,595,054</b>

## Project Priority Lists

A comprehensive list of FFY 2021 applicants is followed by the Project Priority Lists.

- Under 10 CSR 60-13.020, applications are valid for two years (or two IUP cycles). Applicants that have not received their funding at the end of two years may reapply to the program. A project's position on the fundable, contingency, or planning list may change with each subsequent application. The Department may de-obligate funding from projects that are not making adequate progress within the allotted two years and reallocate those funds to other projects.
- Projects carried over from the FFY 2020 IUP remain eligible for FFY 2021 and retain the points and additional subsidization they received under the criteria in effect at the time they initially applied, unless the SDWC bypassed or removed the project, or the proposed loan recipient has requested to be removed. Carry-over status is indicated in the table. Carry-over project applicants in the FFY 2021 IUP must reapply by March 1, 2021, in order to compete for funding in the FFY 2022 IUP.
- For more information on the DWSRF Program, contact the Department's Financial Assistance Center at 573-751-1192, or [fac@dnr.mo.gov](mailto:fac@dnr.mo.gov).

### List of Fiscal Year 2021 Applicants

	Applicant	Priority Points	Service Area Population	Financial Assistance Request
	Archie	106	1,170	\$ 5,403,169
	Bowling Green	41	5,334	\$ 845,325
	Brashear	54	273	\$ 950,748
C	Camden County PWSD #1	95	220	\$ 3,417,000
	Cass Co. PWSD #10	34	2,500	\$ 1,706,681
	Centertown	94	278	\$ 1,156,084
C	Chamois	105	396	\$ 1,514,707
	Cole Co. PWSD #4	14	7,568	\$ 4,203,880
	Daviess Co. PWSD #3	92	337	\$ 2,387,263
	Harry S Truman PWSD #2	54	3,200	\$ 2,000,000
	Licking	83	3,124	\$ 3,834,764
	Memphis, Phase II	55	1,822	\$ 2,519,050
	Moniteau Co. PWSD #1	90	203	\$ 2,592,500
C	Newburg	90	470	\$ 1,486,808
	Plattsburg	92	2,319	\$ 3,650,558
C	Princeton	135	1,166	\$ 3,886,100
C	Saline County PWSD #1	52	591	\$ 1,096,462
C	Silex	100	283	\$ 2,266,138
	Urbana	75	417	\$ 1,873,236
C	Warsaw	65	2,125	\$ 4,905,003
<b>Total Comprehensive List Projects</b>				<b>\$ 51,695,476</b>

**Note:** C = Carried over from the last Intended Use Plan

## Allocation Of Available Loan Funds

Missouri law requires that twenty percent and fifteen percent of available funds, respectively, shall be made available to water systems serving populations of 3,300 or less (designated as very small communities) and water systems serving populations of 3,301 to 9,999 (designated as small communities). The remaining sixty five percent (designated for general community) is not restricted by population served.

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

### Allocation of Available Funds

Funding Category	Percent of Fundable List Allocation	Loan	Additional Subsidization	Total
Very Small Community (1)	20%	\$ 6,297,845	\$ 15,904,914	\$ 22,202,759
Small Community (2)	15%	\$ 16,652,069	\$ -	\$ 16,652,069
General Community	65%	\$ 71,858,966	\$ 300,000	\$ 72,158,966
<b>Total Allocation of Available Funds</b>		<b>\$ 94,808,880</b>	<b>\$ 16,204,914</b>	<b>\$ 111,013,794</b>

(1) Service area population of 3,300 or fewer.

(2) Service area population of 3,301 to 9,999.

### Additional Subsidization Available

Type	Available Amount	Explanation of Additional Subsidization
Additional Subsidization With Loans	\$ 15,904,914	Allocated to fundable projects on Project Priority Tables
Engineering Report Grants (General Community)	\$ 300,000	Reserved for FFY 2021 awards via competitive selection
<b>Total</b>	<b>\$ 16,204,914</b>	

### Financial Summary of the Fundable Projects

	Loans				Additional Subsidization			
	Very Small Community	Small Community	General Community	Total	Very Small Community	Small Community	General Community	Total
Allocation of Available Funds	\$ 6,297,845	\$ 16,652,069	\$ 71,858,966	\$ 94,808,880	\$ 15,904,914	\$ -	\$ 300,000	\$ 16,204,914
<b>Total Projects on Fundable List (1)</b>	<b>\$ 18,632,660</b>	<b>\$ 845,325</b>	<b>\$ -</b>	<b>\$ 19,477,985</b>	<b>\$ 15,904,914</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,904,914</b>
Transfer	\$ 12,334,815	\$ (12,334,815)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ (3,471,929)	\$ 3,471,929					
<b>Funding Assistance Planned (2)</b>	<b>\$ 18,632,660</b>	<b>\$ 845,325</b>	<b>\$ 75,330,895</b>	<b>\$ 94,808,880</b>	<b>\$ 15,904,914</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ 16,204,914</b>
<b>Balance Available after Projects Funded (3)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,330,895</b>	<b>\$ 75,330,895</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>

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

(2) Funding Assistance Planned = Allocation + Transfers.

(3) Balances may be shifted to other categories to fund projects that are ready to proceed.

DWSRF Fiscal Year 2021 Project Priority Lists

Carryover	Disadvantaged	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	Amount Requested	Loan Amount	Additional Subsidization Amount	Est. Financing Schedule FY - Quarter
<i>Note: An explanation of the abbreviations and codes appears at the end of the project lists.</i>										
<b>FUNDABLE LIST - AVAILABLE FUNDS</b> (Debt instrument secured and engineering report submitted)								<b>\$ 94,808,880</b>	<b>\$ 16,204,914</b>	
<b>Very Small Community</b> (Systems that serve a population of 3,300 or fewer)								<b>\$ 18,632,660</b>	<b>\$ 15,904,914</b>	
C	D	135	Princeton	DW291370-01	TP, Dis, Stor Rehab, Well, Well Rehab	1,166	\$ 3,886,100	\$ 1,886,100	\$ 2,000,000	21-4
C	D	105	Chamois*	DW291365-01	Well, Stor Rehab, Dis	396	\$ 1,514,707	\$ 345,000	\$ 1,035,000	21-4
C	D	100	Silex	DW291377-01	TP, Dis, Stor	283	\$ 2,266,138	\$ 566,534	\$ 1,699,604	21-4
C	D	95	Camden County PWSD #1	DW291373-01	Dis, Stor, Stor Rehab, Well Rehab, TP	220	\$ 3,417,000	\$ 1,417,000	\$ 2,000,000	21-4
	D	94	Centertown	DW291337-02	Stor, Dis	278	\$ 1,156,084	\$ 289,021	\$ 867,063	21-1
C	D	90	Newburg	DW291229-02	Dis, Stor, Well Rehab	470	\$ 1,486,808	\$ 371,702	\$ 1,115,106	21-4
	D	83	Licking**	DW291380-01	Dis, Stor, Well	3,124	\$ 3,834,764	\$ 1,834,764	\$ 1,893,926	21-4
	D	75	Urbana	DW291367-01	Dis, Well Rehab	417	\$ 1,873,236	\$ 468,309	\$ 1,404,927	21-1
C	D	65	Warsaw*	DW291293-02	Dis	2,125	\$ 4,905,003	\$ 1,278,700	\$ 2,000,000	21-4
	D	55	Memphis, Phase II	DW291363-02	Dis, Stor Rehab	1,822	\$ 2,519,050	\$ 629,762	\$ 1,889,288	21-4
		92	Plattsburg	DW291210-03	Dis, Stor	2,319	\$ 3,650,558	\$ 3,650,558	\$ -	21-4
		90	Moniteau Co. PWSD #1*	DW291378-01	Dis, Stor, Well Rehab	203	\$ 2,592,500	\$ 500,000	\$ -	21-4
		54	Harry S. Truman PWSD #2	DW291239-02	Stor	3,200	\$ 2,000,000	\$ 2,000,000	\$ -	21-4
		54	Brashear	DW291347-01	Stor	273	\$ 950,748	\$ 950,748	\$ -	21-4
C		52	Saline County PWSD #1	DW291359-01	Dis, Stor	591	\$ 1,096,462	\$ 1,096,462	\$ -	21-4
		34	Cass Co. PWSD #10*	DW291249-03	Stor	2,500	\$ 1,706,681	\$ 1,348,000	\$ -	21-4
<b>Very Small Community Total</b>							<b>\$ 38,855,839</b>	<b>\$ 18,632,660</b>	<b>\$ 15,904,914</b>	
<b>Balance</b>								<b>\$ -</b>	<b>\$ -</b>	

