



Clean Water State Revolving Fund (CWSRF): Background

Agenda Item G

State Water Infrastructure Authority Meeting

January 2014

Outline

- Federal Program Overview
 - Eligibilities
 - Program Management
 - Capitalization
- State Program Overview
 - Funding Availability
 - Historical fund performance

CWSRF Program

- Established with Title VI of Clean Water Act (CWA)
 - Projects implement CWA (WWTPs, sewers, etc.)
 - Legislation in 1987
 - Capitalization grants began in 1989
- Low-interest Loan Program
 - Replaced Construction Grants Program
- Capitalized by Federal Grants to State that Require a Match
 - State match equals 20% of federal grant
 - Up to 4% of capitalization grant can be used for administration

CWSRF Eligible Projects

- Wastewater Treatment
- Wastewater Collection
- Reclaimed Water
- Stormwater BMPs
- Stream Restoration
- Energy Efficiency (at treatment works)



CWSRF Program Oversight

- State Operated Program with Environmental Protection Agency (EPA) Oversight
 - Not primacy – states either operate or no program
 - EPA reviews / approves capitalization grant
 - EPA conducts annual program review
- State Auditor
 - Required to have independent audits
 - Financial audit (numbers add up)
 - Program audit (followed program requirements)

CWSRF EPA Documents

- Operating Agreement
 - Provides long-term operating requirements
- Grant Agreement
 - Annual terms and conditions for capitalization grant
- Intended Use Plan (IUP)
 - Detailed operating plan

Intended Use Plan (IUP)

- Purpose

- Explains how the federal funds will be used
- Explains how the CWSRF will operate
- Includes priority rating system

- Schedule

- Public meeting held annually (April)
- Submitted to and approved by EPA each year
- Is then incorporated into the grant agreement

2013 IUP Changes

- Loan Maximum
 - Change to ½ available in funding round (was \$50 million) due to less availability
- Schedule
 - Allow more time – 24 months from Notice of Intent to Fund (NIF)
- Point System Changes

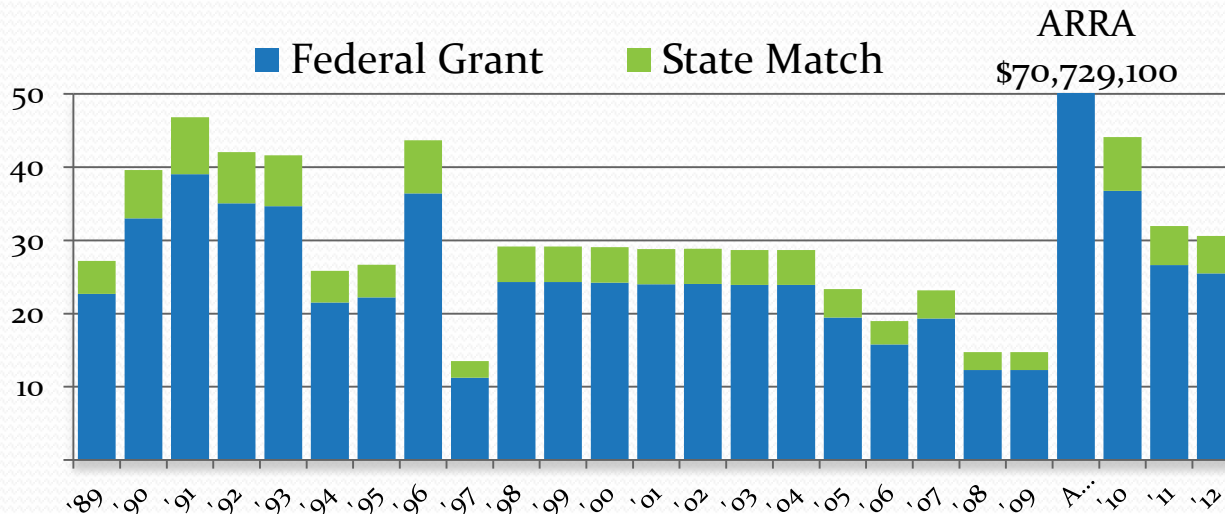
CWSRF Program Requirements

- Federal Statutes and Rules
 - Clean Water Act requirements
 - Federal grant requirements
 - Davis-Bacon Wage Rates
 - Principle Forgiveness
 - Green
- State Statutes
 - NCGS 159G



