

SFY 2020

# Drinking Water Intended Use Plan



Water Infrastructure  
Finance Authority of  
Arizona



# Table of Contents

Section 1: Short-Term Goals .....	1
Section 2: Long-Term Goals .....	1
Section 3: Important Program Changes.....	1
Section 4: Agreement to Enter Data into PBR and NIMS.....	2
Section 5: Description of Public Notice Process and Actions Taken to Address Public Comments.....	2
Section 6: Assurances and Specific Proposals.....	2
Section 7: Disadvantaged Community Program .....	2
Section 8: Criteria and Methods for Distribution of Funds (Priority Setting Criteria) .....	3
Section 9: Bypass Procedures and Emergency Funding Procedures .....	3
Section 10: Sources and Uses Table.....	4
Section 11: Identify the Types of Assistance Provided and the Terms (Principal Forgiveness, Extended Terms) .....	5
Section 12: State Match Sources .....	6
Section 13: Identification of Overmatch.....	6
Section 14: Anticipated Cash Draw Ratio (proportionality) or Statement of Match Drawdown then Federal .....	7
Section 15: Estimated Disbursement Schedule .....	7
Section 16: Identification of any Intended Transfers between Funds.....	7
Section 17: Identification and Explanation of any Cross Collateralization .....	7
Section 18: Combined Interest and Fee Rate (CIFR).....	7
Section 19: Fees Charged if Applicable and Uses of Fees .....	7
Section 20: Overview of Program Financial Status and Management .....	7
Section 21: Leveraging Plan .....	8
Section 22: Binding Commitment Schedule .....	8
Section 23: Grant Payment Schedule .....	8
Sections 24-33: (These Sections are for CWSRF) .....	8
Section 34-43: Fundable List.....	9
Section 44: IUP Includes Set-Asides Taken and Authority to be Banked if Applicable .....	11
Section 45: IUP Includes Uses of the Set-Aside Funds and Expected Timeline of Expenditure .....	11
Section 46: IUP Includes Expected Outcomes of the Set-Aside Funds .....	11

## **INTRODUCTION**

The Arizona Finance Authority Board of Directors is pleased to release Arizona's Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) for the State Fiscal Year (SFY) 2020 funding cycle. The DWSRF IUP describes the Water Infrastructure Finance Authority's (WIFA) plan to utilize various sources of funds to finance drinking water infrastructure and support related program activities during the SFY 2020 funding cycle from July 1, 2019 through June 30, 2020. This IUP is a required element of the grant application documentation to obtain the Federal Fiscal Year (FFY) 2019 grant award.

Arizona herewith submits its IUP for the FFY 2019 funds available to Arizona for the purposes of continuing the development, implementation and administration of the DWSRF program in Arizona. This IUP is based upon the FFY 2019 DWSRF Federal Appropriation of \$1,126,088,000. Of this, Arizona's Capitalization Grant is anticipated to be \$19,790,000.

The Arizona DWSRF Loan Program funds publicly and privately-owned community water systems and non-profit non-community water systems. Eligible projects include treatment, transmission and distribution, source, storage, consolidation and creation of new systems. Projects to acquire land or to refinance debt obligations of publicly-owned systems may also be eligible. The program also places an emphasis on small and disadvantaged communities and on programs that address compliance and health advisories, as well as prevention and sustainability as tools for ensuring safe drinking water.

### **Section 1: Short-Term Goals**

For the purposes of this IUP, a short-term goal is an activity intended to be initiated, and in some cases, completed within a year. The following are the short-term goals of the loan program:

- WIFA will make drinking water infrastructure loans more accessible and affordable to small communities by subsidizing all loans.
- If available, WIFA will provide additional assistance to communities who are identified as disadvantaged as described in Section 7.
- WIFA will provide any required percentage/amount of the Capitalization Grant amount as additional subsidization in the form of forgivable principal.
- WIFA will continue to encourage borrowers to address water and energy efficiency improvements and other environmentally innovative activities.

