

CLEAN WATER

State Revolving Fund

Intended Use Plan and Priority List for Fiscal Year 2019

Oct. 1, 2018 through Sept. 30, 2019

Approved by the Missouri Clean Water Commission - Oct. 18, 2018



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES

Table of Contents

Clean Water State Revolving Fund Helps Missouri Communities	1
Success Story: Liberty	3
Map of Clean Water SRF Funding Totals by County	8
Success Story: Wellsville	10
Appendix One: SRF Application Process and Requirements	13
Appendix Two: Project Lists and Financial Tables	16
Appendix Three: SRF Program Administration	29
Appendix Four: Other State-Funded Grant and Loan Programs	33
Appendix Five: EPA Requirements and Assurances	34

Cover photo is the City of Kirksville's new clarifier, courtesy of Matt Suhadolc of Klingner and Associates. Photo on page 3 is the City of Liberty's construction of aerobic sludge digester at Liberty Wastewater Treatment Facility. DNR photo by Cynthia Smith.

Photo on page 10 is the Submerged Attached Growth Reactor at completion. Photo was taken by Philip Wilson of SKW, Inc.

Clean Water State Revolving Fund helps Missouri communities

Since 1989, the Clean Water State Revolving Fund has committed approximately **\$2.8 billion** in below-market rate loans and approximately **\$87 million** in grants to meet Missouri's wastewater infrastructure needs, saving 609 Missouri cities, counties, sewer districts and others more than **\$1 billion**.

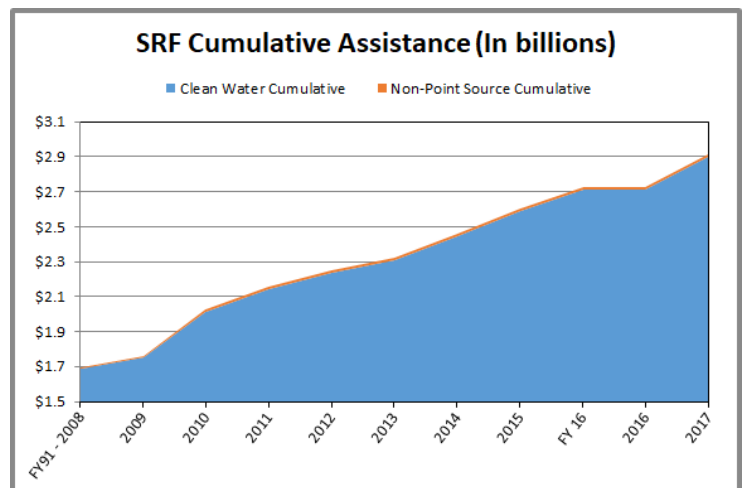
Approximately **\$22.3 million** has been obligated to nonpoint source projects through the Clean Water SRF since 1989. Farmers, livestock producers, watershed organizations, cities, rural homeowners and others have benefited from these loans and grants.

Missouri communities, public sewer districts, farmers, livestock producers, watershed organizations and others have benefited from the federal and state capitalized, low-interest loan program. Projects may be new construction or the improvement or renovation of existing facilities.

In addition to providing substantial savings to communities across Missouri, Clean Water State Revolving Fund loans help to protect human health, water quality and the economic viability of our communities. The projects funded are designed to reduce or eliminate polluted wastewater discharges, rehabilitate decaying collection systems, consolidate on-site systems into new collection systems or recycle treated wastewater.

To further maintain the health of Missouri's waters, the program may also fund eligible projects to reduce polluted runoff from urban and agricultural land, including urban stormwater control, agricultural best management practices implementation, forest and stream bank erosion control, wetland construction and maintenance, water and wastewater efficiency, energy efficiency and innovative green projects.

Missouri's Clean Water State Revolving Fund "revolves" because loan repayments and investment earnings are continually recycled to fund new projects. In addition to the revolving nature of the fund, the ongoing commitment of federal funds and a financing strategy that provides loans at 30 percent of the market interest rate form the foundation for this successful program.



Besides financial savings, funding recipients can realize significant environmental benefits and stimulate the local economy.

To date, the Department has received requests for 39 projects totaling more than **\$296 million** for fiscal year 2019. For a complete listing of fiscal year 2019 projects, see the List of Fiscal Year 2019 Applicants in Appendix 2.

Missouri’s Clean Water State Revolving Fund Program

The Missouri Department of Natural Resources administers the Clean Water State Revolving Fund. As a condition of a federal agreement with the U.S. Environmental Protection Agency, the Department must submit an annual plan for the use of federal funds awarded and a strategy for managing the program in accordance with the Clean Water Act Section 606(c). This Clean Water SRF Intended Use Plan is the annual plan for fiscal year 2019.

Operation and management of Missouri’s Clean Water SRF program is directed by regulations 10 CSR 20-4.010, 10 CSR 20-4.040 through 10 CSR 20-4.042 and 10 CSR 20-4.050 s1.sos.mo.gov/cmsimages/adrules/csr/current/10csr/10c20-4.pdf.

The Department continues to refine and evaluate the program to ensure it provides a stable source of funding for clean water infrastructure projects well into the future. The Department reserves the right to refinance, assign, pledge or leverage any loans originated through the Clean Water SRF program.