CWSRF Capitalization

- Capitalization Provided By Congress through EPA Appropriations Bill
 - NC Allocation = +/- 1.8%
 - NC Population = +/- 3%



CWSRF Needs Survey

- Needs Survey Conducted Every Four Years
- EPA Criteria for Documented Need
 - For example, project in a capital improvement plan
- Needs for Next 20 years
 - In effect, time period is less due to documentation criteria
 - For example, most CIPs are 5-10 years
- 2012 Survey – \$6 Billion for NC

2013 Capitalization

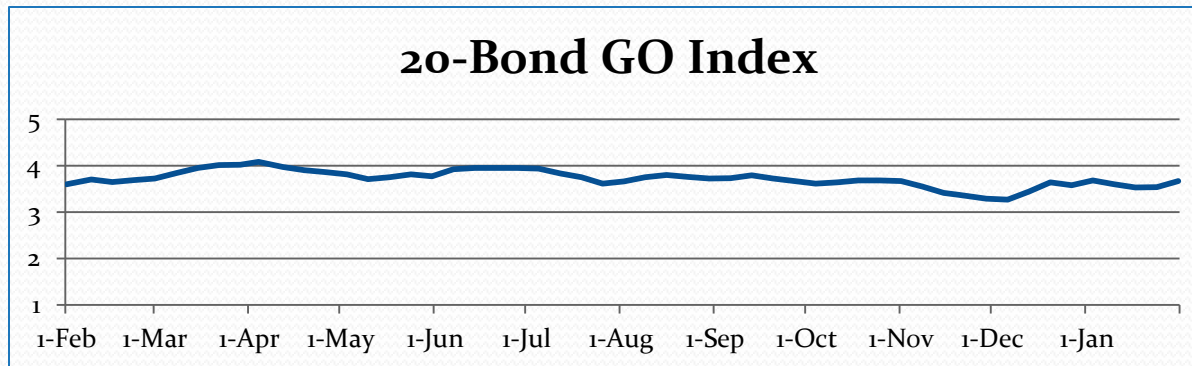
- Appropriations
 - Nationally = +/- \$1.4 Billion
 - North Carolina = \$24 Million
 - State Match = \$4.8 Million
- Principal Forgiveness
 - \$1.1 to \$1.7 Million
- Green Projects
 - \$2.4 Million (10%) – goal



CWSRF Program in NC

- Low-interest Loans

- ½ Bond Buyer's 20-Bond Index (NCGS 159G-40) max 4%
- Targeted interest rates available (0% rehab and green)
- Maximum 20-year term
- Local Government Commission (LGC) Approves
- 2% Loan Fee



CWSRF Eligible Applicants

- Public Entity under CWA for Treatment Works
- NCGS Limits
 - Local Government Units
 - Not for profit water corporation