Carryover	Disadvantaged	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	Amount Requested	Loan Amount	Additional Subsidization Amount	Est. Financing Schedule FY - Quarter
<b>Small Community</b> (Systems that serve a population of 3,301 to 9,999)							\$ 845,325	\$ -		
		41	Bowling Green	DW291167-04	Dis	5,334	\$ 845,325	\$ 845,325	\$ -	21-4
<b>Small Community Total</b>							\$ 845,325	\$ 845,325	\$ -	
<b>Balance</b>								\$ -	\$ -	
<b>General Community</b>							\$ 75,330,895	\$ 300,000		
<b>General Community Total</b>							\$ -	\$ -	\$ -	
<b>Balance</b>							\$ 75,330,895	\$ 300,000		
<b>Total Fundable List Projects</b>							\$ 39,701,164	\$ 19,477,985	\$ 15,904,914	
<b>Balance of Fundable List</b>							\$ 75,330,895	\$ 300,000		
<b>FUNDABLE CONTINGENCY LIST</b> (Debt instrument secured and engineering report submitted; fundable if funds become available)							\$ -	\$ -		
<b>Total Fundable Contingency Projects</b>							\$ -	\$ -	\$ -	

Carryover	Disadvantaged	Priority Points	Applicant	Project #	Description/ Needs Category	Service Area Population	Amount Requested	Loan Amount	Additional Subsidization Amount	Est. Financing Schedule FY - Quarter
<b>PLANNING LIST - AVAILABLE FUNDS</b>								\$ -	\$ -	
(Debt instrument and engineering report not yet secured/submitted)										
		106	Archie	DW291142-03	Dis, Stor, TP	1,170	\$ 5,403,169	\$ -	\$ -	
		92	Daviess Co. PWSD #3	DW291379-01	Dis, TP	337	\$ 2,387,263	\$ -	\$ -	
		14	Cole Co. PWSD #4	DW291208-04	Dis, Stor	7,568	\$ 4,203,880	\$ -	\$ -	
<b>Total Planning List Projects</b>							<b>\$ 11,994,312</b>	<b>\$ -</b>	<b>\$ -</b>	

Description Reference List		
C	Carried over from the last Intended Use Plan	TP - Treatment Well - Well
D	Disadvantaged	Stor – Storage Stor Rehab - Storage Rehabilitation
		Dis – Distribution Well Rehab - Well Rehabilitation
		Rehab - Rehabilitation

Notes:

\* Applicant has a maximum bonding capacity that the loan amount cannot exceed.

\*\* Application not received by March 1, 2020.

Final eligible costs will be determined as documents are submitted and the project progresses toward loan closing.

Financing schedule shown is for planning purposes only. Final scheduling will be determined as documents are submitted and approvals obtained.

Carry over projects from the fiscal year 2021 list must reapply to be considered for the fiscal year 2022 list.

## Distribution of Loan Administration Fees

The fees charged by the Missouri DWSRF program are not included as principal in DWSRF loans. Depending on the source of the loan and the timing of the payment with the administration fee, the administration fee is considered to be program income.

The administration fees collected are considered:

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

<b>Source And Distribution Of Funds</b>			
<b>Loan Administration Fees<sup>1</sup></b>			
<b>As of Dec. 31, 2019</b>			
<b>Income</b>	<b>Program Income Earned During Grant Period</b>	<b>Program Income Earned After Grant Period</b>	<b>Non-Program Income</b>
Beginning Balance as of 07/01/19	\$ 1,497,723	\$ 647,207	\$ 239,846
FY 20 Income (thru 12/31/19)	\$ 48,946	\$ 432,391	\$ 99,635
FY 20 Interest Earnings (thru 12/31/19)	\$ 13,892	\$ 9,034	\$ 2,902
Subtotal	\$ 1,560,561	\$ 1,088,632	\$ 342,383
<b>Expenditures Thru 12/31/19</b>			
FY 20 Program Administration	\$ (13,263)	\$ (1,113)	\$ -
FY 20 PSD Expenditures	\$ -	\$ -	\$ -
FY 20 Transfer to Loan Program (FFY 2019 State Match) <sup>2</sup>	\$ -	\$ -	\$ -
Subtotal	\$ (13,263)	\$ (1,113)	\$ -
Income Less Expenditures	\$ 1,547,298	\$ 1,087,519	\$ 342,383
<b>Projected Income</b>			
FY 20 Income (01/01/20 - 06/30/20)	\$ 48,020	\$ 304,091	\$ 100,782
FY 20 Interest Income (01/01/20 - 06/30/20)	\$ 15,517	\$ 16,563	\$ 4,922
FY 21 Income (07/01/20 - 06/30/21)	\$ 92,542	\$ 657,825	\$ 187,959
FY 21 Interest Income (07/01/20 - 06/30/21)	\$ 32,659	\$ 24,979	\$ 11,614
Subtotal	\$ 188,738	\$ 1,003,458	\$ 305,277
<b>Projected Expenditures</b>			
FY 20 Program Administration	\$ (20,369)	\$ -	\$ -
FY 20 State Parks Drinking Water Infrastructure	\$ -	\$ -	\$ -
FY 20 Technical Assistance Grants	\$ -	\$ (25,000)	\$ (25,000)
FY 21 Transfer to Loan Program (FFY 2020 State Match) <sup>3</sup>	\$ -	\$ (756,633)	\$ -
FY 21 Program Administration	\$ (34,964)	\$ -	\$ -
FY 21 Technical Assistance Grants	\$ -	\$ (25,000)	\$ (25,000)
Subtotal	\$ (55,333)	\$ (806,633)	\$ (50,000)
Total Actual and Projected	\$ 1,680,703	\$ 1,284,344	\$ 597,660

<sup>1</sup> The distribution of loan administration fees to various Department activities is subject to change throughout the Fiscal Year. Actual fund uses will be shown in detail in the Fiscal Year 2021 Drinking Water State Revolving Fund Annual Report. FY 2021 projected expenditures do not automatically carry over from one year to the next.