### **Section 2: Long-Term Goals**

For the purposes of this IUP, a long-term goal is defined as the life of the program. The following are the long-term goals of the loan program:

- Award WIFA's resources in accordance with the needs of Arizona's citizens.
- Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.
- Effectively and efficiently deliver financial and technical assistance.
- Market agency programs and advocate the importance of safe, reliable water through presentations, networking and outreach. See Exhibit 1 for WIFA's Marketing Strategy.

### **Section 3: Important Program Changes**

WIFA may adjust the interest vs. fee ratio of the Combined Interest and Fee Rate (CIFR) during SFY 2020.

HB2464 will become effective in August 2019. This bill amends A.R.S. § 9-571 to allow cities and towns with populations 150,000 and under to borrow from WIFA without an election (they may now obtain debt authorization through their city/town councils as only cities and towns 50,000 and under did previously). With this amendment, eight additional cities can now more affordably and easily pursue WIFA financing.

**Section 4: Agreement to Enter Data into PBR and NIMS**

WIFA agrees to enter data into PBR and NIMS.

**Section 5: Description of Public Notice Process and Actions Taken to Address Public Comments**

Public review and written comment period of this IUP was conducted from May 6, 2019 through May 20, 2019.

WIFA solicited public review and comment on the draft SFY 2020 DWSRF IUP and Project Priority List (PPL) according to the following schedule.

May 6, 2019	Distribution and Web posting of the draft DWSRF IUP and PPL to all interested parties.
May 20, 2019	Public Hearing – 100 N. 15th Ave, Suite 103, Phoenix, Arizona 85007 at 1:00 p.m.
May 20, 2019	Deadline for public comments on the draft DWSRF IUP and PPL (5:00 pm).
June 19, 2019	Advisory Board recommendation of adoption of the final draft DWSRF IUP and PPL.
June 26, 2019	Arizona Finance Authority Board of Directors’ adoption of the final draft DWSRF IUP and PPL. IUP will then be sent to EPA for final approval.
July 1, 2019	Begin implementation of the Approved DWSRF IUP and PPL

**Section 6: Assurances and Specific Proposals**

WIFA intends to comply with the following:

- WIFA will comply with its environmental review policy as approved by EPA;
- WIFA will notify its borrowers of the requirement to comply with the Davis-Bacon requirements outlined in the Capitalization Grant Terms and Conditions;
- WIFA will notify its borrowers of the requirement to comply with the American Iron and Steel requirements outlined in the Capitalization Grant Terms and Conditions; and
- WIFA will make every effort to comply with EPA’s guidance for timely and expeditious use of funds.

WIFA agrees to the remaining required assurances and proposals in the grant application and the IUP.

**Section 7: Disadvantaged Community Program**

WIFA is committed to providing assistance to public water systems serving Disadvantaged Communities. The Board may designate an applicant as a Disadvantaged Community if the applicant satisfies one of the following:

1. The community is a designated “colonia” community through the federal government, or
2. The community received 60 or more Local Fiscal Capacity points on the DWSRF PPL.

WIFA intends on providing a total of 26 percent of the capitalization grant in additional subsidy as forgivable principal to communities who cannot otherwise afford projects (including at least 6 percent to Disadvantaged Communities). WIFA's Disadvantaged Policy also allows for extended term, reduced interest or a combination.

### **Section 8: Criteria and Methods for Distribution of Funds (Priority Setting Criteria)**

- **Project Priority List and Fundable Range**
  - **Project Priority List (PPL):** On an annual basis, following a statewide solicitation for projects, WIFA develops a statewide priority list of projects. Projects are scored and ranked on the list based upon public health risk, SDWA compliance, and financial need. Projects to address health advisories are a priority for DWSRF funding, as well as projects to address MCL exceedances. Currently, WIFA's DW PPL has eight applications totaling \$57,880,526. Staff are in discussions regarding several potential DW projects that may be added to the PPL during the year.
  - **Fundable Range:** The Fundable Range includes the applicants ready to receive design or construction financial assistance.
- **Project Priority List Updates**

The Board may update the DW PPL by adding or deleting projects or adjusting the fundable range for design or construction projects. The decision to update the DW PPL may be based on a project's readiness to proceed, availability of other funding sources or other new information affecting the expansion or contraction of the PPL and Fundable Range. The Board adopts the updated DW PPL at a public meeting and the updates are posted on WIFA's website. All projects must meet the applicable requirements under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-26.

