

# Clean Water SRF Affordability

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Stakeholder Meeting | July 29, 2015

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# Agenda

- Introductions
- Background
- Clean Water SRF Additional Subsidization Affordability Analysis
- Public notice comments received to date
- Example Clean Water SRF ASAA
- Wrap-up



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# Background

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# FWPCA

On June 10, 2014, President Obama signed into law the Water Resources and Development Act of 2014 (WRRDA). Among its provisions are amendments to Titles I, II, V, and VI of the Federal Water Pollution Control Act (FWPCA). These amendments affected the Clean Water State Revolving Funding (SRF) program.

[www.govtrack.us/congress/bills/113/hr3080/text](http://www.govtrack.us/congress/bills/113/hr3080/text)

# FWPCA section 603(i)

- Establish affordability criteria.
- Deadline of September 30, 2015.
- Option to provide grants to offset the high burden of financing wastewater infrastructure projects.
- Must seek public comment and public notice the affordability criteria.

## FWPCA section 603(i) & EPA Guidance

- The affordability criteria must contain:
  - Income;
  - Unemployment data;
  - Population trends; and
  - Other data determined relevant by the state.

# Background

- Since the purpose and some of the criteria of the FWPCA section 603(i) differ from the Missouri CAFCom, the department has developed a separate affordability analysis policy, guidance, and template for Clean Water SRF projects.
  - Clean Water SRF Additional Subsidization Affordability Analysis (ASAA)

# SRF Additional Subsidization FY2016

- FY2016 amount available: \$4M
  - Subject to available grant funds & allocated to projects on a first ready basis
- Eligibility:
  - Population of 10,000 or less
  - “High burden” affordability analysis rating
- Grant Amount (whichever is less):
  - 50% of eligible project costs or \$2M



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# Clean Water SRF Additional Subsidization Affordability Analysis

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# Clean Water SRF ASAA

- See the 3<sup>rd</sup> draft policy available online at [dnr.mo.gov/env/wpp/cwforum/docs/072915-cwsrf-memo-draft.pdf](https://dnr.mo.gov/env/wpp/cwforum/docs/072915-cwsrf-memo-draft.pdf).



**TABLE 1-1. Financial Capability Indicator Table**

Indicators	Strong (3 points)	Mid-Range (2 points)	Weak (1 point)	Score
Bond Rating Indicator	Above BBB or Baa	BBB or Baa	Below BBB or Baa	
Overall Net Debt as a % of Full Market Property Value	Below 2%	2% - 5%	Above 5%	
Unemployment Rate	>1% below Missouri average of X.X%	± 1% of Missouri average of X.X%	>1% above Missouri average of X.X%	
Median Household Income	More than 25% above Missouri MHI (\$XX,XXX)	± 25% of Missouri MHI (\$XX,XXX)	More than 25% below Missouri MHI (\$XX,XXX)	
Percent Population Growth/Decline <sup>9</sup>	>10% above Missouri average of 18.0%	± 10% of Missouri average of 18.0%	>10% below Missouri average of 18.0%	
Percent of Households in Poverty <sup>9</sup>	>10% below Missouri average of 14.0%	± 10% of Missouri average of 14.0%	>10% above Missouri average of 14.0%	
Percent of Households Relying on Food Stamps <sup>9</sup>	>5% below Missouri average of 11.4%	± 5% of Missouri average of 11.4%	>5% above Missouri average of 11.4%	
Property Tax Revenues as a % of Full Market Property Value	Below 2%	2% - 4%	Above 4%	
Property Tax Collection Rate	Above 98%	94% - 98%	Below 94%	



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# Public Notice Comments

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# Public Notice

- 30 day public notice period.
- **July 6, 2015 – August 5, 2015**
- Email: [DNR.SRFPublicNotice@dnr.mo.gov](mailto:DNR.SRFPublicNotice@dnr.mo.gov)
- Mailing Address:

Missouri Department of Natural Resources  
Financial Assistance Center  
Attn: Mrs. Emily Carpenter  
P.O. Box 176  
Jefferson City, MO 65102-0176

# Association of Missouri Cleanwater Agencies

First, we think the State's approach should allow communities a general option of providing DNR with any other relevant information to consider, even if their proposed user rate will be below one percent. For example, the user rate trigger alone does not take into account whether the sewer rates may be subsidized by other revenues. Also, it does not allow communities who may have very high water (or other utility or social costs) to have those costs considered. DNR should not put on blinders to true community affordability by only focusing on one sliver of community cost/financial health.

Second, we note that in 2015, the legislature amended state affordability law to expressly direct DNR to consider financial impacts regarding Clean Water Act-related federal/State compliance costs for Missouri residents with incomes below their community's MHI. Thus, we think DNR's affordability criteria should also allow communities with disproportionately low income populations to be considered for additional SRF subsidization.



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# Example Clean Water SRF ASAA

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# Example Clean Water SRF ASAA

- See the example Clean Water SRF ASAA available online at [dnr.mo.gov/env/wpp/cwforum/docs/example-cwsrf-asaa.pdf](http://dnr.mo.gov/env/wpp/cwforum/docs/example-cwsrf-asaa.pdf).