<sup>2</sup> Loan administration fees were transferred into the loan program and used as the source of state match for the FFY 2019 Capitalization Grant.

<sup>3</sup> The Department may utilize proceeds of a bond sale or a transfer of loan administration fees to generate state match for FFY 2020 Capitalization Grant. A loan administration fee transfer for state match is shown to illustrate the fee balance for such alternative.

“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.

Administration fees charged by the program are deposited into an account outside of the DWSRF fund. In accordance with federal regulations, the Department may use the fees charged for program administration or other purposes in accordance with 40 CFR 31.25 (g)(2) and (3) and federal capitalization grant requirements.

The Department may use loan administration fees or proceeds from a bond sale as state match for the FFY 2020 federal capitalization grant. If loan administration fees are used, the Department transfers funds from a dedicated fee account into the DWSRF fund for use as loans.

# Appendix 2: Drinking Water State Revolving Fund Loan Application Instructions

DWSRF applications received or postmarked by March 1, 2021, that meet readiness-to-proceed criteria will receive priority for additional subsidization and loan funding for FFY 2022. The Department accepts applications throughout the year; project additions may be made to the IUP up to four times per year.

Under 10 CSR 60-13.020, applications are valid for two years (or two IUP cycles). Applicants that have not received their funding at the end of two years may reapply to the program. A project's position on a fundable, contingency, or planning list may change with each subsequent application. The Department may also de-obligate funding from projects that are not making adequate progress within the allotted two years, and reallocate those funds to other projects.

It is important that any community who wishes to apply for this funding opportunity submit their application early in the project planning process. Early application and communication with the Department on each step are imperative to ensure the project meets all state and federal funding requirements.

## How to complete a DWSRF application

1. The application form, instructions, and guidance documents are available online at [dnr.mo.gov/env/wpp/srf/srf-app\\_guid.htm](http://dnr.mo.gov/env/wpp/srf/srf-app_guid.htm). The Department encourages potential applicants to contact the Financial Assistance Center for assistance with application submittal. You can reach the Financial Assistance Center at 573-751-1192 or [fac@dnr.mo.gov](mailto:fac@dnr.mo.gov).
2. Applicants should submit the following with their application (along with documentation of any funding commitments from other state and/or federal agencies contributing funds to the project):
  - **A complete engineering report:** The engineering report must meet all criteria listed in the Engineering Report Submittal Checklist found here: [dnr.mo.gov/forms/780-2091-f.pdf](http://dnr.mo.gov/forms/780-2091-f.pdf). Submittal of an incomplete engineering report will delay progress and, ultimately, project funding.
  - **An acceptable debt instrument:** A debt instrument acceptable for a DWSRF loan is typically a revenue or general obligation bond. The Department will consider other types of debt instruments on a case-by-case basis.

A borrower may submit an application without either an engineering report or debt instrument. Such projects do not meet the meet readiness-to-proceed criteria and will be placed on either the Contingency or Planning List for a loan-only commitment. The Department will work with these applicants to assist them in achieving readiness-to-proceed status.

## Professional Services

**Engineering Services:** State statute requires that all engineering reports, plans and specifications must be signed, sealed, and dated by a Missouri professional engineer. Applicants must procure engineering services in accordance with Sections 8.285 through 8.291, RSMo.

**Financial Advisor:** The Department strongly encourages applicants to retain the services of a registered municipal financial advisor. Municipal financial advisors are required to be registered with the Securities Exchange Commission. Additional information is available online at <https://www.sec.gov/info/smallbus/secg/muni-advisor-reg-secg.htm>.

### **Additional subsidization**

Additional subsidization in the form of a grant or principal forgiveness, in conjunction with a loan, may be available to eligible applicants.

Additional subsidization is offered for two types of projects:

- Additional subsidization funding in the form of a grant, in combination with a loan, is available to public water systems proposing a project that will regionalize and/or consolidate a public water system that meets the state's disadvantaged community criteria.
- Additional subsidization in the form of a grant or principal forgiveness, in combination with a loan, is available to public water systems that meet the state's disadvantaged community criteria making needed improvements to their own system.

Under state regulation, a disadvantaged community is any applicant serving a population of 3,300 or fewer, whose average user rates for 5,000 gallons will be at or above two percent of the recipient median household income, and the recipient median household income is at or below 75 percent of the state average as determined by the most recent decennial census. Applicants that feel the decennial census does not accurately reflect their community's median household income may conduct an income survey. In order to be accepted by the Department, this survey must be overseen by a state or local federal agency. Contact [fac@dnr.mo.gov](mailto:fac@dnr.mo.gov) to inquire about conducting an income survey.

Disadvantaged community projects may be funded through a combination of 75 percent additional subsidization and 25 percent loan, with a maximum additional subsidization of \$2 million per applicant. Each grant dollar awarded reduces the project's loan amount.

Additional subsidization funds are obligated to eligible projects on the Fundable List in priority order based on eligibility and available funding for the application cycle of two IUP years, and awarded when the applicant enters into a binding financial commitment. Failure to make timely progress may result in bypass and the loss of the additional subsidization commitment.

# Appendix 3: Drinking Water State Revolving Fund

## Program Administration

The Department's Water Protection Program is the delegated authority for the administration of federal funds made available to the state under the provisions of the Safe Drinking Water Act by the EPA. The funds are for financing a variety of eligible projects and are to be used in perpetuity for low-interest loans made from the DWSRF.

This IUP describes the proposed use of funds reserved for financial assistance for drinking water infrastructure improvements during FFY 2021 (Oct. 1, 2020, to Sept. 30, 2021). This IUP shall remain effective until Sept. 30, 2021, or until such time as the FFY 2022 IUP becomes effective.

### Cash flow model

Missouri uses the cash flow model for the DWSRF (see illustration below).

The cash flow model diagram on the following page illustrates the SRF flow of funds. Construction loan repayments must begin within one year after the initiation of operations (the date when the first major constructed component is capable of being used for its intended purpose).