This Intended Use Plan summarizes the development and management of the Clean Water State Revolving Fund priority lists and assurances required by federal mandates. It also details the proposed distribution of Missouri’s anticipated Clean Water State Revolving Fund capitalization grants, state

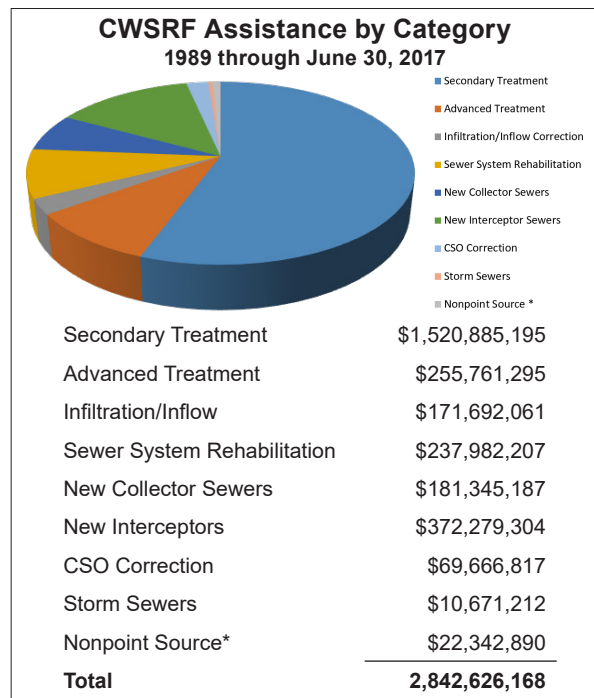
match funds, the repayments of previously awarded loans and the interest earnings from the repayment account deposits for fiscal year 2019.

During the 2017 reporting period, the Missouri Clean Water State Revolving Fund:

- Received federal capitalization grants totaling almost \$44.5 million
- Awarded 10 direct loans totaling almost \$177 million*
- Awarded six grants totaling over \$7 million*
- Saved Missouri communities and citizens an estimated \$62.6 million in interest

The Clean Water State Revolving Fund loan program was established by the 1987 Clean Water Act amendments to provide a renewable financing source for statewide wastewater infrastructure and runoff control while protecting state surface and ground waters.

*Several projects included in the current reporting period (Oct.1, 2016 – Sept. 30, 2017) were also included in the 2018 IUP funding summary on page 2.



Missouri Clean Water State Revolving Fund Finances Its First Design-Build Project for the City of Liberty's New Wastewater Treatment Facility



One of the oldest cities west of the Mississippi, the charming and historic City of Liberty is home to nearly 30,000 Missourians and growing. To accommodate growth and manage rising utility costs, the City of Liberty built a new state of the art, 5 million gallons per day activated sludge, bio-phosphorus and nitrogen reduction wastewater treatment facility.

Previously, the city sent their wastewater to Kansas City's Birmingham Wastewater Treatment Facility. In 2010, Kansas City adopted an Overflow Control Plan in response to a Consent Decree regarding the city's combined sewer overflows. This plan projected serious rate increases for the City of Liberty, so the city created a Utility Task Force that hired an engineering firm to create a Feasibility Study to analyze possible solutions for the city. The study recommended that the city construct their own wastewater treatment facility because it would be more cost effective in the long term and allow the city to manage its future growth more effectively.

The City of Liberty applied to the Missouri Department of Natural Resources' Financial Assistance Center and was awarded a \$79 million low-interest clean water loan through the Clean Water State Revolving Fund (CWSRF) Program. Using the low-interest financing from the Department would save Liberty's citizens about \$24.3 million over the twenty-year life of the loan, compared to conventional financing.

*The SRF loan will save Liberty's citizens an estimated **\$24.3 million** over the twenty year life of the loan, compared to conventional financing.*

The city selected design-build as their project delivery system. In a design-build project, the project owner contracts with a single design and construction team. In a traditional project, the owner manages separate contracts for design and construction. Some of the potential advantages of design-build include quicker project delivery with fewer changes, claims, and litigation; enhanced project coordination; and firm costs. Prior to the Liberty wastewater project, the Missouri CWSRF program funded only approved projects using a traditional project delivery system. The SRF regulations had no provisions for Design-Build projects. However, in August of 2014, the City of Liberty received a variance from the Missouri Clean Water Commission allowing their project to become the department's first project to use the design-build process.

Liberty's construction project began in May of 2015; the treatment facility became operational in late 2016. The facility has received a Design-Build Institute of America 2017 National Award for Merit in water/wastewater and it was named 2017 Project of the Year by the Design-Build Institute of America-Mid-America Region.

Types of projects eligible for funding

Traditionally, the Clean Water State Revolving Fund Program dollars have helped municipalities build or improve wastewater treatment plants. However, conservation, agricultural and urban projects can now be funded through the Clean Water State Revolving Fund. These types of projects include urban runoff, wet weather flow, storm water and sewer overflows, water reuse and conservation and alternative treatment projects.

Wastewater projects may include the following:

- New treatment plants
- Treatment plant improvements and upgrades
- Sewer line extensions to existing unsewered properties
- Sewer rehabilitation
- Combined sewer overflow and sanitary sewer overflow corrections
- Stormwater

Nonpoint source projects may include the following:

- Wetland protection and restoration measures
- On-site sewage disposal systems where existing systems are failing
- Best management practices for agriculture and stormwater runoff
- Riparian buffers and conservation easements
- Wellhead and source water protection measures
- Addressing water quality problems at Brownfield sites

Projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities

are eligible for funding under Green Project Reserve. See page 12 for more information.

How much money is available in fiscal year 2019?

During fiscal year 2019, Missouri expects to have over \$403 million available for new Clean Water SRF projects. This includes carry-over monies from previous years, loan repayments, interest earnings on investments of Clean Water SRF resources and federal capitalization grants and state match. Project lists are in Appendix 2, and information on the targeted funding is in Appendix 5.

Who is eligible for funding?

- Missouri cities, towns, counties, regional sewer/water districts, water authorities and instrumentalities of the state are eligible for wastewater and nonpoint source loans.
- Private and nonprofit facilities, citizens groups and individuals are eligible for nonpoint source loans.

