Guidance for Clean Water State Revolving Fund (CWSRF) Grant Eligibility Evaluation
Based on Affordability

Requirements:
The Water Resources and Development Act of 2014 (WRRDA) included an amendment to
Federal Water Pollution Control Act (FWPCA) Section 603(i) that changed additional
subsidization implementation for states.

1. The FWPCA section 603(i) provides a CWSRF with the permanent authority to provide a
certain percentage of its total capitalization grant award as additional subsidization under
the circumstances outlined in the statute. The minimum and maximum amount of the
state’s CWSRF capitalization grant that is available to be provided as additional
subsidization each year is determined by the U.S. Environmental Protection Agency on
an annual basis.

2. Missouri’s CWSRF provides additional subsidization as grant funding. The amended
FWPCA section 603(i) identifies eligible grant recipients as a municipality or
intermunicipal, interstate, or State agency.

3. The amended FWPCA section 603(i) explains that additional subsidization may only be
provided to eligible recipients for the following:
   - to benefit a municipality that meets the State’s affordability criteria as established
     under the FWPCA section 603(i)(2);10
   - to benefit a municipality that does not meet the State’s affordability criteria but
     seeks additional subsidization to benefit individual ratepayers in the residential
     user rate class; or
   - to implement a process, material, technique, or technology that addresses water or
     energy efficiency goals; mitigates stormwater runoff; or encourages sustainable
     project planning, design, and construction.

4. The Federal Water Pollution Control Act (FWPCA) section 603(i) requires states to
develop affordability criteria to identify applicants that would have difficulty financing
their proposed clean water infrastructure project without additional subsidization (see
Attachment 1). The affordability criteria must include the applicant’s income,
unemployment data, population trends, and other data determined relevant by the State.

10 CSR 20-4.040
The Financial assistance Center (FAC) will award CWSRF Grant funding based on the project’s
affordability as determined utilizing the Clean Water SRF Grant Eligibility Evaluation form and
the availability of grant funding. Each grant dollar awarded is offset by a corresponding
reduction in the project’s loan and also reduces the overall statewide loan funds allocated to the
current fiscal year Intended Use Plan (IUP) projects by an equal amount. Due to the limited nature of grant funds, by policy eligible applicants are municipalities and publicly owned facilities such as sewer districts that serve a population of 10,000 or less. Grant funds available to each eligible project will not exceed the lesser of $2 million dollars; 50 percent of the eligible project cost; or grant funds available to award under the current year’s IUP.

**Purpose:**
This guidance document provides a uniform and consistent approach to conducting an evaluation of CWSRF grant eligibility based on affordability in a manner that meets federal requirements. Preparation of a *Clean Water SRF Grant Eligibility Evaluation form* will provide the FAC with a method to identify eligible applicants that would have difficulty financing their proposed clean water infrastructure project without additional subsidization.

**Process:**
The FAC will use the process described within this document to determine CWSRF grant eligibility. All eligible applicants will be prioritized for grant funding by the project’s priority points.

**Clean Water State Revolving Fund Loan Application:**
After a completed *Clean Water State Revolving Fund Loan Application*, available online at [dnr.mo.gov/forms/780-1951-f.pdf](http://dnr.mo.gov/forms/780-1951-f.pdf) is received by the annual submitted deadline and deemed complete, the application will be reviewed by staff to determine eligibility. If eligible, priority points are calculated for the CWSRF IUP. Staff will also complete a *Clean Water State Revolving Fund Grant Evaluation form* to determine grant eligibility.

**Clean Water State Revolving Fund Grant Evaluation Form:**
The criteria included in the *Clean Water SRF Grant Eligibility Evaluation form* includes population, unemployment rate, Median Household Income (MHI), user rate as a percentage of MHI, poverty level, and population trend.

FAC staff will utilize publicly available American Community Survey (ACS) data gathered by the U.S. Census Bureau because it is the most comprehensive source for municipalities and counties in the state of Missouri, is periodically updated, and is publicly available on the Census Bureau website ([www.census.gov/programs-surveys/acss](http://www.census.gov/programs-surveys/acss)). The only data the evaluation requires that is not publicly available is the applicant’s proposed user rates, which is required information requested on the State Revolving Fund Loan application.

If the applicant believes that the ACS data that the FAC utilized to determine MHI does not accurately reflect their demographics, the applicant may submit an income survey. The Department does not currently have a policy or procedure to review and approve income surveys. Thus, the FAC will accept income surveys approved or approvable by the U.S. Department of Agriculture Rural Development or Missouri Department of Economic Development's Community Development Block Grant program. If provided, the income value from the survey will replace the reported MHI in the Clean Water SRF Grant Eligibility Evaluation form.
FAC Staff will use the form to enter the community’s data and select the applicable statement in each category. Each statement has a given point value and the form will total points based on input. When completed, the point values will be totaled giving the applicant’s affordability criteria score. The lower the affordability criteria measured, the more ability the borrower has to afford the project. The greater the affordability criteria score, the more assistance the borrower needs to be able to afford the project. Applicants who score 195 points (66% of the total points possible) or more will be eligible for a CWSRF grant.

When information specific to the applicant is not available (e.g. sewer districts) staff will use county data to determine eligibility. Although county data does not offer an exact representation of the service area, it is the most readily available data to the FAC.

**Clean Water Intended Use Plan Grant Commitment:**
If the evaluation table indicates the community qualifies for CWSRF grant funds and grant funds are available, the FAC will provide written notification that the grant funds are committed to the project when the IUP is placed on public notice. Grant funds will be allocated to qualifying applicants starting with applicants whose projects scored the highest priority points. Funds will be allocated until all available grant funds have been allocated or until all eligible applicants have grant funds allocated to them, whichever comes first.

Applicants with grant funds allocated within the IUP will have two years from the date of the IUP was adopted to utilize the funds. In the event the loan and grant are not awarded within this timeframe, the applicant will need to re-compete for both the loan and grant funds by re-applying. Applicants with grant funds committed in an IUP that are experiencing project delays should be regularly reminded through various forms of correspondence of the need to re-apply after two years.