

**FUNDING FOR THE  
FUTURE:  
WATER & WASTEWATER  
INFRASTRUCTURE  
FINANCING WEBINAR**

**September 9, 2020**

# AGENDA

Hannah Humphrey	Department of Natural Resources - Financial Assistance Center
Joan Doerhoff	Department of Natural Resources - Financial Assistance Center
David Cheek	U.S. Department of Agriculture - Rural Development
Amy Barnhill	Department of Economic Development - Community Development Block Grant
Daniel Dahler	Department of Natural Resources – Division of Energy
Andrea Mayus	Department of Natural Resources – 319 Non-Point Source Program
Erick Creach	Gilmore & Bell, P.C.

# Financial Assistance Center

---

Joan Doerhoff

September 9, 2020



# Programs we offer

- Drinking Water State Revolving Fund (DWSRF) Loan Program
- Clean Water State Revolving Fund Loan (CWSRF) Program
- Engineering Report Grants
- Small Borrower Loan Program

# SRF Loan Programs

- Both State Revolving Funds (SRF) are primarily loan programs
- Offer below market rate loans– interest subsidy 70% of market interest rate
- .5% annual administrative fee
- Loan term typically 20 years, but may vary based on project



# SRF Loan vs. Conventional Financing

**\$10 million  
SRF Loan**

**REPAYMENT OF \$11,981,057\***

**\$2,831,145  
NET SAVINGS\***

**\$10 million  
Market Rate  
Loan**

**REPAYMENT OF \$14,812,202**

For example purposes only. Actual interest rates, payments, fees, and savings may vary based on market conditions and project specific details. Assumes a market interest rate at 3.97 % interest, and a subsidized SRF interest rate of 1.20% (30 % of the market rate).

\*The SRF Loan repayment amount includes interest of \$1,454,570 and \$526,487 in SRF administration fees (the administration fee is 0.5% of the loan principal assessed annually).

# Drinking Water SRF Loan Program

## Eligible Projects

**Eligibility: Projects that address present or prevent future violations of health-based drinking water standards are eligible for assistance.**

- Treatment Plants
- Transmission and distribution mains
- Rehabilitation of storage or wells
- Supply sources (i.e. wells, interconnections, and surface water intakes)
- Storage facilities
- Water security projects

# DWSRF Loan Program

## Eligible Applicants

- Political subdivisions (including counties, incorporated cities and towns, regional water or sewer districts)
- Not-for-profit corporations
- Investor-owned water utility corporations

# Drinking Water SRF Loan Program Funding Amount Available

About \$100 million available per year



# Drinking Water SRF Grants

Grant up to 75% of the eligible project costs, with a maximum of \$2 million in grant, is available with loan to:

- Disadvantaged communities, defined as
  - Population of 3,300 or less based on most recent decennial census
  - Average user rates for 5,000 gallons is at least 2% of the recipient's median household income (MHI)
  - The median household income is at or below 75% of the state average as determined by the most recent decennial census (income survey can also be conducted to determine MHI)
- Any community for regionalization project to connect a disadvantaged community

# Clean Water SRF Loan Eligible Projects

## Wastewater projects

- New or improved wastewater treatment plants
- Acquisition of an existing wastewater treatment plant
- Treatment plant decommissioning actions associated with plant replacement or regionalization projects
- Combined sewer overflow and sanitary sewer overflow corrections
- Projects for reusing or recycling wastewater
- System security, efficiency, and conservation measures

# Clean Water SRF Loan Program

## Eligible Projects

### Nonpoint source projects

- Measures to manage, reduce, treat, reuse, or recapture stormwater
- Wetland protection and restoration measures
- Decentralized wastewater treatment systems
- Source water protection measures

# Clean Water SRF Loan Program

## Eligible Applicants

- Political subdivisions (including counties, incorporated cities and towns, regional water or sewer districts).
- Privately-owned and not-for-profit entities may be eligible to apply for non-point source projects.