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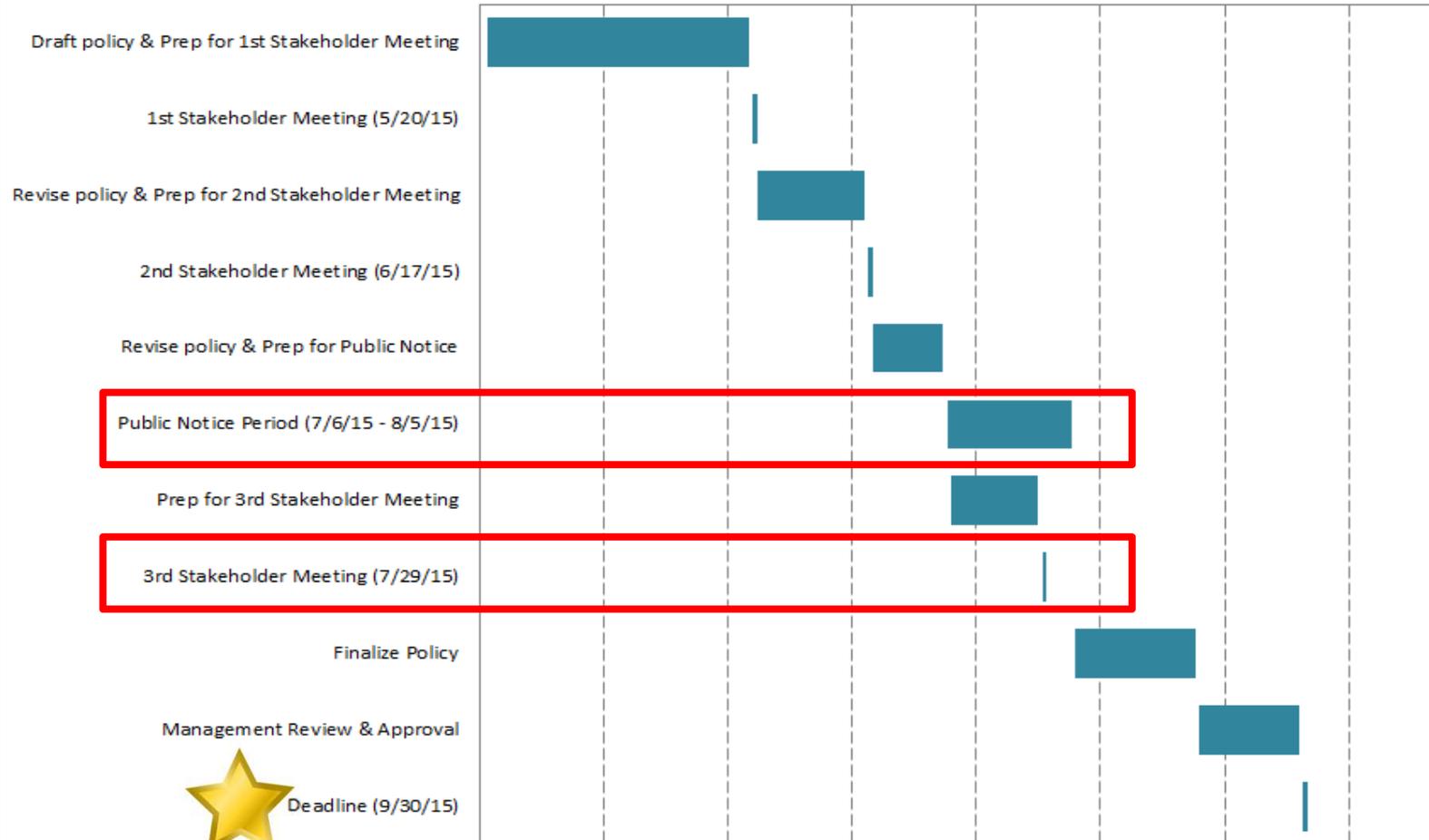
# Wrap-Up

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### Clean Water SRF Affordability Criteria Timeline

3/15/2015 4/14/2015 5/14/2015 6/13/2015 7/13/2015 8/12/2015 9/11/2015 10/11/2015



Deadline (9/30/15)

# After September 30, 2015

- The department plans to incorporate the requirement of an affordability analysis into the future regulation amendment.
  - 10 CSR 20-4.040 SRF General Assistance
- The final policy will be included in the final FY2016 Intended Use Plan (IUP).
  - The draft FY2016 IUP is on public notice:  
[dnr.mo.gov/env/wpp/srf/docs/2016-cwiup.pdf](http://dnr.mo.gov/env/wpp/srf/docs/2016-cwiup.pdf)



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Questions?



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# Thank you!

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[dnr.mo.gov/env/wpp/cwforum/srf-affordability.htm](http://dnr.mo.gov/env/wpp/cwforum/srf-affordability.htm)