Loan Terms

- The Clean Water SRF offers a fixed-rate loan with a typical term of 20 years.
- Interest rates are generally only 30 percent of the AAA municipal market rate.
- Annual fee of 0.5 percent of outstanding loan balance for administration costs.
- Short-term loans of one to three years are also available.
- Loan proceeds are to be expended within 36 months of the loan closing.

Applying for State Revolving Fund Assistance

The Missouri Department of Natural Resources solicits applications for the State Revolving Fund program each year:

- An eligible entity can submit an application at any time to the Department. Applications received postmarked by November 15 will receive priority consideration for funding in the next fiscal year's Intended Use Plan.
- The application form is available at dnr.mo.gov/env/wpp/srf/wastewater-project-guidance.htm.
- A complete facility plan and a voter-approved bond or other debt instrument are required for Clean Water SRF loan consideration. (A debt instrument includes general obligation and revenue bonds.)
- Potential applicants are encouraged to contact the Financial Assistance Center prior to submitting an application.

Additional information is available in Appendix 1.

For more information, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Our partners

The success of Missouri's Clean Water SRF program is enhanced by the partnerships formed to deliver the programs:

- The Environmental Improvement and Energy Resources Authority (EI ERA) issues bonds, manages related tax issues and monitors post-issuance compliance, while the Department of Natural Resources handles program prioritization, project management, permitting, environmental review and EPA compliance. The Missouri Clean Water Commission, the Department and EI ERA work together to maximize the amount of construction that can be supported by the Clean Water SRF.

- The Missouri Water and Wastewater Review Committee reviews applications for projects requesting state or federal funds to finance water or wastewater system improvements. Agencies represented on the committee include the Missouri Department of Economic Development Community Development Block Grant Program, the Missouri Department of Natural Resources and the U.S. Department of Agriculture, Rural Development.
- The Missouri Department of Agriculture oversees a loan program funded by the Clean Water SRF for the construction of animal waste treatment facilities. Loans for animal waste treatment facilities are awarded to the Missouri Agriculture and Small Business Development Authority, which in turn loans the funds to livestock and dairy producers for animal waste treatment facilities. For information on the Animal Waste Treatment System Loan Program, call 573-751-2129.

Want to save money and improve the quality of life in your community at the same time? Take advantage of our financing strategy that provides loans at 30 percent of the market interest rate. Call 573-751-1192 or email fac@dnr.mo.gov today.

Missouri's Clean Water State Revolving Fund Program goals

Each year, the Missouri Department of Natural Resources evaluates the operations and the financial structures of the Clean Water SRF to gauge program effectiveness and to improve program services and investment returns. The Department develops both long-term and short-term goals to continually improve the program:

Long-term goals:

- Promote coordination efforts both within and outside the agency for the purpose of expediting project funding. The Clean Water SRF program staff commit to work with the U.S. Department of Agriculture Rural Development and the Department of Economic Development Community Development Block Grant program to provide affordable financing for municipal pollution prevention and control projects.
- Pursue more holistic regional and watershed-based solutions that address both point and nonpoint source pollution problems and opportunities to use distributed wastewater treatment options where they could be applied.

Short-term goals:

- Continue the Clean Water State Revolving Fund state regulations review and revision process. The rule changes are needed to implement recent revisions in federal law.
- Target available loan funds to high priority needs in accordance with the Intended Use Plan Priority List to encourage construction of the highest impact water quality improvement projects.
- Continue marketing to increase use of the Clean Water SRF program by communities.
- Continue to identify projects that qualify for green project reserve funding, in accordance with federal guidance.

Other state grant and loan programs

Pending sufficient state revenue sources, Small Community Engineering Assistance Program grants, Small Borrower Loans and Rural Sewer Grants may also be available.

Small Community Engineering Assistance Grants: The Small Community Engineering Assistance Program grants are available for municipalities, counties, public sewer

or water districts, political subdivisions or instrumentalities of the State with a population of fewer than 10,000. The grants offer funding for wastewater engineering costs incurred in preparation of a facility plan. Communities may be eligible to receive an 80 percent grant with a 20 percent recipient match. The grant amount does not exceed \$50,000.

Small Borrower Loan Program: This program is limited to communities with a population of fewer than 1,000. The loan amount is limited to \$100,000. Loans can be secured by a bond issue or can be annually appropriated debt. This program was established with water pollution control bonds and continues with state direct loan repayments. This small revolving fund is state-funded exclusively and is not a part of the State Revolving Fund. The funds can be used for either drinking water or clean water needs.

Rural Sewer Grants: Public sewer districts, public water districts and communities with a population of fewer than 10,000 may be eligible for rural sewer grants. These grants cover up to 50 percent of the eligible costs of a project up to a maximum of \$500,000 or \$3,000 per connection, whichever is less. There are restrictions on geographic location within Missouri and the types of projects that the grants can fund.

Information on Small Community Engineering Assistance Grants and Rural Sewer Grants is available at dnr.mo.gov/env/wpp/srf/wastewater-grants.htm. Information on Small Borrower Loans is available at dnr.mo.gov/env/wpp/srf/wastewaterloans.htm. Also, see Appendix 4.

To apply for these other state loans and grants, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

What are the terms of the financial assistance we provide?

The Clean Water State Revolving Fund offers a fixed-rate loan with a target interest rate of 30 percent of the market rate and a typical term of 20 years. Short-term loans of one to three years are also available. Loan proceeds are to be expended within 36 months of the loan closing.

In accordance with state regulation 10 CSR 20-4.040, the interest rate is based on The Bond Buyer 25-Revenue Bond Index, which provides an estimate of the yield on a 30-year revenue bond offered under current market conditions. The rate is comparable to a AAA-rated municipal market rate.

The Missouri Department of Natural Resources charges an annual fee of 0.5 percent of the outstanding loan balance. The fee is used to administer the Clean Water SRF program and to fund other water quality activities in accordance with federal regulations.