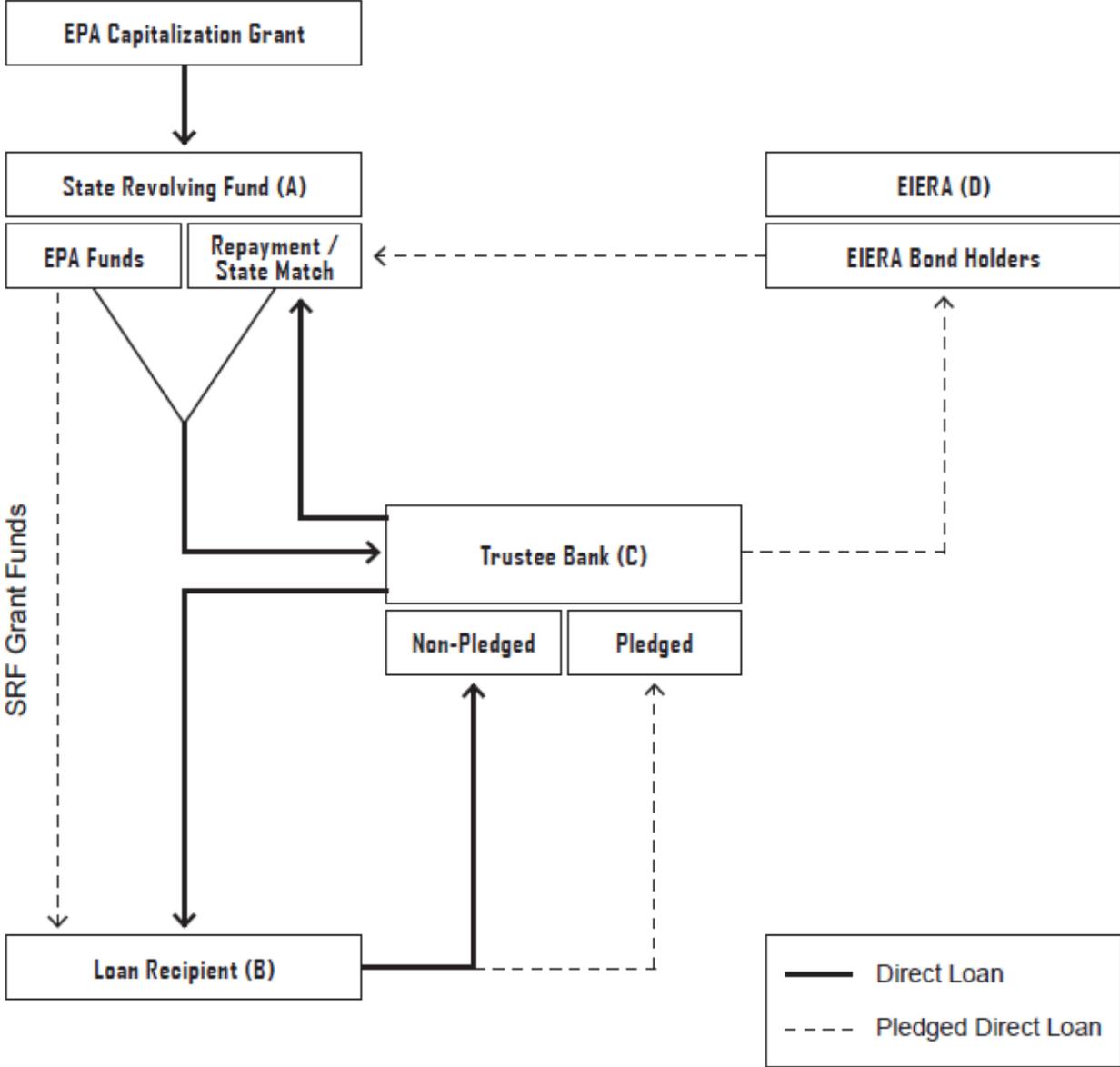
The loan repayment schedules will generally consist of semi-annual interest payments and semi-annual or annual principal payments. The trustee bank holds the periodic participant repayments in separate recipient accounts outside the DWSRF. Interest earnings on these recipient accounts are credited to the communities' debt service account, which reduces the amount of interest to be paid by the communities.

The Department receives federal Capitalization Grants from EPA. There is a 20 percent state match required to receive the grants. The funds are deposited into the SRF (A) and are 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 DWSRF (A) to the recipient (B) through the trustee bank (C) so the construction costs can be paid. Recipients of additional subsidization receive the funds directly from the DWSRF 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 DWSRF program needs to replenish the repayment fund, the EIARA (D) exercises its authority to sell bonds, and the direct loans are pledged to retire the EIARA debt. The proceeds of this sale are deposited into the DWSRF repayment account. The principal and interest payments on the EIARA bonds are secured through the pledge of the direct loan principal and interest payments from previous DWSRF program participants. Any surplus principal and interest that is not needed for the EIARA debt service is deposited into the repayment account.

# DWSRF 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 of 1998 (Public Law 105-65), authorized limited cross-collateralization between the DWSRF and the Clean Water SRF. Cross-collateralization allows states to use Clean Water SRF 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.

## Transfer of Funds from the Drinking Water State Revolving Fund to the Clean Water State Revolving Fund

Section 302 of the Safe Drinking Water Act Amendments of 1996 authorized the transfer of funds between the DWSRF and the Clean Water SRF. The rules governing the transfer of funds limit the dollar amount a state can transfer to no more than 33 percent of a DWSRF capitalization grant. As funding is available and as needs arise, the Department can transfer loan funds with the approval of the Missouri SDWC, 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. No transfers are planned for FFY 2021.

A listing of current and recent transfers is below:

<b>Fiscal Year</b>	<b>Clean Water SRF</b>	<b>DWSRF</b>
2013	\$10,000,000	(\$10,000,000)
2013*	\$18,500,000	(\$18,500,000)
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 SDWC, the Missouri Clean Water Commission, and EPA as appropriate, reserves the right to make additional transfers in the future.

## Assistance for disaster relief

The Department may provide financial assistance to projects that address direct or indirect damage to a drinking water system in a state or federally declared disaster area through the DWSRF. The Department may provide these projects with advance authority to construct in accordance with 10 CSR 60-13.030(4). These projects may be given preferential priority ranking when determining the use of available DWSRF loan funds.

## Drinking Water State Revolving Fund Capitalization Grant Allocations

The Safe Drinking Water Act Amendments of 1996 authorize funding for the DWSRF, and Congress appropriates this funding annually. Each state and U.S. territory is eligible for a portion of this funding. EPA provides the state with a federal DWSRF capitalization grant based on the state's proportional share of total eligible needs reported in the most recent drinking water infrastructure needs survey conducted every four years.

The Act authorizes the state to use the capitalization grant to fund low-interest loans for high priority infrastructure projects. The Act also authorizes the state to use a portion of the funding, known as "set-asides," for health effects studies, small system technical assistance, monitoring of unregulated contaminants, and operator certification reimbursement grants.

The Department will use the DWSRF federal capitalization grant to fund loans, additional subsidization, and authorized set-aside activities for FFY 2020. As allowed by the Act, the Department is reserving 31 percent of the grant for set-aside authorized activities. If the Department is not able to use the full 31 percent for set-aside activities this grant period, the Department may use the difference for financing infrastructure projects.

The Department's Public Drinking Water Branch manages and implements set-aside activities. This section of the IUP indicates how the Department intends to use the set-aside funds that will be available from the FFY 2020 capitalization grant.