### **Section 9: Bypass Procedures and Emergency Funding Procedures**

The Fundable Range process is used to bypass projects that are not ready to proceed. In determining which projects may be included on the Fundable Range, WIFA evaluates each project for evidence of debt authorization according to A.A.C. R18-15-104. WIFA may not present an application to the Board for consideration until the applicant has provided such evidence. If sufficient funds are not available to fund all projects that are ready to proceed, WIFA will use tie breaking procedures established in A.A.C. R18-15-204.

WIFA may approve emergency funding for eligible applicants if a declaration of emergency is made by the Governor of Arizona or the Federal Emergency Management Agency (FEMA). The term of the loan will not exceed one year and be no more than \$250,000 per emergency event.

**Section 10: Sources and Uses Table**

<b>Arizona DWSRF Sources &amp; Uses for SFY 2020 (FFY 2019 Cap Grant)</b>			
	<b>Federal Contribution</b>	<b>WIFA Revenues</b>	<b>Total</b>
<b>Funding Sources</b>			
New funds expected in SFY 2020	\$ 19,790,000	\$ 43,790,057	\$ 63,580,057
Total Funding Sources	\$ 19,790,000	\$ 43,790,057	\$ 63,580,057
<b>Funding Uses</b>			
Financial Assistance Loans	\$ 14,356,920	\$ 42,201,657	\$ 56,558,577
15% Set-Aside Source Wtr Protection (ADEQ)	\$ 1,866,680		\$ 1,866,680
15% Set-Aside Technical Assistance (WIFA)	\$ 400,000	\$ 130,000	\$ 530,000
10% Set-Aside PWSS (ADEQ)	\$ 1,979,000		\$ 1,979,000
4% Set-Aside Administration (WIFA)	\$ 791,600	\$ 1,458,400	\$ 2,250,000
2% Set-Aside Capacity Development (ADEQ)	\$ 395,800		\$ 395,800
Forgivable Principal \$ 5,145,400 (26%)			
Green Project Reserve (voluntary)			
Banked FFY 2014 funds** (10% to ADEQ)			
<b>Total Funding Uses</b>	<b>\$ 19,790,000</b>	<b>\$ 43,790,057</b>	<b>\$ 63,580,057</b>

\*\*ADEQ banked \$1,000,000 from the FFY 14 and \$691,300 from the FFY 13 Capitalization Grants' 10% set-asides.

The Safe Drinking Water Act §1452(g) and §1452(k) allows States to set aside up to 31 percent of the Capitalization Grant for specific activities. These are referred to as the 2 percent, 4 percent, 10 percent, and 15 percent set-asides and are further described below. Funds not expended in these categories by the end of SFY 2020 will revert to the DW Loan Fund Account.

**15 Percent Set-aside**

State and Federal Statutes allow setting aside up to 15 percent of the Federal Capitalization Grant funds to provide local assistance to water systems in Arizona. ADEQ has requested \$1,866,680 for Source Water Protection activities to protect underground sources of drinking water. WIFA will utilize \$400,000 of this set-aside as described in Section 11 below.

**10 Percent Set-aside**

State and Federal Statutes allow setting aside up to 10 percent of the Federal funds for the Public Water System Supervision activities. ADEQ will use this funding for the PWSS Program, which encompasses all of the various activities involved in implementing the Safe Drinking Water Act requirements in Arizona. These activities include operator certification, source water assessment and protection, development of regulatory guidance and assistance documents, assisting systems in obtaining the technical, financial, and managerial capability to comply with drinking water regulations, and technical consultations on water system and treatment system design. ADEQ is requesting \$1,979,000.

**4 Percent Set-aside**

State and Federal Statutes allow setting aside up to 4 percent of the Federal funds for the administration of the DWSRF program. WIFA will utilize this set-aside to pay salaries and associated expenses of program's personnel devoting time to the administration of the funds as well as the necessary ancillary services performed by other agencies. These funds will also be used to procure equipment and training necessary for the adequate performance of staff. Expenses for DWSRF-

related public meetings, workshops and conferences will also be paid for out of this set-aside. Funds not used immediately will be reserved for use in future years. As evidenced in the Sources and Uses Table, WIFA will provide additional program administration support through use of WIFA Fees.