The Water Resources Reform and Development Act of 2014 amended the Clean Water Act such that the Department may consider Clean Water SRF loan terms of up to 30 years, not to exceed the useful life of the project. The Department will evaluate any applicant's proposal for extended term financing using the Project Useful Life Worksheet at dnr.mo.gov/env/wpp/srf/wastewaterloans.htm.

Specifically, what pieces of my project can be funded?

Eligible expenses and allowable construction costs are described in state regulations that direct operation and management of Missouri's Clean Water SRF program. Examples include engineering costs for planning, design and construction as well as costs to construct or

rehabilitate collection and treatment structures and systems. A full list is available in 10 CSR 20-4.010, 10 CSR 20-4.040 through 10 CSR 20-4.042 and 10 CSR 20-4.050 at s1.sos.mo.gov/cmsimages/adrules/csr/current/10csr/10c20-4.pdf.

For more information, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

How do we distribute Clean Water State Revolving Funds?

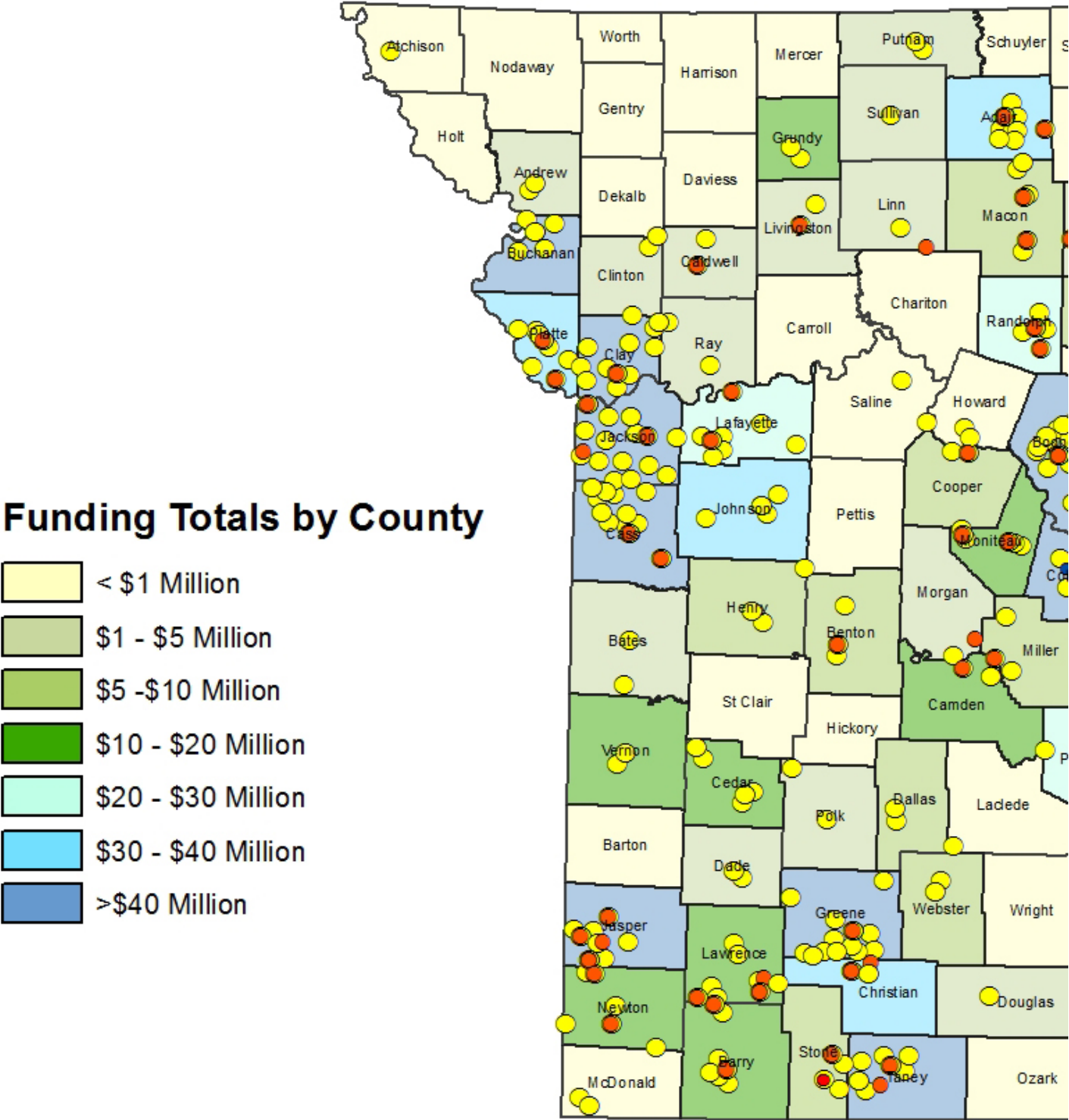
Fundable projects carried over from the previous fiscal year are allocated available funds first. The Department then allocates a certain percentage of available funding for certain size communities or for high priority project types, such as Combined Sewer Overflows. Funds set aside for this reserve are based on a percentage of the anticipated available funds, the number of applicants ready to proceed and departmental priorities.