### A. Distribution of Set-Aside Funds

The Department will deposit set-aside funds from the FFY 2020 capitalization grant in a separate account. Table 1 shows the intended distribution of these set-asides.

The Department reserves the right to utilize any unused set-aside authority from the federal FFY 2020 capitalization grant for future set-aside expenditures.

Table 1. Distribution of Set-Aside Funds

<b>Set-Aside Activities</b>	<b>Percent Capitalization Grant</b>	<b>Amount</b>
DWSRF Administration and Technical Assistance	4 percent	\$776,440
Small System Technical Assistance	2 percent	\$388,220
Public Water System Supervision	10 percent	\$1,941,100
Local Assistance and Other State Programs	15 percent	\$2,911,650
<b>Total</b>	<b>31 percent</b>	<b>\$6,017,410</b>

### B. Description of Set-Aside Activities

#### 1. DWSRF Administration and Technical Assistance

This set-aside provides funding to administer the programs established under section 1452 of the federal Safe Drinking Water Act and to provide technical assistance to public water systems. The Department intends to use this set-aside for salaries and associated expenses to administer the DWSRF loan program, including the following:

- Assistance to loan applicants and loan recipients.
- Project review and approval.
- Assistance with the needs survey, project prioritization, loan issuance, payment, and accounting activities.
- Tracking repayments and project inspections.
- Supplies, equipment, and staff training.

The Department may also use a portion of this funding to contract for assistance to help potential loan applicants with setting rates or with other similar tasks that may serve as a barrier to meeting loan eligibility criteria.

The Department is reserving the full four percent allowed under this set-aside. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

## **2. Small Systems Technical Assistance**

This set-aside provides funding for technical assistance to public water systems that serve 10,000 or fewer people. The Department intends to use this set-aside to assist small public water systems in the following ways:

- Complying with existing and near-term federal Safe Drinking Water Act requirements.
- Providing vouchers to eligible community and non-transient non-community water systems to defray the costs associated with operator training and certification.
- Other technical assistance activities that will improve compliance with safe drinking water requirements.

The Department is reserving the full two percent allowed under this set-aside. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

## **3. Public Water System Supervision**

This set-aside provides funding for primacy program support, developing and implementing a capacity development strategy, and operator certification. The Department intends to continue using this set-aside for the following authorized activities:

- Primacy program activities, including program administration, inspections and sanitary surveys, rule development, primacy applications, compliance and enforcement, and information and data management.
- Technical assistance.
- Development and implementation of the capacity development strategy.
- Operator certification program administration.
- Administration of grant programs for well plugging.
- Comprehensive Performance Evaluation Training.

The Department is reserving the full ten percent allowed under this set-aside. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

#### **4. Local Assistance and Other Programs authorized by Section 1452(k) of the Safe Drinking Water Act**

The Act allows states to set aside up to 15 percent of the capitalization grant for the following:

- Source water protection loans to acquire land or easements.
- Source water protection loans to implement local, voluntary source water protection programs.
- Assistance, including technical, managerial, and financial assistance, to any public water system as part of a capacity development strategy.
- Expenditures for the establishment and implementation of wellhead protection programs compliant with section 1428 of the act.

The Department intends to use this set-aside to provide technical, managerial, and financial assistance to public water systems as part of the capacity development strategy and for wellhead protection. The types of activities the Department intends to fund with this set-aside include, but are not limited to, the following:

- Contracting circuit riders to provide leak detection surveys; compliance assistance; operator training; and technical, managerial, and financial capacity assistance to water systems.
- Grants to community water systems to plug abandoned drinking water wells that threaten aquifers.
- Contracting with the University of Missouri for maintaining public water system source water assessment and delineation information.
- Performing Vulnerability Assessments and Groundwater Under the Influence of Surface Water Determinations.
- Other activities as appropriate to implement the capacity development strategy or promote wellhead protection.

The Department is reserving the full 15 percent allowed under this set-aside. If the entire authorized amount is not used, the Department will reserve the unused balance for eligible activities the following year.

## Appendix 4: Environmental Protection Agency Requirements and Assurances

The Department receives a federal capitalization grant annually from the EPA, and is required to provide a 20 percent state match. This appendix contains program commitments to assure the Department manages the DWSRF program in compliance with the capitalization grant agreement.

### Additional subsidization

The Clean Water Act allows the state to use SRF funds to provide additional subsidization for eligible projects in the form of grants, principal forgiveness, or negative interest loans. The FFY 2020 capitalization grant mandates that states use at least 14 percent for additional subsidization to any DWSRF-eligible recipient, and that at least six percent shall go to state-defined disadvantaged communities. The required amount that the Department must utilize to provide additional subsidization for qualifying DWSRF-eligible recipients is \$2,717,540 (14 percent) and \$1,164,660 (six percent) for qualifying state-defined disadvantaged communities.

The table below shows the amount of the funding currently available for FFY 2021 by capitalization grant year.

Capitalization Grant Year	Amount
2016 Federal Fiscal Year Required Amount	\$692,591
2017 Federal Fiscal Year Required Amount	\$3,327,400
2018 Federal Fiscal Year Required Amount	\$3,916,400
2019 Federal Fiscal Year Required Amount	\$3,879,800
2019 Federal Fiscal Year Disadvantaged Required Amount	\$1,163,940
2019 Federal Fiscal Year Disadvantaged Supplemental Amount	\$4,327,929
2020 Federal Fiscal Year Required Amount	\$2,717,540
2020 Federal Fiscal Year Disadvantaged Required Amount	\$1,164,660

These additional subsidization funds will be committed to projects as they become fundable using the guidelines described in Appendix 3.

For each capitalization grant, the Department intends to reserve any carry-over additional subsidization funds for projects the following fiscal year unless modified as described in this plan.

### Public review and comment

Federal law requires SRF programs to prepare an annual IUP, including Project Priority List and Priority Point Criteria. The IUP describes how the Department intends to use the DWSRF funds to support the overall goals of the DWSRF program. The Department must place the draft IUP on public notice to allow for public review and comment. The Department holds a public meeting during the public comment period to allow interested parties to hear testimony from the Department on the draft

plan and provide the public an opportunity to comment. The Department considers all written and verbal comments presented during the comment period, makes appropriate modifications, and provides a response to all comments. Any applicant aggrieved by his/her standing may appeal to the Commission during the public comment process.

## **Environmental review**

Federal law requires SRF programs to subject projects receiving CWSRF funding to a state environmental review process that conforms generally to the National Environmental Policy. The Department's environmental review process, described within regulation 10 CSR 60-13.030, fulfills this requirement. The Department will determine whether an environmental impact statement is necessary during review of the project's engineering report. Most projects are determined to have no significant impact or can meet a categorical exclusion. The Department will accept environmental determinations completed by other state and federal agencies on a case-by-case basis.