# Clean Water SRF Loan Program Funding Amount

- About \$500 million available per year



# Clean Water SRF Additional Subsidization (Grants)

- Clean Water SRF Affordability Grants
- Clean Water SRF Water Quality Incentive Grants
- Clean Water SRF Regionalization Incentive Grants



# Clean Water SRF Affordability Grant

- Grant up to 50% of the eligible project costs, with a maximum of \$2 million in grant, is available with loan to communities who have:
  - Population 10,000 or less
  - Would have difficulty financing projects without grant
  - Apply by annual CWSRF application deadline of March 1

Grant Eligibility Evaluation Form and guidance can be found at [www.dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm](http://www.dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm)

# Clean Water SRF

## Water Quality Incentive Grant

- Grant with a loan, amounts vary (\$500,000 - \$2,000,000) to incentivize water quality improvements
- No community size limit
- Eligibility evaluated at application
  - Apply by March 1
  - Meet readiness to proceed criteria
  - Include a qualifying project component

# Clean Water SRF

## Water Quality Incentive Grant

- Eligible project components
  - Flood mitigation infrastructure
  - Upgrades needed to comply with new permit limits or to meet the assumptions of TMDLs
  - Wastewater treatment plant improvements to provide renewable energy generation
  - Streambank stabilization in drinking water supply lake watershed
  - Measures to manage, reduce, treat, or recapture stormwater, or install green infrastructure
  - Wastewater treatment improvements by a municipality serving citizens enrolled in a rate assistance program
  - Inflow and infiltration rehabilitation
  - Sewer extension to serve customers in a district or a city's service area
  - Construction to connect homes with failing onsite wastewater systems to an existing wastewater treatment system