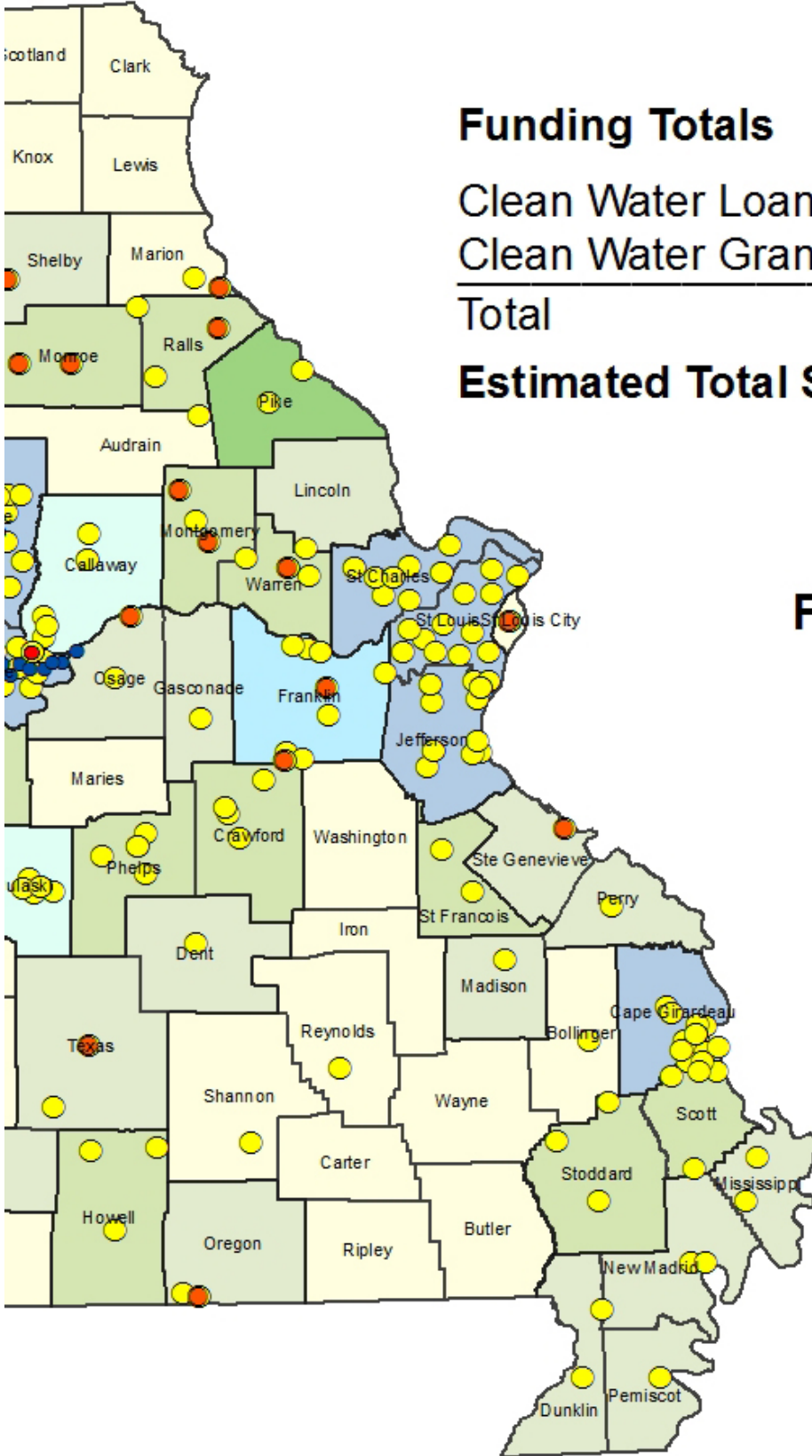
The funds are allocated as shown below:

- 40 percent to Outstate Missouri (fewer than 75,000 people)
- 30 percent to Large Metropolitan Areas and Districts (75,000 or more people)
- 15 percent to address Combined Sewer Overflow projects
- 15 percent to Green Project Reserve and Department Initiatives

Any uncommitted funds from a specific group may be distributed to fund projects in other groups that are ready to proceed. Additional information is in Appendix 2.

Clean Water SRF helps Missouri communities





Funding Totals

Clean Water Loans \$2.8 Billion

Clean Water Grants \$86.9 Million

Total \$2.9 Billion

Estimated Total Savings - \$1.1 Billion

Funding Type

- Loan
- Grant
- Multi-County Loan
- Multi-County Grant

Wellsville rehabilitates treatment plant, protecting water quality



Founded in the mid-nineteenth century, the City of Wellsville displays quaint, old-world features, with many downtown buildings constructed of bold red Wellsville Fire Brick. The city is home to approximately 1,200 Missourians within one-and-a-half square miles. Prior to undertaking an ambitious capital improvement project, the city faced two problems: its wastewater treatment facilities had not been able to

consistently meet ammonia limits, which threatened wildlife, and this shortcoming could potentially lead to compliance issues with their Missouri State Operating Permits.

The city studied its options, and after considering several alternatives, decided the most cost-effective solution would be to improve treatment at the east facility, repurpose the southwest facility, replace an aging lift station for pumping wastewater from the collection system to the rehabilitated facility, construct a new Submerged Attached Growth Reactor (SAGR) wastewater treatment system at the east facility remaining in operation for treatment, and create a space for the installation of a disinfection system that may be necessary in the future in order to ensure compliance with new permit limits and protect water quality.

While these upgrades were selected as the most cost-effective, they were still costly. The city applied to the Department of Natural Resources' Financial Assistance Center for a low interest loan through the Clean Water State Revolving Fund (CWSRF) Program. After reviewing the proposed project, the Department awarded the city \$1.5 million in grant funding, through the Rural Sewer Grant and CWSRF programs. A \$500,000 CWSRF loan, with interest rate at 30% of the market value, completed the funding package. Securing this funding from the Department would save the residents \$2,055,159 in principal and approximately \$190,000 in interest costs over the 20-year life of the loan, when compared to conventional financing.