## **2 Percent Set-aside**

State and Federal Statutes allow setting aside 2 percent of the Federal funds to provide local assistance to water systems in Arizona. The 2 percent set-aside in the amount of \$395,800 will be used by ADEQ's Capacity Development Program. ADEQ's Capacity Development Unit assists small drinking water systems, serving 10,000 or fewer people, to improve their day-to-day operation.

## **ADEQ Drinking Water Program**

The Drinking Water program is federally mandated to ensure safe drinking water supplies for the public. Staff reviews water system construction plans, conducts compliance inspections on drinking water systems, reviews water quality monitoring data, initiates enforcement actions in response to continued or significant noncompliance, and conducts outreach to educate stakeholders on regulatory requirements. The program also evaluates source waters to ascertain their susceptibility to contamination, promotes voluntary community programs aimed at protecting aquifers for drinking water use, and administers the monitoring assistance program to assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.

## **Section 11: Identify the Types of Assistance Provided and the Terms (Principal Forgiveness, Extended Terms)**

WIFA provides low interest loans for projects eligible under the Safe Drinking Water Act. Eligible projects include treatment, transmission and distribution, source, storage, consolidation and creation of new systems. Projects to acquire land or to refinance debt obligations of publicly-owned systems may also be eligible.

- Subject to the limitation that loan terms are not to exceed the useful life of the project, all loans for the financing of projects will be for a term not to exceed 30 years from loan closing date. WIFA may provide additional subsidization to projects for communities who cannot otherwise afford the projects. WIFA intends on providing 26 percent of the capitalization grant in additional subsidy as forgivable principal.

WIFA also provides the following types of Technical Assistance:

**Staff Technical Assistance** - WIFA will use up to \$400,000 to provide staff technical assistance to borrowers. The purpose of WIFA's Staff Technical Assistance Program is to help prepare systems for construction of capital improvement projects. Awards will be made to small or disadvantaged systems that need assistance in completing the design phase of an infrastructure project, or any system that needs assistance to comply with WIFA's environmental review process. Under agreements between the councils of governments and WIFA, the councils of governments will be reimbursed to oversee compliance with Davis-Bacon and contractor procurement. Fees will be provided to the councils of governments to defray the cost of Davis-Bacon monitoring and procurement. The SFY 2020 allocation for these activities will be \$100,000 (included as part of the \$400,000 staff technical assistance budget). Funds will be available for projects to be funded with a WIFA construction loan.

**Professional Technical Assistance** – Professional Technical Assistance includes studies, surveys and other types of reports that provide benefit to a range of drinking water systems statewide.

Additional funds may also be used to provide technical, managerial and financial capacity development assistance.

The 2020 Drinking Water Needs Survey is launching in SFY 2020. WIFA has budgeted \$130,000 to complete the Drinking Water Needs Survey. This survey effort would include travel, training, one-on-one consultation with the systems selected to participate, data review and consultation with EPA’s contractor, and participation in EPA’s preparation of the Report to Congress.

Throughout the Funding Cycle and as circumstances require, WIFA may fund additional Professional Technical Assistance projects. The Board will act to add Professional Technical Assistance projects at a public meeting of the Board.

**Financial Terms of Loans**

1. All loans for the financing of projects will be for a term not to exceed 30 years from loan closing date. Loan terms are not to exceed the useful life of the project.
2. Repayment of loan principal must begin within 12 months of project completion based on the construction schedule available at the loan closing date or actual completion date or three years from the date of the loan closing, whichever is earlier.
3. Loan disbursements are to be made on a cost reimbursement basis.
4. The decision to leverage will be based on demand on the loan fund for projects to address public health concerns, market conditions and long-term impact to the fund.
5. Twenty-six percent of the FFY 2019 Capitalization Grant funds will be provided as forgivable principal (unless the grant requirement is higher, in which case this percentage will be adjusted accordingly).
6. All contracts for DWSRF construction financial assistance will require the borrower to comply with the Davis-Bacon Act regardless of the source of funding.
7. All contracts for DWSRF construction financial assistance will require the borrower to comply with the Use of American Iron and Steel as described in WIFA’s Capitalization Grant regardless of the source of funding, if required as part of the FFY 2019 Capitalization Grant.
8. WIFA will assess income from the Standard Combined Interest and Fee Rate (CIFR) as either fee income or interest income in accordance with the following table.