## **Federal project requirements**

A number of federal and state laws and executive orders apply to projects receiving federal financial assistance through the SRF program. Federal requirements that may apply to DWSRF participants include the Davis Bacon Act, American Iron and Steel (AIS), Disadvantaged Business Enterprise, Public Awareness, Water Systems Assessment, Single Audit, various environmental statutes, the Uniform Relocation and Real Property Acquisition Policies Act, Debarment and Suspension Executive Order 12549, restrictions on lobbying, and others. A complete list of requirements that apply to SRF projects is available upon request from the Financial Assistance Center.

## **Binding commitments**

The Department intends to enter into binding commitments for a minimum of 120 percent of each EPA grant payment into the DWSRF within one year of the receipt of each payment, as required by federal law. DWSRF capitalization grant funds are typically fully used within a two-year period.

## **Expenditure of funds**

The Department intends to expend all funds in the CWSRF in an expeditious and timely manner, as required by federal law.

## **Anticipated cash draw ratio (proportionality)**

Missouri uses the cash flow model of the DWSRF. The federal capitalization grant is not used as security on the state match bonds. State match funds are deposited prior to using capitalization grant funds for set-aside expenditures. State match funds are disbursed prior to using capitalization grant funds for the loan program.

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

# **Appendix 5: Drinking Water State Revolving Fund Priority Points Criteria**

## **General Information**

This document sets forth the priority points criteria and procedures used to evaluate proposed DWSRF projects for FFY 2022. The priority points criteria forms the basis for project ranking and funding allocation.

The Department must annually prepare a DWSRF IUP that includes lists of projects expected to qualify for financing within the fiscal year addressed by the plan. Projects are listed so that the most serious problems are given the highest priority. Consistent with the federal Safe Drinking Water Act, priorities are based primarily on protection of public health, compliance with the Act, and household affordability. Each project's priority score is generated from an assignment of points based on the priority points criteria, and projects are ranked in priority order in each funding category. Only those proposed projects identified within the plan's project lists are eligible to receive financial assistance.

The Department must annually seek public comments on the priority point criteria proposed. The priority points criteria must be approved by the Missouri SDWC at least 60 days before the annual application deadline.

## **Assignment of Priority Points**

Priority points shall be assigned only for the criteria below when the proposed project is intended to correct the violations, deficiencies, or problems associated with the points. For example, if a public water system has had persistent violations of a Treatment Technique, Maximum Contaminant Level (MCL), or secondary MCL, but the proposed project does not address the persistent violations, deficiencies, or problems, the Department will not assign points associated with those violations.

The sections on Distribution System Reliability (section III.B.) and Design Considerations (section III.F.) are limited to a maximum of 20 points each. This is done to ensure projects addressing MCL violations are not overwhelmed by projects addressing only design considerations or distribution system problems. The 25 points available for violations of acute risk contaminant MCLs are used as the baseline in developing the priority point criteria.

The Department will rank projects by the total number of points received. In the event of a tie, the projects receiving the highest number of points under Distribution System Reliability and Design Considerations (sections III.B. and III.F.) with the 20-point maximum limits lifted will receive the higher ranking. The second tie-breaking criteria will be the number of affordability points. The applicant with the highest affordability points will receive the higher ranking. The third tie-breaking criteria will be the number of people served. The system serving the larger number of people will receive the higher ranking.

For projects that involve the refinancing of existing debt, the Department will assign priority points for affordability only.

The Department will not assign priority points to a project intended to correct deficiencies resulting solely from inadequate operation and maintenance of the public water system.

Priority point assignment and listing in the plan does not guarantee all financial and project eligibility requirements have been met.

## **Priority Points**

### **I. Safe Drinking Water Act Compliance**

For this category, priority points apply solely to projects for existing public water systems as defined in 40 CFR 35.3520. (See the lists on pages 35 and 36, Safe Drinking Water Act Compliance Priority Points: Existing and Anticipated Regulations for further explanation of categories A through E below.).

A. **Acute Risk Contaminants (such as E coli, turbidity, or nitrates).** 25 points will be assigned for persistent violations of MCLs or treatment performance criteria for acute risk contaminants within the past 36 calendar months.

B. **Treatment Technique Requirements.** 20 points will be assigned for persistent violations of treatment technique requirements (for example, the Surface Water Treatment Rule, lead and copper, etc.).

C. **Compliance.** 20 points will be assigned for project to enable an eligible public water system to comply with an administrative order, a bilateral compliance agreement, or other enforceable document issued by the Department.

#### **D. Non-Acute Risk Contaminants**

1. 20 points will be assigned for persistent violations of any non-acute risk primary MCL within the past 36 calendar months.

2. 15 points will be assigned for persistent violations of any secondary MCL within the past 36 calendar months.

E. **Anticipated Federal Regulations.** 15 points will be assigned for proposed projects to enable the public water system to comply with anticipated federal regulations identified on the attached list, Safe Drinking Water Act Compliance Priority Points: Existing and Anticipated Regulations.

### **II. Public Health**

A. **Waterborne Disease Outbreak.** 25 points will be assigned if a waterborne disease outbreak declared by the Missouri Department of Health and Senior Services is attributable to an existing

public water system and 51 percent or more of the cost of the proposed project addresses the problem(s) causing the waterborne disease outbreak.

**B. Inadequate Water Supply.**

1. 20 points will be assigned if the private or noncommunity wells or sources in the proposed project service area are unable to consistently provide an adequate amount of potable water for general household purposes and 51 percent or more of the cost of the proposed project addresses this need. Private or noncommunity wells or sources contaminated by commercial, industrial or mining wastes will be considered in this category.
2. 10 points will be assigned if an existing public water system can document its inability to consistently maintain at least 35 pounds per square inch (psi) as a normal working pressure in the distribution system.
3. 10 points will be assigned if an existing public water system can document its inability to consistently maintain pressures of at least 20 psi at all service connections, including fire flow.

**III. Public Water System Infrastructure Improvement** (priority points are applied in this category only to existing eligible public water system projects)

**A. System source reliability**

1. 10 points will be assigned to a project that addresses a need for a new backup well or a backup interconnection with another public water system.
2. 10 points will be assigned if the system has one or more improperly constructed wells.

**B. Distribution system reliability** (maximum 20 points).

1. 10 points will be assigned if the system has water loss that exceeds ten percent of the drinking water produced by the system.
2. 10 points will be assigned if the distribution system is anticipated to exceed design capacity or useful facility life within the next five years.
3. 10 points will be assigned if the distribution system has faulty waterlines or substandard waterline materials.
4. 5 points will be assigned if the public water system requires additional system isolation and flushing measures.
5. 5 points will be assigned if the public water system requires looping of waterlines.

**C. Disinfection.** 15 points will be assigned if a public water system is unable to maintain a disinfectant residual at all points in its distribution system.

**D. Storage Facilities.** 10 points if a system has storage facilities in poor condition, not related to inadequate maintenance of the facilities.

E. **Reliability of service.** 10 points will be assigned if a system has water storage capacity that is less than one day's average use or lacks adequate standby power.

F. **Design considerations** (maximum 20 points).

1. 20 points will be assigned if the source or treatment facility is anticipated to exceed its useful life or if the demand is expected to exceed its design capacity within the next five years.
2. 20 points will be assigned if a system has suffered significant degradation of the quality of the raw water supply.
3. 20 points will be assigned if a system has suffered significant degradation of the quality of finished water in storage.
4. 10 points will be assigned if a system currently does not meet existing state requirements for the treatment or storage of waste residues generated by the water treatment plant.