CWSRF Loan Sources

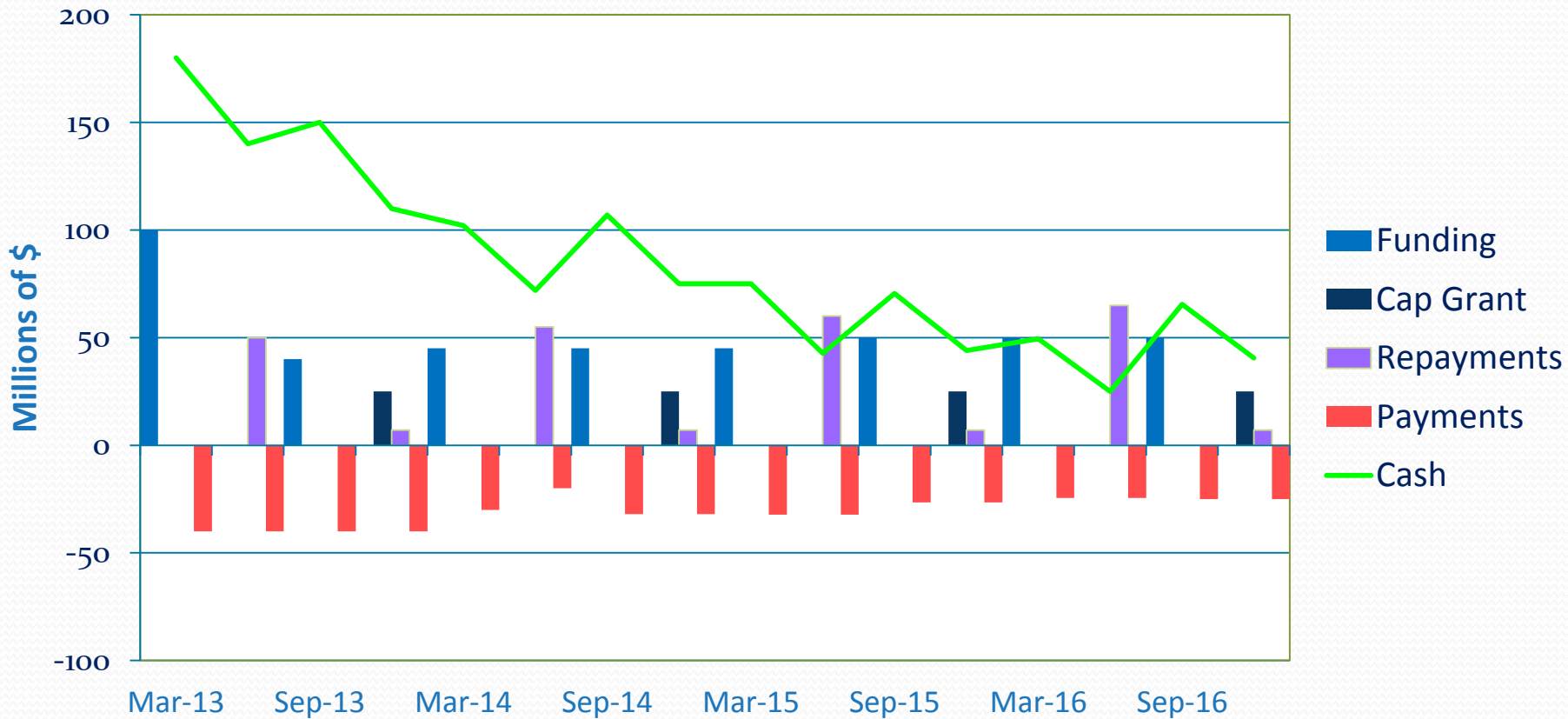
- New Capitalization
 - EPA Capitalization Grant
 - State Match
- Loan Repayments
 - Largest source of fund availability
 - Includes principal and interest
 - Received twice a year
 - Loan repayments allow original capitalization to be used again and again and ...

CWSRF Funding Availability

- \$40 - \$50 Million per Round
 - 2 rounds per year - March 1 and Sept. 1
- Principal Forgiveness
 - Qualifications – poverty rate and sewer rates/Median Household Income
 - Thresholds set so 50% LGUs in NC qualify
- 0% Interest for Green Projects
 - Examples: stormwater, energy efficiency
- 0% Interest for Rehabilitation Projects
 - Must meet principle forgiveness qualifications