After just one year of construction, the upgrades were completed in January of 2018. The project also included a survey of the entire system so that the city can plan for future pipe rehabilitation. Making these upgrades helps the system maintain compliance with regulations by improving the water quality for effluent discharged to White Oak Creek, and protects public health by eliminating discharges to Coal Branch Stream. The city accomplished its goals of enhancing wastewater treatment, and planning for the future, with minimal cost to residents—a triumphant success story.

Project Priority List: Ranking wastewater and nonpoint source projects

The Department ranks projects for funding based on human health protection, compliance with the Clean Water Act, Missouri Water Quality Standards and Antidegradation Policy and Missouri's Nonpoint Source Management Program.

Proposed water quality projects receive points based on how they address watershed planning, failing on-site wastewater disposal systems, agriculture best management practices and more. A complete list and points awarded for each criterion are available at s1.sos.mo.gov/cmsimages/adrules/csr/current/10csr/10c20-4.pdf.

Projects being funded in fiscal year 2019

The list of projects being funded in fiscal year 2019 is ranked by priority in Appendix 2 and at dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm.

Funding process

The Missouri Department of Natural Resources will review the proposed project based on Clean Water State Revolving Fund eligibility requirements. After application, each project undergoes a technical, environmental, and financial review. If the proposed project is an eligible project, it will be added to the Clean Water State Revolving Fund Project Priority List.

The Project Priority List includes several types of projects:

- **Fundable projects** have a complete facility plan and a voter-approved bond or other debt instrument in place. (A debt instrument includes general obligation and revenue bonds.) These projects are scheduled for financial assistance during the current

fiscal year, and funds are available to be allocated to the project.

- **Contingency projects** fall into one of two categories: Fundable Contingency List or Contingency List. A fundable contingency project has a complete facility plan with an approved debt instrument in place, but sufficient SRF funding is unavailable, or the project is not expected to need funds in the current fiscal year. These projects may receive assistance if funds become available during the fiscal year. Contingency List projects have a complete facility plan but do not have an acceptable debt instrument in place. For these projects to move forward, a voter-approved bond or other debt instrument must be secured.
- **Planning projects** have submitted an application but may not have submitted a facility plan and/or do not have a voter-approved bond or authorization to incur debt. The Department works with these communities to assist them in meeting criteria necessary to be ready to proceed. Once the criteria are met, the project may be moved to the fundable list.

The Missouri Department of Natural Resources monitors project compliance and administers financial assistance for funded projects. This includes quarterly construction inspections, processing pay requests and reviewing change orders for funding eligibility.

Additional Subsidization

The department has revised its affordability criteria and published a revised policy to comply with changes made in 2014 to the Clean Water Act. It provides Clean Water SRF grants to communities based on the project's affordability utilizing the Clean Water SRF Grant Eligibility Evaluation form and the availability of grant funding. The policy is available at dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm. More detail is included in Appendix 5.

Modifications to Project Priority List

After the Missouri Clean Water Commission adopts the Clean Water SRF priority lists, it may modify the lists or redistribute the available funds in accordance with 10 CSR 20-4.010.

- **Inadequate allocations:** If federal Clean Water SRF allocations are less than the allocations anticipated, or if previous allocations are reduced, it may be necessary to reduce commitments to projects on the priority list.
- **Unanticipated or uncommitted funds:** The availability of unanticipated or uncommitted funds can result in a project moving from the contingency list to the fundable list. Additionally, the amount of funds allocated to projects on the fundable lists may increase or projects that have already received assistance may receive increased assistance.
- **Bypass:** A project on the fundable priority list that is not making progress in satisfying requirements for Clean Water SRF assistance will be removed from the fundable priority list. The project is then placed on contingency or planning priority list as decided by the commission.
- **Project removal:** Projects may be removed from the priority list at the request of the applicant or by a finding by the Department of Natural Resources that the project is ineligible for Clean Water SRF assistance.

Before taking action to modify the Project Priority List, the Department notifies those projects directly affected.

Where the money comes from

Missouri applies to the U.S. Environmental Protection Agency annually for a capitalization grant to fund its Clean Water SRF program. To increase available funds, the state leverages its EPA capitalization grants in the municipal bond market. These funds are combined with the required state match and interest earnings and then made available to Missouri communities in the form of low-interest loans. As the loans are repaid, the money is reused (revolved) by the State Revolving Fund to provide for future projects.

Project lists are in Appendix 2, and information on the targeted funding is in Appendix 5.

Department Initiatives

Clean Water SRF grant funding is available in FY 2019 with a total of \$500,000 available in the form of grant to any qualified nonprofit entity to provide assistance to owners and operators of small and medium publicly owned treatment works (A) to plan, develop, and obtain financing for eligible projects under this subsection, including planning, design, and associated preconstruction activities; and (B) to assist such treatment works in achieving compliance with the Clean Water Act pursuant to Water Resources Reform and Development Act, Section 603(c) (11). Awards will be made for projects that contribute to the Department's strategic priorities and offer a concept or services not otherwise offered by the Department.

Green Project Reserve

A portion of certain capitalization grants is to be used for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. See Appendix 5 for additional information.

Department staff will work directly with applicants prior to funding to identify projects with Green Project Reserve (GPR) components. Additional information is in the Clean Water State Revolving Fund Loan Application Instructions online at dnr.mo.gov/pubs/pub2284.pdf.

Program commitments and state assurances

The Missouri Department of Natural Resources makes a number of program commitments and state assurances related to managing the Clean Water SRF.

See Appendix 5 for a list of these commitments and assurances.

Appendix One:

SRF Application Process and Requirements

How to complete a Clean Water SRF application

The application form, instructions and guidance documents are available at dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm:

1. Potential applicants are encouraged to contact the Missouri Department of Natural Resources prior to submitting an application dnr.mo.gov/forms/780-1951-f.pdf. You can reach the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.
2. Submit a Water Quality Review Assistance/Antidegradation Review Request dnr.mo.gov/forms/780-1893-f.pdf to the Department and include the review request form and the department's response in the facility plan.
3. In addition to the review request form, the applicant may need additional attachments, available at dnr.mo.gov/env/wpp/permits/antideg-implementation.htm.
4. Complete a Facilities Plan Submittal Checklist dnr.mo.gov/forms/780-2041-f.pdf.