**Combined Interest and Fee Rate (CIFR)**

Financial Structure	CIFR
Governmental and Non-Profit (501(c)(3))	Municipal Market Data Index (MMD) multiplied by the Subsidy
Non-Governmental	Taxable-equivalent to MMD multiplied by the Subsidy

**Section 12: State Match Sources**

As demonstrated in the Sources and Uses Table, WIFA revenues will provide match for the FFY 2019 Capitalization Grant.

**Section 13: Identification of Overmatch**

Through March 2019, WIFA has overmatched the federal grants when viewed in a cumulative perspective by \$8,225,042 (through June 30, 2018 the overmatch was \$6,358,565).

**Section 14: Anticipated Cash Draw Ratio (proportionality) or Statement of Match Drawdown then Federal**

With the overmatch, WIFA will draw 100 percent of federal funds until the overmatch is reduced. Once the overmatch is depleted, WIFA will draw the proportional state match amount prior to drawing federal funds.

**Section 15: Estimated Disbursement Schedule**

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
20%	35%	35%	10%

**Section 16: Identification of any Intended Transfers between Funds**

WIFA currently has no planned transfers between the CWSRF and the DWSRF.

**Section 17: Identification and Explanation of any Cross Collateralization**

The Authority maintains the CWSRF and DWSRF as separate and distinct programs. Revenues generated by either program will remain within that program. Any transfers between funds will be temporary in nature and done only to alleviate short term cash shortages.

**Section 18: Combined Interest and Fee Rate (CIFR)**

WIFA Procedure has established a target CIFR ranging between 70 percent and 95 percent of the tax-exempt AAA MMD Rate for governmental entities and non-profits, and the taxable-equivalent to MMD for non-governmental entities. CIFR/subsidies on each loan will be set pursuant to the criteria below:

- Total Points; and
- Local fiscal capacity of the area served by the system requesting assistance.

**Section 19: Fees Charged if Applicable and Uses of Fees**

Section 11 describes how fees are charged. The Sources and Uses table demonstrates how fees will be used for SFY 2020, providing match to the federal grant and administration of the SRF.

**Section 20: Overview of Program Financial Status and Management**

The Arizona DWSRF program supports the EPA Strategic Plan Goal 2 (Clean and Safe Water), Objective 1 (Protect Human Health), Sub-objective 1 (Water Safe to Drink) listed below. Specifically, Arizona established and is managing the revolving loan fund to make low cost loans and other types of assistance to water systems to finance the cost of infrastructure projects to achieve or maintain compliance with Safe Drinking Water Act requirements. Arizona DWSRF activities support USEPA Program Reporting Measure SDW-04 Fund Utilization and SDW-05 DWSRF projects that have initiated operations.

All planned and prior year loans have assisted public water systems in meeting the federal and state drinking water compliance requirements. Details of Arizona’s DWSRF activities supporting EPA’s Strategic Plan will be included in the DWSRF Annual Report as well as in the Drinking Water National Information Management System (DW NIMS), Drinking Water Project Benefit Reporting System (PBR); and the Federal Funding Accountability and Transparency Act (FFATA) Reporting System.

Measure	Measure Text	National Planning Target	Arizona Target
SDW-04	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the DWSRF	89%*	90%
SDW-05	Number of DWSRF projects that have initiated operations (cumulative)	9,200	290

\* Data from Office of Water: FY 2018-2019 National Water Program Guidance, at the following link: <https://www.epa.gov/planandbudget/final-fy-2018-2019-national-water-program-guidance>

### Section 21: Leveraging Plan

As a matter of practice, WIFA pays close attention to its cash position and lending capacity. This practice includes reports to the WIFA Advisory Board at each Advisory Board meeting defining WIFA’s current cash position and lending capacity. At this time, WIFA does not expect a Bond Issue during this fiscal year.