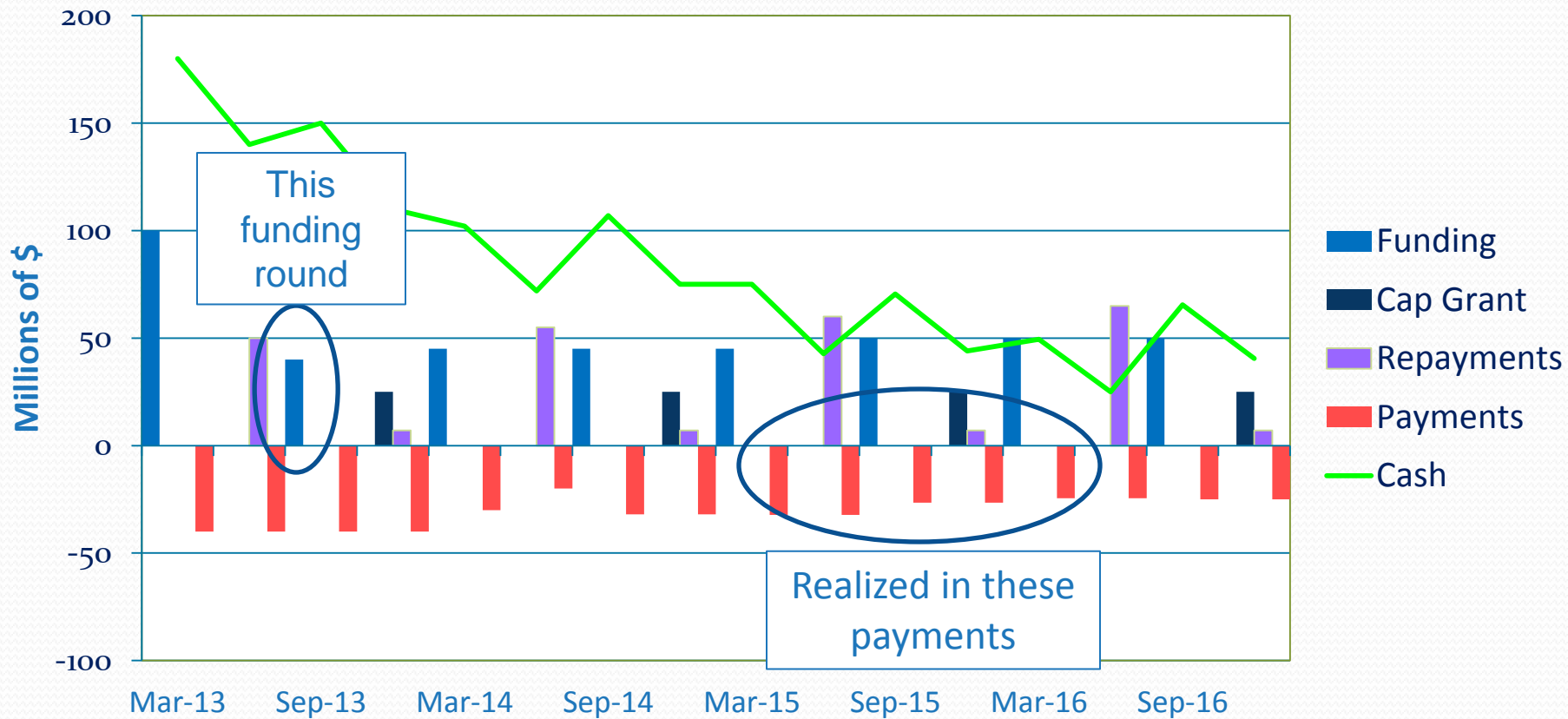
Forecasting Funding Availability

- Low point = 3 – 6 months cash reserve



Forecasting Funding Availability

- Low point = 3 – 6 months cash reserve



Program Schedule

- Once Funded – Project Schedule
 - NCGS 159G – 2 years maximum
- Pull Down Federal Funds ASAP
 - Draws based on actual project expenses
- Minimize Cash Reserves
 - Fund availability projections
 - Increases assistance over time for given capitalization

