

TRENDS



- Programs being cut
- Focus areas are changing
- Funding tied to regulation?
- Geographic emphasis changing



EPA

Under the 2012 budget:



- The largest cuts to the overall EPA budget would affect the State Revolving Funds (SRFs).
- The Clean Water SRF's funding would decrease from \$2.1 billion to \$1.55 billion in 2012.
- The second largest cut would come from the Drinking Water SRF.
- The Drinking Water SRF's funding would decrease from \$1.39 billion to \$990 million in 2012.



WHAT IS NEEDED TO MEET INFRASTRUCTURE NEEDS?

- ❑ According to the EPA, \$298.1 billion in investment is needed over the next 20 years to address America's wastewater infrastructure needs.
- ❑ \$334 billion in investment is needed over the same time period for drinking water infrastructure improvements.
- ❑ With unemployment in the construction industry at 21.8 percent and more than 1.9 million construction workers out of work, now is the time to increase—not decrease—funding for water infrastructure.



USDA

Statement from Agriculture Secretary Tom Vilsack on the Proposed FY 2012 budget



Cut Rural Development budget by \$535 million

- Provide credit to entrepreneurs and communities – high growth rural businesses.
- Triple direct loan support for hospitals, libraries, and police and fire stations.
- Rural economic development will occur on a regional basis.
- Rural Development will now need to work through existing programs
 - Regional pilot projects
 - Strategic planning activities



DOES FUNDING SUPPORT REGULATION?

AB885

- 2000 law required the SWRCB to set final regulations by January 2004.
- Three years ago, the SWRCB released draft regulations and a Draft Environmental Impact Report (DEIR).
- The regulations and the DEIR were roundly opposed by everyone;
 - Too strict and expensive for the OWTSS
 - Not strict enough for systems that cause or contribute to water quality impairment.
- Heal the Ocean, Heal the Bay and Coast Law Group sued the SWRCB in February to force them to finalize the regulations.
- SWRCB is currently undergoing CEQA. The final regulations are scheduled to be approved by the SWRCB in July 2012.

There is no funding to support this regulation



THE GRANT/LOAN PROCESS
KEY ELEMENTS AND HURDLES

CLEAN WATER SRF

- ✓ The initial step is to place your project on the CWSRF Project Priority List (PPL)
 - ✓ The CWSRF Project Priority List (PPL) is a five-year list of all projects eligible to compete for CWSRF financing during that state fiscal year (SFY). A project must be on the PPL to receive CWSRF funding.
 - ✓ The State Water Board updates the PPL annually, with the applications opening in January, and adoption of the PPL in the summer.
- ✓ Apply through the Financial Assistance Application Submittal Tool (FAAST).
- ✓ Financial Assistance Application and a DFA Project Manager



CWSRF INTENDED USE PLAN (IUP)

- ❖ IUP outlines the State Water Board's business plans
- ❖ Lists the projects anticipated to receive funding for each State Fiscal Year
- ❖ Projects are transferred from the PPL to the IUP based on the DFA's determination of the project's 'Readiness to Proceed'.
- ❖ Prioritization and funding is based on the project's 'Readiness to Proceed'.
- ❖ The CWSRF Policy lists Class A through E projects and each year the State Water Board, determines which funding Classes are eligible for CWSRF financing.
- ❖ Facility Planning process includes DFA approval of the Project Report, environmental documents, compliance with water conservation requirements, and an applicant credit analysis.
- ❖ DFA issues Facility Plan Approval Letter, signals the beginning of the design phase.



KEY ELEMENTS AND HURDLES

- Capital Cost Estimates
 - Operations and Maintenance
- AB 2572 Certification – (urban water suppliers must meet certain volumetric pricing and water metering requirements in order to apply for permits for new or expanded water supply.)
- Bond Counsel Opinion and Prop 210 Opinion– requires legal representation
- Davis – Bacon
- Environmental Authorities (Arch, Clean Air, Coastal, CEQA, Historic, etc)



ENVIRONMENTAL PERMITS

- ✓ Notice of Exemption – can be a red flag, construction assumes land impacts
 - ✓ Initial Study – Mitigated Neg Dec
 - ✓ Declaration needs to be sent to the State Clearinghouse
 - ✓ 30-day public review period
 - ✓ Applicant will need to do a local notice
- ✓ Air Quality – dust
- ✓ Section 401/404 – Fill
- ✓ Section 7 - Fisheries
- ✓ Section 1600 – CFG – Channel flow