### Section 22: Binding Commitment Schedule

When the Board of Directors approves an applicant’s financial assistance request, WIFA staff prepares and circulates financial assistance (loan) documents to evidence the binding commitment in accordance with applicable federal and state requirements. Based on the DW PPL, WIFA expects to enter into binding commitments at 286 percent (dollars on PPL vs. the federal cap grant). WIFA’s process is to accept PPL applications throughout the fiscal year instead of locking the PPL at the beginning of the year. WIFA is currently in discussions with numerous borrowers on potential projects that will be added to the SFY 2020 PPL as the year progresses. See also Exhibit 1 for WIFA’s Marketing Strategy.

### Section 23: Grant Payment Schedule

WIFA will receive all payments in the first quarter available.

### Sections 24-33: (These Sections are for CWSRF)

These Sections are for CWSRF, not applicable to DWSRF.

**Section 34-43: Fundable List**

Arizona combines the Fundable and Comprehensive lists into one list. WIFA applies all crosscutters to all DWSRF projects with the exception of FFATA. FFATA is treated on an equivalency basis. It is unknown at this time which projects will be awarded forgivable principal.

**Arizona’s Drinking Water Revolving Fund Project Priority List – SFY 2020 Funding Cycle**

<b>PPL Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>County</b>	<b>PWS Number</b>	<b>Project Name</b>	<b>Description</b>	<b>Project Number</b>	<b>Amount Requested</b>	<b>Subsidy</b>
1	<sup>1</sup> Tonto Village Water Company, Inc.	185	Gila	AZ0404023	System Improvements	Project will replace old service lines and meters.	003 2020	\$618,377.00	75%
2	Lyn-Lee Water Company	90	Pima	AZ0410007	Water Storage	The system is in need of water storage and electrical updates to comply with ADEQ.	010 2020	\$40,000.00	85%
3	<sup>1</sup> Mayer Domestic Water Improvement District	1,400	Yavapai	AZ0413039	Mayer DWID Improvement Projects	The system is aging and facing serious infrastructure deficiencies. This loan will address the following: relocate and upgrade water mainlines; install 4-5 new storage tanks; upgrade the booster stations; replace 700 meters; and construct an arsenic blending station.	005 2020	\$5,000,000.00	75%
4	<sup>1</sup> Tonto Village Domestic Water Improvement District (TVDWID)	256	Gila	AZ0404023	TVDWID Purchase of TVWC Water System	This loan is to secure funds to purchase the Tonto Village Water Company.	004 2020	\$410,200.00	75%

PPL Rank	Applicant	Population	County	PWS Number	Project Name	Description	Project Number	Amount Requested	Subsidy
5	<sup>1</sup> Rim Trail DWID	250	Gila	AZ0404035	Addition of third well and replacement of all water meters to AMR technology	Meters were installed 70 years ago. Additionally, the SWTP suffers from turbidity problems. This project would resolve these issues by purchasing and outfitting another well and replacing meters.	006 2020	\$140,000	80%
6	Appaloosa Water	500	Yavapai	AZ0413208	Operational Equipment Upgrades	Project is to replace existing well meters, purchase a stronger well pump, and clean and coat the storage tank.	007 2020	\$350,000	85%
7	White Mountain Apache Housing Authority	2,125	Navajo	090400076	Apache Pine Phase 1	The Tribe has an acute housing shortage for its tribal members and has a waitlist of approximately 1500 families. Funds will be used to connect the water system's existing nearby distribution mains to 28 new housing units for low-income families.	001 2020	\$1,321,949.00	85%
8	<sup>2</sup> Queen Creek, Town of	83,000	Maricopa	AZ0407033	Queen Creek Groundwater Extinguishment Credit Acquisition	Based upon current system demand and available water resources, Queen Creek has a current water resource deficit of approximately 5,300 AF. Queen Creek is requesting funding for the purchase of extinguishment credits which would enhance and diversify Town's water supply to help meet demand.	012 2020	\$50,000,000	90%

**Total:** **\$57,880,526**

<sup>1</sup> Eligible for disadvantaged community designation

<sup>2</sup> Potential equivalency project

**Section 44: IUP Includes Set-Asides Taken and Authority to be Banked if Applicable**

See Sources and Uses Table for Set-Aside budgeted for FFY 2019.