Two additional guidance documents may be helpful:

- Clean Water State Revolving Fund Project Facility Plan Guidance dnr.mo.gov/pubs/pub2418.htm
- Environmental Protection Agency 2012 Green Infrastructure Guidance epa.gov/cwsrf/green-project-reserve-guidance-clean-water-state-revolving-fund-cwsrf

Facility plans without the review request form, the department's response to the review, and the Facility Plan Submittal Checklist are not complete. Funding for applications submitted with an incomplete facility plan may be delayed until the facility plan is Department approved. The Financial Assistance Center assists communities with project readiness.

Clean Water SRF applicants are strongly encouraged to retain the services of a registered municipal financial advisor. The U.S. Securities Exchange Commission rules provide the definition of individuals who are considered municipal advisors. It also provides guidance as to the scope of services and activities they provide, and, most importantly, it requires municipal advisors, including those acting as financial advisors, to be registered with the Securities Exchange Commission.

If you have questions or need assistance, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Description of assistance

For projects listed in this plan, the Clean Water SRF assistance is in the form of loans with a target interest rate of 30 percent of AAA municipal market rate and an annual fee of 0.5 percent on the outstanding loan balance. Short-term loans are for a one- to three-year period. Long-term loans currently are fixed-rate loans typically for 20 years or upon approval, up to 30 years or the expected useful life of the project. Additional subsidization in the form of grants may be provided in accordance with current federal appropriations if available.

Carry-over projects

Unfunded projects that filed an original application by Nov. 15, 2016, were automatically carried into the fiscal year 2019 Intended Use Plan unless the Missouri Clean Water Commission bypassed or removed the project, or the proposed loan recipient has requested to be removed.

State regulation establishes Nov. 15 as the annual submittal deadline for applications to participate in the programs during any fiscal year. However, applications will be accepted and processed at any time. Potential applicants are strongly encouraged to contact the Department prior to submitting an application; call 573-751-1192 or email fac@dnr.mo.gov.

State regulation 10 CSR 20-4.040 establishes that applications are valid for two plan cycles. Those projects not meeting program criteria within the allotted two-year cycle will have their allocated funds released and reallocated to other projects. Reapplication to the program is possible at the end of the two-year cycle, but a project's position on a fundable, contingency or planning list may change with each subsequent application.

Projects carried over from the 2018 Intended Use Plan remain eligible for the 2019 fiscal year and retain the points they received under the criteria in effect at the time they initially applied. Carry-over projects in the fiscal year 2019 Intended Use Plan must reapply by November 15, 2018 in order to compete for eligible funding in the fiscal year 2020 Intended Use Plan.

Funding List

Fundable Projects Lists identify those projects the Missouri Clean Water Commission intends to fund during a given fiscal year. Prior to or concurrent with completion and submittal of a facility plan, the applicant should obtain a water quality/antidegradation review from the Department. An entity seeking to have a project placed on one of the fundable lists must have submitted a complete facility plan and documentation that the public entity has an appropriate debt instrument in place. A debt instrument includes, but is not limited to, general obligation bonds or revenue bonds.

The Fundable Projects List is composed of four separate lists:

- Outstate Missouri Fundable Projects List
- Large Metropolitan Areas and Districts Fundable Projects List
- Combined Sewer Overflow Fundable Projects List
- Department Initiatives

Coordination

Except for projects funded solely through the Clean Water SRF, all applicants anticipating the use of other state or federal funds must complete a Missouri Water and Wastewater Review Committee project proposal. The applicant should contact the committee for a complete project proposal package. The Missouri Water and Wastewater Review Committee members represent the following agencies:

Denise Derks
Missouri Department of Economic Development
Community Development Block Grant Program
301 W. High St., P.O. Box 118
Jefferson City, MO 65102
Telephone: 573-751-3600

Laura Richardson
Missouri Department of Natural Resources
Financial Assistance Center
1101 Riverside Dr., P.O. Box 176
Jefferson City, MO 65102
Telephone: 573-751-1192

Leann Gleason
U.S. Dept. of Agriculture, Rural Development
601 Business Loop 70 West, Parkade Center, Suite 235
Columbia, MO 65203
Telephone: 573-876-0995

Appendix Two:

Project Lists and Financial Tables

Sources and Uses of Funds

The Clean Water SRF program expects to have over \$403 million available for financing during this fiscal year. The estimate includes carry-over monies from previous years, repayments, interest earnings on investments of Clean Water SRF resources, federal capitalization grants and state match.

Funds are allocated to projects that are on a Fundable List as approved by the Clean Water Commission. The amount of funds made available through this Intended Use Plan may be revised at any time due to changing economic conditions.

The Missouri Department of Natural Resources will use 4 percent from the federal capitalization grant and fees charged to Clean Water SRF recipients for program administration.

The estimated sources and anticipated uses of funds can be found in the following table. The amounts reflected are as of Dec. 31, 2017.