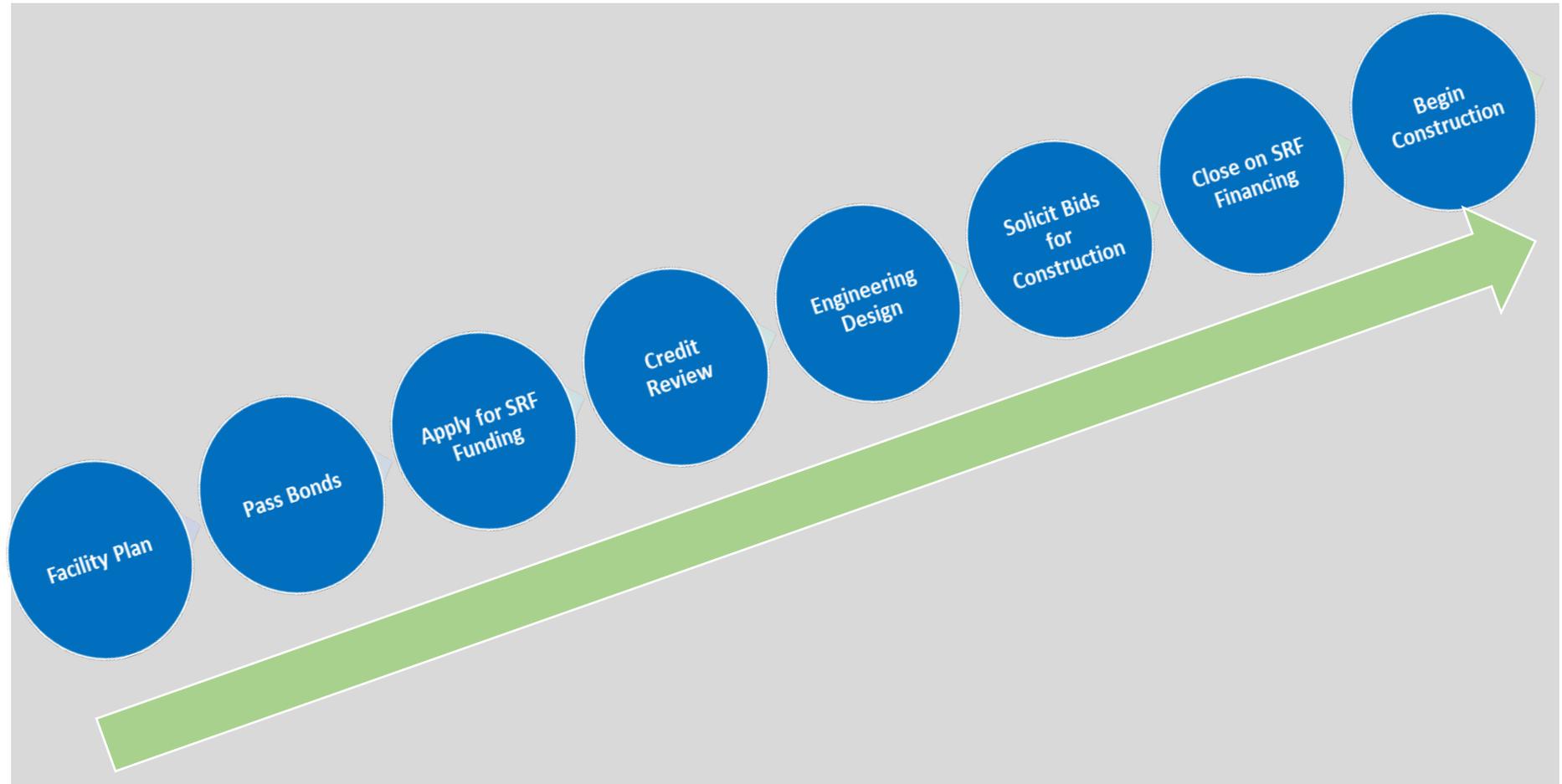
# Clean Water SRF

## Regionalization Incentive Grants

- Grants for municipalities to connect another municipality or privately-owned wastewater treatment system
- High priority for enforcement connections
- 100% grant for all eligible costs
  - Grants for facility plan to evaluate feasibility of connection
  - Grants for construction to complete the project
  - Applications for FY2021 accepted October 1-December 31, 2020
  - Applications for FY2022 and later accepted by March 1 each year

# SRF Loan Programs

## How it Works



# SRF Loan Programs

## How to Apply

- Applications due March 1
- Paper or electronic
- Must be complete/accurate
- [fac@dnr.mo.gov](mailto:fac@dnr.mo.gov)



# SRF Loan Programs

## How to apply continued

- Applications are scored and competitively placed on annual Intended Use Plan in June
  - Applicants may start working on SRF steps at this time
- Funding allocation formally made when the Intended Use Plan is final in October
  - Approved by Clean Water Commission / Safe Drinking Water Commission
  - Must have:
    - ✓ Debt instrument
    - ✓ Complete facility plan/engineering report

# Engineering Report Grants

## Drinking Water Engineering Report Grants

- \$300,000 available in Fiscal Year 2021

## Clean Water Engineering Report Grants

- \$1,300,000 available in Fiscal Year 2021



# Engineering Report Grants

## How they work

- Complete and submit an application
- Have no outstanding fees to the Department
- Do not already have an engineering report for the same issues
- Agree to make a good faith effort to pursue recommendations contained in the approved engineering report

# Clean Water Engineering Report Grants

- **Eligible amount:** Funds 80% of cost for most communities, or funds 90% of cost for disadvantaged communities  
maximum award of \$50,000
- **When:** Applications accepted year-round
- **Eligible applicants:** Population 10,000 or less
- **Eligible costs:** Engineering costs for development of an engineering report/facility plan for a wastewater project for
  - Meeting meet new permit requirements
  - Inflow and infiltration work within the collection system

# Drinking Water Engineering Report Grants

- **Eligible amount:** Funds 50% of cost maximum award of \$15,000 for most communities, or 100% of cost for disadvantaged communities with maximum award of \$30,000
- **When:** Applications due December 31, scored once per year
- **Eligible applicants:**
  - Municipalities, counties, public sewer districts and public water districts with a population of fewer than 3,300, or
  - Larger systems developing a plan to serve a system with a population of 3,300
- **Eligible costs:** Engineering costs for development of an engineering report/facility plan for a wastewater project for
  - Drinking water system improvements related to compliance
  - Ability to provide safe drinking water, including compliance with the regulations

# Small Borrower Loan Program

- **Eligible amount:** Maximum loan \$100,000
- **When:** Applications accepted any time
- **Eligible applicants:** Communities 1,000 or less in population
- **Loan Terms:**
  - Interest sets at 30% of market interest rate for up to 20 years
  - No bonds are required
- **Eligible projects:**
  - Wastewater infrastructure and equipment
  - Drinking water infrastructure and equipment



# Financial Assistance Center

## Contact us for more information

- [fac@dnr.mo.gov](mailto:fac@dnr.mo.gov)
- 573-751-1192