**Section 45: IUP Includes Uses of the Set-Aside Funds and Expected Timeline of Expenditure**

Section 10 describes the uses of the set-aside funds. ADEQ provides a timeline in a separate work plan for their portion.

**Section 46: IUP Includes Expected Outcomes of the Set-Aside Funds**

Provided by ADEQ under separate cover.

## Exhibit 1 – WIFA’s SFY 2020 Marketing Strategies

### Programs/Initiatives

- **Communities between 50,000 and 150,000 persons**

An Arizona statute will be amended in August 2019. Previously this statute required cities and towns with populations greater than 50,000 to obtain voter approval for WIFA debt, while cities and towns with populations of 50,000 and under could borrow from WIFA without an election. These smaller cities and towns could obtain debt authorization through their city/town councils. The 2019 amendment changes the population threshold to 150,000. With this amendment, eight additional cities can now more affordably and easily pursue WIFA financing. WIFA has developed a plan to outreach specifically to these eight cities, with targeted strategies based on each city’s unique circumstances.

- **Redesigned Technical Assistance Program**

In SFY 2019, WIFA redesigned its Planning and Design Technical Assistance Program. The redesigned program helps water and wastewater facilities develop, fund and implement capital improvement projects. Awards are made to small or disadvantaged systems that need assistance in completing the design phase of an infrastructure project, or any system that needs support to comply with federal requirements. Funds are available for projects to be funded with a WIFA construction loan. WIFA contracts directly with the engineer or other consultant to negotiate a scope of work, time frame and cost. This is intended to ensure projects funded through the Technical Assistance Program move forward to infrastructure construction. In SFY 2020, WIFA will enter into agreements with the councils of government (COGs). The COGs will serve as a resource to WIFA’s borrowers by assisting them with Davis-Bacon compliance.

- **Longer loan terms**

A recent change to WIFA policy established the standard loan term to be 30 years (not to exceed the useful life of the facilities financed). WIFA is promoting this as it makes WIFA loans more attractive and affordable to wastewater utilities.

- **CIP Financing**

WIFA is marketing its ability to fund a utility’s entire CIP, through “CIP Financing” loans. This type of financing provides a stable, predictable funding source for the municipality, as well as a simplified application process. For WIFA, these CIP Financing loans provide a guaranteed source of regular disbursements that allow for reliable cash flow planning and reduces the risk of unliquidated obligations.

- **Expedited (Streamlined) Projects/Loans**

“Streamlined” projects are exempt from American Iron and Steel requirements and are categorically excluded from WIFA’s environmental review process (assuming all work is within the original footprint). Types of projects which are considered “streamlined” include: meters, generators, pumps and drinking water treatment systems (for example, arsenic).

### Approaches

In addition to WIFA’s regular marketing strategies (press releases, e-mails to distribution list, Website, factsheets or flyers, communications with RWIC partners and regulatory agencies, social media, workshops, webinars, presentations (consultants, conferences, etc.), and occasional booths), the following approaches are planned for SFY 2020.

**1. Focus Group Outcomes**

In March 2018, in conjunction with EPA Headquarters contractor, WIFA conducted an online survey of current SRF borrowers, consultants, and communities that had never borrowed from WIFA. A focus group is scheduled for May 2019 to follow up on the survey results. WIFA will use the outcomes from the focus group to re-evaluate its offerings, adapt its marketing plan to emphasize the most effective marketing messages, and reach out to participants.

**2. One on One Meetings with Potential Borrowers**

WIFA staff frequently meet with potential borrowers to discuss specific projects and financing options. Materials are prepared to address the communities' unique needs and incentives that WIFA may be able to offer. In addition to offering these meetings to communities who contact WIFA, staff will also use this approach to provide outreach to the eight cities affected by the statute change as discussed above.

**3. Brand Refresh and Digital Modernization**

In coordination with an office move scheduled for June 2019, WIFA will commence refreshing its brand identity and websites. The updated website materials will focus on usability and proper content management. Implementing analytic tools into WIFA's digital strategy will provide more insight into the effectiveness of marketing and provide WIFA with the ability to routinely evaluate and adapt marketing strategies.