



## Clean Water State Revolving Fund Program

January 14, 2010  
Granbury, Texas

Texas Water Development Board  
Project Finance & Construction Assistance




## Texas Water Development Board

What is the Clean Water State Revolving Fund?

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### Clean Water State Revolving Fund (CWSRF)

- The CWSRF provides low-interest rate loans to political subdivisions that are authorized to own or operate a wastewater system.
- The U.S. Environmental Protection Agency (EPA) provides a capitalization grant for the program on an annual basis.

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### Clean Water State Revolving Fund (CWSRF)

**Funds Committed**

**CWSRF \$5.316 billion**

(FY 1988-2009)

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**Clean Water State Revolving Fund**

**Eligible Borrowers**

- Any political subdivision with the authority to own or operate a waste disposal plant in Texas
- Authorized Indian tribal organizations
- Political subdivisions or private entities seeking assistance for nonpoint source pollution control or estuary management projects

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**Clean Water State Revolving Fund**

**Eligible Projects**

- WWTP Expansion
- Sludge Treatment Capacity Expansion
- Facilities Rehabilitation
- Collection System Rehabilitation/Overflow Control
- Unserved Areas
- Trunk Sewer, Diversion
- Trunk Sewer, Developing Area
- Reuse
- Nonpoint Source Pollution Control/Estuary Management

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**Clean Water State Revolving Fund**  
**Interest Rates and Loan Terms**

- Rates:** Disadvantaged = 0% or 1%  
Tier III (Federal) = 1.95% below market  
Tier II (State) = 0.95% below market
- Term:** Up to 30 years
- Origination Fee:** 1.85%

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**Disadvantaged Communities Funding**  
**Eligibility Criteria**

1. Population of 25,000 or less
2. The area served by the project must have an Adjusted Household Income 75% of the State Median Household Income (Currently \$36,862)
3. The Household Cost Factor for water rates must be greater than or equal to 1%, or the Combined Household Cost Factor for water and sewer rates must be greater than or equal to 2%.

MHI = Median Household Income  
SFY 2010 state MHI = \$49,855

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**Disadvantaged Communities Funding Levels of Subsidy**

If Adjusted MHI is:	Interest Rate is:
≤\$36,862 and >\$34,404 (≤75% and >70% of state MHI)	1%
≤\$34,404 (≤70% of state MHI)	0%

MHI = Median Household Income  
 SFY 2010 state MHI = \$49,149

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**Cost Savings**

Funding Option	SRF Interest Rate (Insured)	CWSRF Savings on \$10,000,000	
		Annual	20 Years
Tier II (State)	4.05%	\$65,000	\$1.3 million
Tier III (Federal)	3.05%	\$131,000	\$2.6 million
Disadvantaged	1.00%	\$257,000	\$5.1 million
Disadvantaged	0.00%	\$313,000	\$6.3 million

Note: For illustrative purposes only. Rates are locked in at closing.

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**Funds Available**

Funding Options	SFY 2010 (Projected)
Disadvantaged Communities	\$30 million
Tier III (Federal)	\$50 million
Tier II (State)	\$268.7 million
<b>Total</b>	<b>\$348.7 million</b>

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**Getting Started – The Intended Use Plan (IUP) Process**

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**Intended Use Plan (IUP)**

- To be eligible for a CWSRF loan, entities must have their projects listed in the SFY 2011 CWSRF (IUP).
- The Intended Use Plan (IUP) is a document that describes how the state intends to use federal and state SRF moneys and identifies eligible projects on the Project Priority List.
- Having a project listed in the IUP does not obligate an entity to apply for funding.

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**Solicitation of SRF Projects for SFY 2011 IUP**

- TWDB is currently soliciting CWSRF projects for the SFY 2011 funding cycle.
- Letters have been mailed to entities and stakeholders of the solicitation period.
- Notification has also been placed on the TWDB website.

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**SFY 2010 IUP Solicitation Packets**

Solicitation Packet Form - CWSRF
Project Information Form <b>required</b>
Disadvantaged Communities Worksheet
Socioeconomic Survey Guidelines
Project Examples
The Green Project Reserve Information

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**SFY 2010 IUP Solicitation Packets**

CWSRF Solicitation Packets can be found on line at:

[http://www.twdb.state.tx.us/publications/forms\\_manuals/P\\_GM\\_forms\\_main.asp#CWSRF](http://www.twdb.state.tx.us/publications/forms_manuals/P_GM_forms_main.asp#CWSRF)

Contact Barbara Vanacek at (512) 463-7026 for hard copies of the packets.

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**CWSRF Intended Use Plan**

The deadline for submitting CWSRF projects:

**CWSRF Projects – January 22, 2010**

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**Intended Use Plan  
Project Priority List**

CWSRF projects are ranked by TWDB staff and listed in priority order on the CWSRF Project Priority List.

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**Intended Use Plan  
Principal Project**

- The principal project is ranked and placed on the Project Priority List.
- The principal project consists of one or more construction projects that are intended to address specific system conditions.
- The cost of the principal project must be greater than 50% of the cost of all projects included on the Project Information Form.