CREDIT REVIEW PACKAGE

- ✓ Budget
- ✓ Three Years of Financials
- ✓ Cash Reserves and Uses
- ✓ Scheduled System Obligations
- ✓ Future Capital Improvements Short and Long Term
- ✓ Board Resolution
- ✓ MHI Census and Project Service Area
- ✓ Active Connections
- ✓ Monthly Service Charges
- ✓ Projected Monthly Service Charges
- ✓ Project Report



Project Report
 Project Benefits
 Median Household Income
 Public Participation
 Maps
 Photos
 Design Criteria



GREEN PROJECT RESERVE - PRINCIPAL FORGIVENESS

Under the Green Project Reserve in the CWSRF entire projects may be considered for inclusion or appropriate identifiable components of larger projects may be considered for inclusion.

Green Project Reserve (GPR) projects must meet the definition of one of the four GPR categories. The individual GPR categories do not create new eligibility for the CWSRF.

The projects that count toward GRP must otherwise be eligible for CWSRF funding.


<http://www.epa.state.il.us/water/financial-assistance/publications/wpcjp-green-project-reserve.pdf>

http://water.epa.gov/aboutow/eparecovery/upload/2009_03_31_eparecovery_STIMULUS_Guidance_Green_Reserve-2.pdf




PRINCIPAL FORGIVENESS (GRANTS) BY CATEGORY OF APPLICANT

<p>Category 1: Small, Disadvantaged Communities with Substantial Water Quality Investment</p>	<p>Eligible project types include wastewater, stormwater, nonpoint source, or estuary</p> <p>a. Population <20,000 and community median household Income (MHI) <80 percent of statewide MHI and wastewater and/or stormwater rates at least 1.5 percent of community MHI 2; or</p> <p>b. Population <20,000 and combined wastewater and/or stormwater rates more than 4 percent of community MHI 2</p>
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PRINCIPAL FORGIVENESS (GRANTS) BY CATEGORY OF APPLICANT

<p>Total Category 1 Principal Forgiveness/Grants</p>	<p>At least \$13.5 million shall be disbursed as principal forgiveness/grants to projects in this category.</p> <p><input type="checkbox"/> No more than \$43,648,763 shall be disbursed as principal forgiveness/grants to projects in this category.</p> <p><input type="checkbox"/> At least 50% of principal forgiveness/grants in this category will be allocated to wastewater projects.</p>
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PRINCIPAL FORGIVENESS/GRANTS PER PROJECT

Projects may receive 50 percent of eligible project costs, not to exceed \$6 million in principal forgiveness/grants.

Exceptions:


(i) For wastewater projects only, if a credit review demonstrates that the community does not have adequate revenues to finance the remaining 50 percent of eligible project costs, a DAC may receive principal forgiveness/grant financing up to 75 percent of eligible project costs or a severely DAC (community MHI <60 percent of statewide MHI) may receive principal forgiveness/grant financing up to 100 percent of eligible project costs, not to exceed \$6 million.

(ii) Projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, may receive principal forgiveness/grants not to exceed \$7.5 million.



PRINCIPAL FORGIVENESS (GRANTS) BY CATEGORY OF APPLICANT

<p>Category 2: Other Disadvantaged Communities</p>	<p>Eligible project types include wastewater, stormwater, nonpoint source, or estuary</p> <p>a. Project serves a DAC (community MHI <80 percent of statewide MHI) not qualifying under Category 1 above; or</p> <p>b. Project serves a disadvantaged area (area MHI <80 percent of statewide MHI) of a larger community.</p>
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PRINCIPAL FORGIVENESS (GRANTS) BY CATEGORY OF APPLICANT

<p>Total Category 2 Principal Forgiveness/Grants</p>	<p><input type="checkbox"/> At least \$8.5 million in principal forgiveness/grants for this category.</p> <p><input type="checkbox"/> No more than \$29,099,176 in principal forgiveness/grants for this category.</p>
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Portions of the project that serve a DAC or DAC area may receive grants of 50 percent of eligible project costs, not to exceed \$3 million in principal forgiveness/grants.

Exception: Projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, may receive principal forgiveness/grants not to exceed \$5 million.



WHAT CAN BE ACCOMPLISHED WITH LIMITED RESOURCES

- ❖ Look to develop regional programs
- ❖ Try to leverage funds from multiple sources
- ❖ Partner with universities, for profits, non-profits to obtain funding for non-traditional sources
- ❖ Funding for "innovation" will continue to rise
- ❖ Focus: Energy and Re-use