G. **Useful Life of Disinfection or Turbidity.** 20 points will be assigned if the treatment facility(ies) for required disinfection or turbidity removal are severely deteriorated and beyond the facility's useful life.

H. **Vulnerability.**

1. 10 points will be assigned to a water system whose source is vulnerable to natural disasters (such as flood or drought) or contamination.
2. 10 points will be assigned to a water system whose treatment plant is vulnerable to natural disasters (such as flood, earthquake, etc.) or contamination.
3. 10 points will be assigned if 51 percent or more of the proposed project cost is for repair or replacement of an existing public water system damaged or destroyed by a natural disaster. In order to be assigned these points, the project must be located in an area declared a federal or state natural disaster area, and a description of the public water system damaged or destroyed by the natural (disaster must be submitted along with a statement that other state or federal disaster relief is not sufficient to meet the costs of the project).

**IV. Affordability** (priority points are applied in this category only to the projects of publicly owned water systems).

A. **Determining Annual Median Household Income.** The state's annual median household income level must be determined from the latest decennial census of the United States, The system's annual median household income level must be determined from the county, city, village, town's income data from the latest decennial census of the United States, or from an income survey overseen by a state or federal agency.

1. A community water system will use the annual decennial median household income for the appropriate political subdivision or subdivisions encompassing its service area.

2. A non-municipal community water system will use the annual decennial median household income for the smallest political subdivision encompassing the nonmunicipal community water system.

**B. Assignment of Affordability Points** (maximum 25 points).

1. 20 points will be assigned to a project if the median household income of the applicant is less than 75 percent of the state median household income as reported in the most recent decennial census.
2. 1 to 25 points will be assigned based on the ratio of the current monthly water bill for 5,000 gallons of water to the monthly median household income for the project area to be served (expressed in percent times ten and rounded to the nearest whole number).

For example: Monthly water bill = \$20 Annual median household income = \$24,000  
Monthly median household income =  $\$24,000/12 = \$2,000$  ( $\$20/\$2,000$ ) x 100% = 1%  
 $1 \times 10 = 10$  points.

**V. Regionalization, Interconnection, and Security**

**A. Interconnection.**

1. 20 points will be assigned for systems affected by drought for projects that will result in interconnections with other systems or for upgrades to existing systems to address drought-related problems.
2. 20 points will be assigned to address systems prone to flooding that will result in interconnections with other systems or for upgrades to existing systems to address flood-related problems.

**B. Consolidation.**

1. 20 points will be assigned if the proposed project provides necessary infrastructure upgrades to a primary water system, allowing it to continue or expand service as a regional water supplier.
2. 20 points will be assigned for consolidation of public water systems, where at least one of the systems has demonstrated technical, managerial, and financial capacity with respect to the National Primary Drinking Water Regulations. This would include newly formed regional water suppliers (generally water districts), which will allow small water systems within their boundaries to consolidate.
3. 20 points will be assigned if the proposed project will result in a new water distribution system or existing distribution system upgrade to meet the standards of a regional water supplier for the purpose of consolidation.
4. 10 points will be assigned for consolidation of public water systems where the proposed project will result in a regional management system responsible for the day-to-day operation

of the water system, where the management system has the required technical, managerial, and financial capacity to meet the National Primary Drinking Water Regulations. If the project meets the criteria for the points under item V.B.4., points under these criteria will not be awarded.

- C. **Security.** 10 points will be assigned for eligible security measures, including vulnerability assessments, emergency response plans, fencing, security cameras, and lights, motion detectors, secure chemical and fuel storage, security hatches and access panels, cross-connection control, and supervisory control and data acquisition (SCADA).

## **VI. Technical, Managerial, and Financial Capacity Demonstration**

- A. **Wellhead and Source Water Protection.** 10 points will be assigned to applicants who have a Department-approved wellhead or source water protection plan.
- B. **Board Member or City Council Member Training.** 10 points will be assigned if 50 percent of the governing body has received training related to the operation and management of the water utility.
- C. **Operation and Maintenance Plan and Budget.** 10 points will be assigned if the system has a complete operation and maintenance plan and includes these items in their annual budget.
- D. **Asset Management.** 10 points will be assigned if the system has completed an asset inventory, including the condition and age of assets, for all critical assets in their system and has incorporated replacement schedules into annual and capital improvement budgets.

### **SDWA Compliance Priority Points: Existing and Anticipated Regulations**

#### **Maximum Contaminant Levels (MCL) and Treatment Technique Requirements. Acute Risk Contaminants**

10 CSR 60-4.022 (or Missouri State Revised Total Coliform Rule in effect at the time of application) Maximum Microbiological Contaminant Levels and Monitoring Requirements, subsections (7)(A) and (7)(B).

10 CSR 60-4.030 Maximum Inorganic Chemical Contaminant Levels, Action Levels, and Monitoring Requirements, paragraphs 13, 14, and 15 of subsection (1)(A).

10 CSR 60-4.050 Maximum Turbidity Contaminant Levels and Monitoring Requirements, subsections (2)(A) and (2)(B).

#### **Treatment Technique Requirements**

10 CSR 60-4.025 Ground Water Rule, section (4).

10 CSR 60-4.050 Maximum Turbidity Contaminant Levels and Monitoring Requirements, section (2).

10 CSR 60-4.052 Source Water Monitoring and Enhanced Treatment Requirements, sections (1) and (2).

10 CSR 60-4.055 Disinfection Requirements, subsection (1)(A), section (2), section (3), section (4), section (5) and section (6).

10 CSR 60-4.094 Disinfectant Residuals, Disinfection Byproduct Precursors and the Stage 2 Disinfectants/Disinfection Byproducts Rule.

10 CSR 60-15.010 General Requirements (lead and copper), sections (4), (5) and (6). Non-Acute Primary MCL.

10 CSR 60-4.030 Maximum Inorganic Chemical Contaminant Levels, Action Levels, and Monitoring Requirements, section (1).

10 CSR 60-4.040 Maximum Synthetic Organic Chemical Contaminant Levels and Monitoring Requirements, section (1).

10 CSR 60-4.060 Maximum Radionuclide Contaminant Levels and Monitoring Requirements, subsections (1)(A)-(D).

10 CSR 60-4.100 Maximum Volatile Organic Chemical Contaminant Levels and Monitoring Requirements, section (2).

### **Secondary MCL**

10 CSR 60-4.070 Secondary Contaminant Levels and Monitoring Requirements, section (1).

### **New and Anticipated Federal Regulations**

None at this time.

# Appendix 6: Drinking Water State Revolving Fund Readiness to Proceed & Fund Reserves

## General Information

In an effort to ensure that committed loan funds are used as quickly as reasonably possible, the Department uses a “readiness -to-proceed criteria” to determine fundable status and the distribution of available and anticipated DWSRF funds.