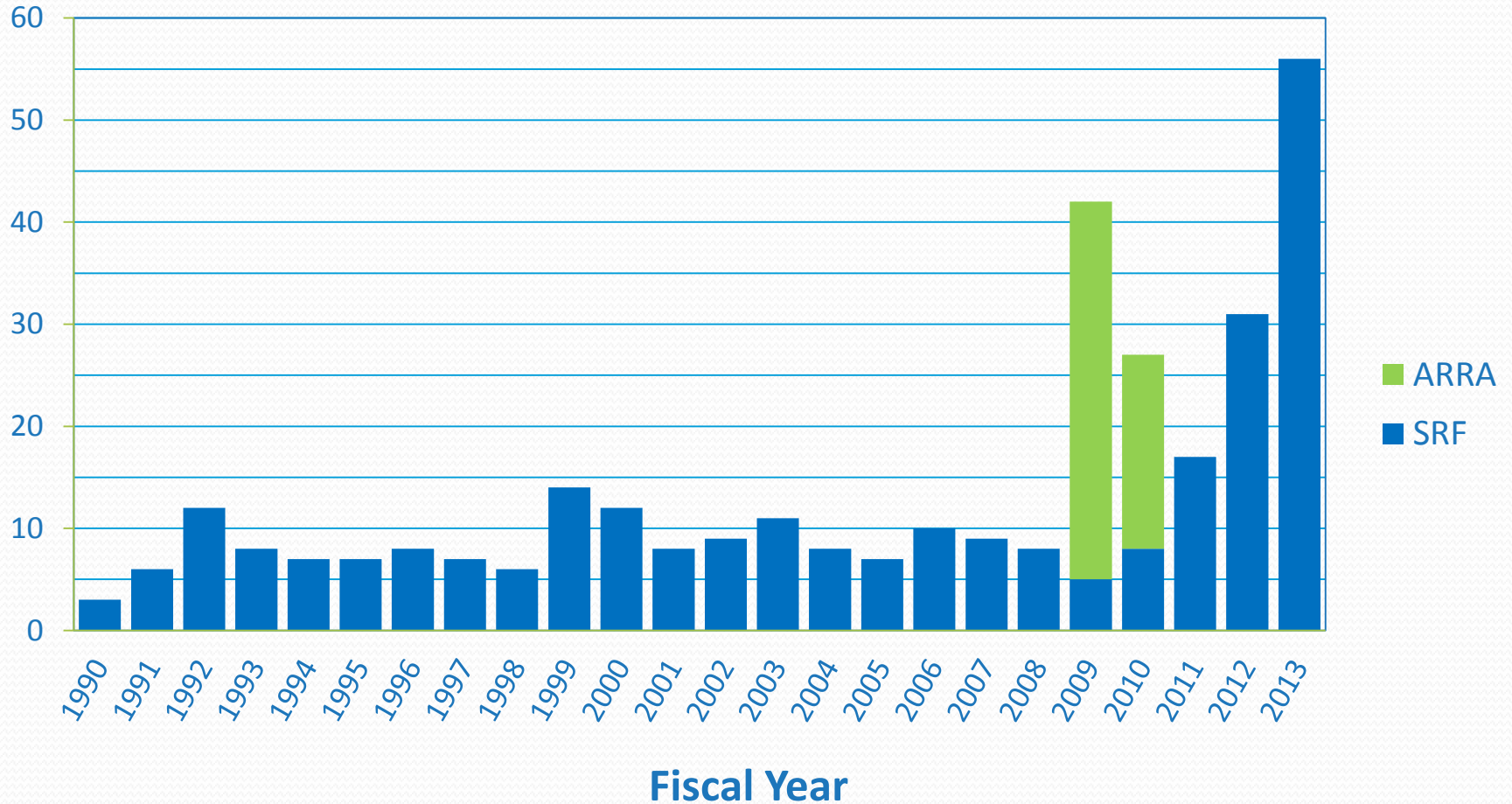
Project Timeline – 24 Month Schedule

Typical September Round – 24 Month Schedule

	Sep -13	Oct -13	Nov -13	Dec -13	Jan -14	Feb -14	Mar -14	Apr -14	May -14	Jun -14	Jul -14	Aug -14	Sep -14	Oct -14	Nov -14	Dec -14	Jan -15	Feb -15	Mar -15	Apr -15	May -15	Jun -15	Jul -15	Aug -15	Sep -15	
Application	0																									
ER Prep		1	2	3	4																					
ER Review						5	6	7	8	9																
Design											10	11	12	13	14	15										
Plan Review																	16	17	18	19						
Bid																						20	21	22		
ATA																									23	
Contract																										24