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**Intended Use Plan  
Additional Projects**

- Additional projects may be eligible to receive funding, as long as their costs represent less than 50% of the total project costs.
- The priority list is ranked based on the principal project only, not the additional projects.
- Additional projects can be from other service areas within the community.
- Additional projects are optional.

## Texas Water Development Board CWSRF Rating Criteria

Principal Projects will be ranked by TWDB staff based on the following criteria:

- Enforcement Action
- Unserved Area
- Innovative and Alternative Collection or Treatment Technology
- More Stringent Effluent Limits

## Texas Water Development Board CWSRF Rating Criteria (Cont.)

Principal Projects will be ranked by TWDB staff based on the following criteria:

- Regional Projects
- Implementation of Regional Plans
- Diversion of Flow to Another Facility

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## Intended Use Plan

### Important Dates

- **January 8, 2010 = DW**
  - **January 22, 2010 = CW**
  - **Summer 2010**
  - **August 2010**
  - **September 2010**
- } Project Information Form and applicable worksheet(s) due
- } Public hearing and comment period for draft Intended Use Plans
- } Intended Use Plans submitted to TWDB board members for approval
- } Entities invited to attend pre-application conferences and submit applications

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## CWSRF Federal Requirements

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**SRF Federal Requirements**

Funding Option	Federal Requirements	
	Environmental Information Document	DBE Procurement
CWSRF Disadvantaged		
CWSRF Tier II (State)		
CWSRF Tier II (Federal)	✓	✓

Note: The CWSRF Disadvantaged and Tier II funding options are subject to state requirements on environmental review and procurement.

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**SRF Federal Requirements**  
**DBE Procurement Compliance**

- Procurement process for all prime contracts for services, equipment, supplies, and construction for federally funded projects.
- Requires demonstration of a “good faith effort” to procure the services of small, minority, and women-owned business enterprises

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**SRF Federal Requirements**  
**Environmental Review**

Requires either of the following:

- Environmental Information Document (EID)
  - Analysis of alternatives to the proposed project
  - EID is submitted to pertinent agencies and the Board
- Categorical Exclusion
  - EID is not required if the proposed project qualifies for a categorical exclusion (i.e. projects involving only minor rehabilitation, expansion or upgrade of existing facilities, functional replacement of equipment, or construction of related facilities adjoining the existing facilities that do not substantially increase the volume or loading of pollutants)

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**Potential New Requirements for CWSRF/DWSRF Funding**

All current SRF program requirements remain with the addition of:

- Davis Bacon Wage Requirements
- Buy American Requirements
- “Green Projects” Requirements

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**Potential New Requirements for CWSRF/DWSRF  
Funding**

**Davis-Bacon Wage Requirements**

- All laborers or mechanics employed by contractors or subcontractors must be paid the prevailing wage rates pursuant to the Davis-Bacon Act.

<http://www.twdb.state.tx.us/stimulus/index.htm> -  
Click "Davis-Bacon"

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**Potential New Requirements for CWSRF/DWSRF  
Funding**

**Buy American Requirements**

- Any funds used for construction, alteration, maintenance or repair of a public work must use American made iron, steel, and manufactured goods.

<http://www.twdb.state.tx.us/stimulus/index.htm> -  
Click "Buy American"

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**Potential New Requirements for CWSRF Funding -  
Green Projects**

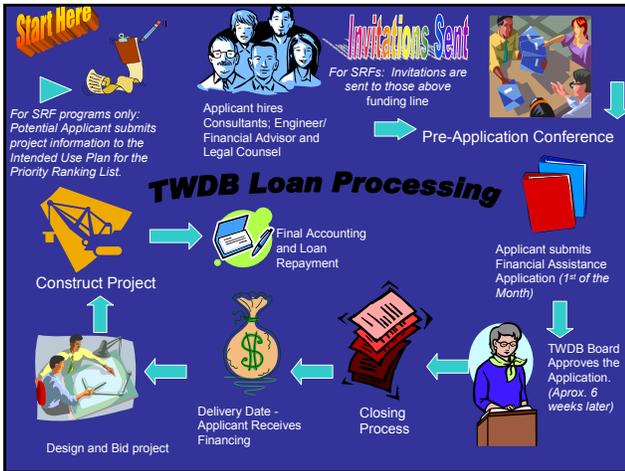
- TWDB anticipates that the CWSRF program will be required to set aside 20% of the funds received from the CWSRF capitalization grant to be used for green projects, referred to as "Green Reserve".
- Entities interested in being considered for green reserve funding should submit information relevant to the green aspects of any proposed projects along with a green business case.

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**Potential New Requirements for CWSRF/DWSRF  
Funding**

- Information regarding CWSRF "Green Projects" can be found at:

[www.twdb.state.tx.us/stimulus/cwsrf\\_application.htm](http://www.twdb.state.tx.us/stimulus/cwsrf_application.htm) -

Click "TWDB CWSRF ARRA Green Guidance"



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## CWSRF Closing and Release of Funds

- EID and Preliminary Engineering Report may be funded at closing (Predesign Funding Option)
- Remaining project funds are placed in escrow
- Funds are released from escrow in installments as specified milestones are reached