## DWSRF Fund Reserves

Consistent with state law, the Department will initially reserve available funds by population-size category (for projects that meet the application deadline and readiness-to-proceed criteria), as shown below:

- 20 percent to very small community systems serving up to 3,300 people,
- 15 percent to small systems serving 3,301 to 9,999 people,
- 65 percent to general communities (not restricted by population served).

After the Department allocates funds to all fundable projects within a particular category, it may transfer remaining unobligated funds to another category for which funds are not sufficient to satisfy all fundable projects.

## Readiness to Proceed

A project is ready to proceed when, at a minimum, the applicant has submitted a complete engineering report and has secured bond authorization (or another acceptable debt instrument). A complete engineering report must adequately address the information required by sections 1-4 of the Engineering Report Submittal Checklist, <https://dnr.mo.gov/forms/780-2091-f.pdf>.

The following describes how the Department lists projects for the purpose of committing DWSRF loan and grant funds.

- **Fundable Contingency List Fundable List:** This list includes projects that meet the readiness-to-proceed criteria. i.e., those for which the applicant has submitted a complete engineering report, documentation of an acceptable debt instrument, and any necessary funding commitments from other state and/or federal agencies contributing funds to the project. The Department schedules these projects for financial assistance during the current fiscal year, and allocates available funds accordingly. All eligible carry over applications from last year’s fundable list will retain their funding commitment from the previous IUP, unless bypassed.
- **Fundable Contingency List:** This list includes projects that meet the readiness-to-proceed criteria, 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.

- **Planning List:** This list includes projects for which the Department has received an application, but is awaiting submittal of an engineering report and/or an acceptable debt instrument. The Department works with these communities to assist them in meeting the readiness-to-proceed criteria. Once the criteria are met, the Department may move the project to the fundable list if funds are available.

## **Bypass Procedures**

With the Commission's approval, the Department may bypass any project on the fundable list that does not make satisfactory progress toward meeting requirements in order to make the committed funds available to other projects that are ready to proceed.

Applicants are expected to make timely progress based on a reasonable project-specific schedule developed in coordination with the applicant. The Department may recommend that the SDWC bypass a project for failure to meet the schedule. The applicant will be notified of the recommendation of their project being bypassed and the date and time of the Commission meeting where the recommendation of bypass will be presented.

After Commission approval, bypassed projects will be removed from the fundable priority list and added to the fundable contingency list. If the application is still valid, it will be placed on a project list, in priority order, for funding consideration in the next federal fiscal year. If not, reapplication will be necessary as outlined in the IUP. Funds recovered through project bypass will be considered uncommitted and available for distribution to the next priority project in accordance with the procedures outlined in the IUP.

# Appendix 7: Drinking Water State Revolving Fund Engineering Report Grants

Engineering Report Grant applications received or postmarked by December 31, 2020, will be scored based on criteria outlined in the application, and competitively awarded during FFY 2021. The application and instructions are available online at [https://dnr.mo.gov/forms/docs/780-2912-f\\_000.pdf](https://dnr.mo.gov/forms/docs/780-2912-f_000.pdf).

## Purpose

The purpose of this funding is to assist small communities with engineering costs to plan for drinking water system improvements related to compliance and ability to provide safe drinking water, including compliance with the National Primary Drinking Water Regulations and the Missouri public drinking water regulations. Funding comes from the DWSRF capitalization grant's additional subsidization allocation.

## Description

Eligible systems may receive a 50 percent grant with a 50 percent recipient match, not to exceed a maximum grant amount of \$15,000. If the eligible system successfully applies for a DWSRF loan and meets readiness-to-proceed criteria within a year of report completion, up to \$15,000 of the recipient's match are eligible to be reimbursed as a grant at the time of the loan closing.

Eligible systems that meet the definition of a disadvantaged community may receive up to 100 percent of the costs for engineering report services, not to exceed a maximum grant amount of \$30,000. DWSRF regulations define a disadvantaged community as one that has a population of 3,300 or less, whose decennial median household income is at or below 75 percent of the state average, and whose user rates are at or above two percent of the decennial median household income.

## Eligible applicants

The grant is available for municipalities, counties, public sewer or water districts, political subdivisions, or instrumentalities of the state operating a community water system serving a population equal to or less than 3,300. Municipalities, counties, public sewer or water districts, political subdivisions, or instrumentalities of the state operating a larger system that are developing a plan to serve a system under a population of 3,300 through regionalization or consolidation may also apply.

In order to be eligible, the applicant must: 1) submit a complete application by the deadline; 2) have no outstanding fees due to the Department; 3) not already have an engineering report for the same issues; and 4) agree to make a good faith effort to pursue the recommendations contained in the approved engineering report.

## Grant Timeframe

It is important that any community who wishes to apply for this funding opportunity submit their application early in the project planning process. Early application and communication with the Department on each step are imperative to ensure the project meets all state and federal funding requirements. Engineering report projects that the applicant has already started are not eligible for funding through this program.

Once the grant is awarded, the recipient has six months for the engineering report to be completed and approved by the Department. Funding provided under this program shall only be used as reimbursement of expenses for services provided during the project's budget period. The Department will hold the final 10 percent of the reimbursement until the report has been approved by the Department. The complete engineering report must be submitted to the Department for review and approval no later than 60 days prior to the end of the budget period of the award. This ensures adequate time is allowed for a response to comments. No payments may be made to the recipient for engineering expenses incurred after the budget period has expired without an amendment to the grant.

Recipients should wait for notice from Financial Assistance Center to initiate work under this grant in order to ensure all costs incurred are reimbursable.

## **Cost Eligibility**

Eligible costs are those that are directly incurred in the development of the engineering report. This includes the cost of engineering services, investigations, and other services incurred in preparation of the engineering report. The costs:

- May include other items deemed reasonable, necessary, and allocable to the project.
- Must result in an engineering report that makes reasonable and cost-effective recommendations that will meet the Missouri drinking water law requirements.
- Must be within the Department-approved scope of the project.

Ineligible costs include, but are not limited to:

- Any engineering services completed prior to the award.
- Preparation of the engineering report grant application.
- Ordinary operating expenses of the recipient including salaries and expenses of elected and appointed officials, and preparation of routine financial reports and studies.
- Preparation of applications and permits required by federal, state, or local laws, regulations, or procedures.
- Preparation of applications for future funding for work following the engineering report.
- Administrative, engineering, and legal activities associated with the establishment of special departments, agencies, commissions, regions, districts, or other units of government.
- Fines and penalties due to violations of, or failure to comply with, federal, state, or local laws, regulations, or procedures.
- Force account labor including engineering.
- Costs outside the scope of the Department-approved project.

## **Selection Process**

Complete applications received by December 31 will be ranked according to eligible projects based on scoring criteria are specified in the application and instructions. Only applications that have been completely filled out, signed, and include the required supporting documentation will be ranked. Points will be assigned only for engineering report elements that address deficiencies or problems with the system. For example, if the system has had persistent violations of a secondary maximum contaminate level, the engineering report must address that problem in order to receive priority points.





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