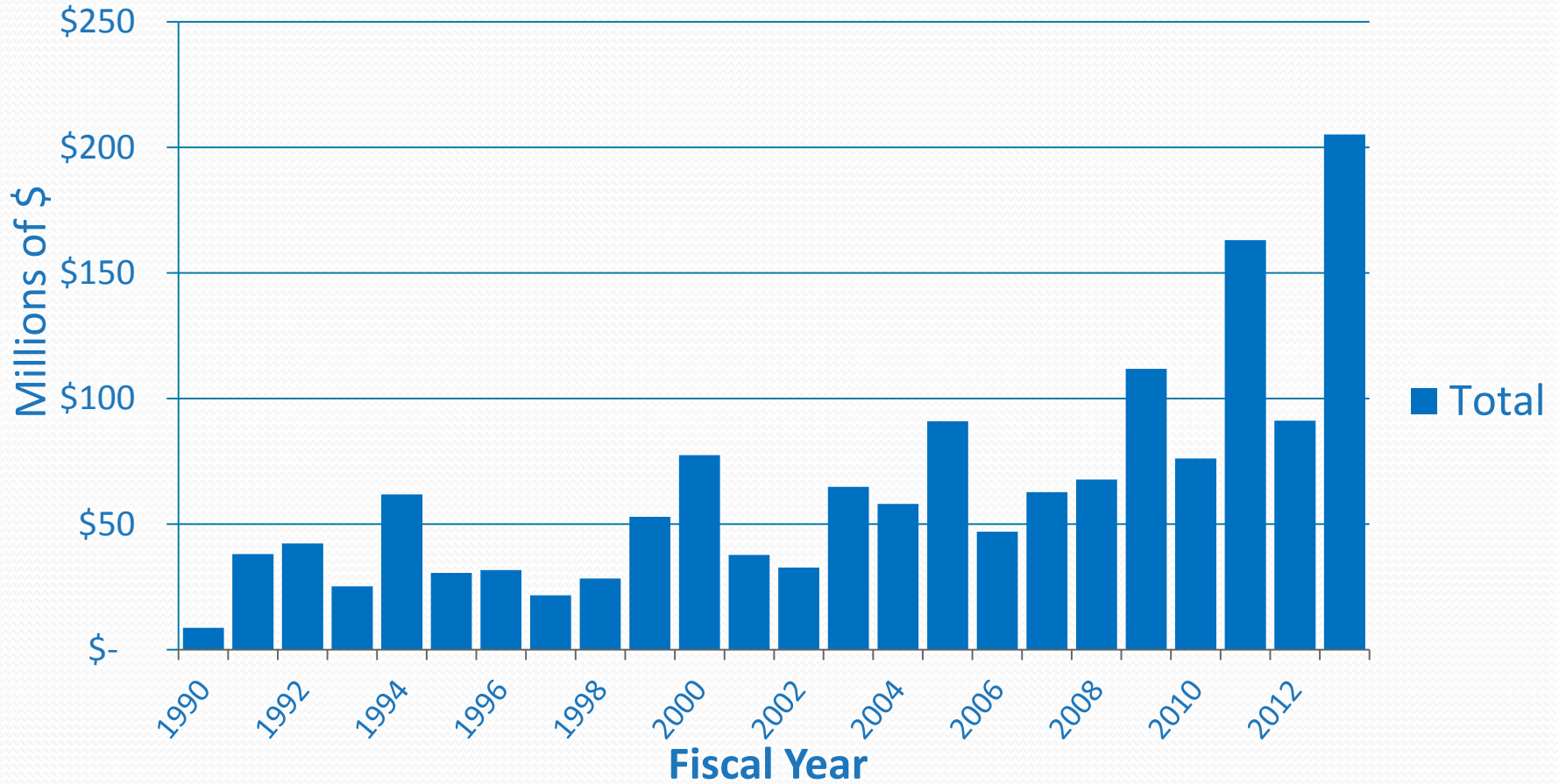
Binding Commitments – Projects

Number of NC CWSRF Projects



Binding Commitments – Dollars

NC CWSRF Dollars Awarded





Questions