**Sources and Uses of Funds
Capitalization Grants and Loan Repayments
(As of Dec. 31, 2017)**

Estimated Sources		
FFY 2017 CW SRF Capitalization Grant (federal portion only)	\$	29,800,582
FFY 2018 CW SRF Capitalization Grant (federal portion only, not yet awarded)	\$	44,495,000
Loan Repayment Fund (Balance in Fund 0602 as of 12/31/17)	\$	215,493,645
Balance of Fund 0649 as of 12/31/17	\$	1,308,678
Projected Savings from Bond Refinancing (1/1/18 - 9/30/20)	\$	8,968,577
Estimated CWSRF portion of Fund 0602 Investment Interest (1/1/18 - 9/30/20)	\$	6,217,075
Estimated CWSRF portion of Fund 0649 Investment Interest (1/1/18 - 9/30/20)	\$	39,700
Reserve Release (1/1/18 - 9/30/20)	\$	130,977,850
Direct Loans - Principal and Interest Repayments (1/1/18 - 9/30/20)	\$	166,174,689
State Match (Bond Sale or Admin Fee Transfer from Fund 0568) *	\$	26,697,000
Total Estimated Sources		\$ 630,172,796
Estimated Uses		
Base Program Funds Committed for Direct Loans as of 09/30/17	\$	139,009,921
Base Program Funds Committed for Direct Grants as of 09/30/17	\$	4,214,624
4% Administrative Expenses from FFY 2017 Capitalization Grant	\$	1,469,873
4% Administrative Expenses from FFY 2018 Capitalization Grant	\$	1,779,800
Match Bond Debt Service (A2010 and A2012)		
Remaining Principal Due as of 09/30/17	\$	4,896,000
Interest Due Through 9/30/2018	\$	122,400
Additional Match Bond Debt Service Due through FY 2018 **	\$	167,476
2010B and 2015A Pledge Commitments (10/1/17 - 9/30/20)	\$	21,553,325
Anticipated Direct Loans during FY 2018 (10/1/17 - 9/30/18)	\$	53,158,000
Anticipated Direct Grants during FY 2018 (10/1/17 - 9/30/18)	\$	-
FFY 2016 Capitalization Grant Additional Subsidization-Required	\$	1,225,926
FFY 2016 Capitalization Grant Additional Subsidization-Optional ***		Up to \$2,000,000
FFY 2017 Capitalization Grant Additional Subsidization-Required	\$	3,675,400
FFY 2017 Capitalization Grant Additional Subsidization-Optional ***		Up to \$2,000,000
FFY 2018 Capitalization Grant Additional Subsidization-Required	\$	4,449,500
FFY 2018 Capitalization Grant Additional Subsidization-Optional ***		Up to \$2,000,000
Loan Funds Available for FY 19 CW IUP Projects	\$	394,450,551
Total Estimated Uses		\$ 630,172,796

* \$8,899,000 in state match is estimated to be needed for the FFY 2018 capitalization grant. A bond sale is expected to provide the state match needed.

** Debt Service for the Match Bond Debt Service currently being funded from the Clean Water SRF program rather than state funds.

*** The department will utilize up to this amount. As grant funds are awarded, loan funds will be reduced accordingly. See Appendix 5 for more information.

Continued on Next Page

Loan and Grant Commitments 1/1/18 through 9/30/18	Loan	Grant	Total
Ashland - Funded 3/27/18	6,408,000	-	6,408,000
Center Creek 201 Board - Funded 09/28/18	2,750,000	-	2,750,000
MSD Gravois Trunk Sanitary Storage Facility	44,000,000	-	44,000,000
			-
Total Commitments 1/1/18 - 9/30/18	53,158,000	-	53,158,000

Project Lists

The list of fiscal year 2019 applicants appears on the following page. The list location column indicates the section of the project lists the application appears in. The project lists follow the list of applicants.

It is important to note:

- The fundable project lists may change significantly between the draft Intended Use Plan placed on public notice and the final version approved by the Clean Water Commission.
- The inclusion of a project on the fundable list is not a guarantee of funding. Other factors, such as timely progress toward funding, compliance with program requirements and funding availability, may impact project funding.
- Projects carried over from the 2018 Intended Use Plan remain eligible for the 2019 fiscal year and retain the points they received under the criteria in effect at the time they initially applied. Carry-over projects in the fiscal year 2019 Intended Use Plan must reapply by November 15, 2018 in order to compete for eligible funding in the fiscal year 2020 Intended Use Plan.

For more information on the Clean Water SRF Program, contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

List of Fiscal Year 2019 Applicants

Note: An explanation of the abbreviations and codes appears at the end of the list.

APPLICANT	APPLICATION DATE	PRIORITY POINTS	SERVICE AREA POP.	LIST LOCATION
Aurora - Phase II*	11/7/2016	105	7,508	Fund
Belle*	3/6/2017	115	1,545	C
Boone County RSD (Bolli Road Coll System)*	11/15/2016	85	37	P
Boone County RSD (Lee Heights)	11/14/2017	135	82	OS
Boone County RSD (Oberlin Valley)	11/14/2017	135	297	OS
Boone County RSD (Phenora North Coll System)*	11/15/2016	90	163	P
Carthage - WWTP Upgrades	2/20/2018	125	14,247	OS
Deer Run Reorganized Common Sewer District*	11/18/2016	90	385	P
Drexel	2/6/2018	85	965	OS
East Lynne*	2/21/2017	95	303	C
Garden City*	2/14/2017	60	1,642	Cont
Gravois Arm Sewer District - Phase 5*	11/16/2016	75	525	P
Greenfield	9/11/2017	95	1,500	OS
Labadie Creek Watershed Sewer District of Franklin County	11/14/2017	110	963	OS
LaGrange	11/7/2017	120	86	OS
Lancaster	4/3/2018	95	940	P
Lathrop*	10/25/2016	135	2,086	C
Liberal*	11/14/2016	75	759	P
Meadville*	10/11/2016	95	512	C
Miller	11/16/2017	90	725	P
Missouri Agriculture & Small Business Development*	10/25/2016	N/A	N/A	C
Missouri Public Utility Alliance-Resource Services Corporation	8/13/2018	N/A	N/A	DI
Moberly (Regional Lift Station)	11/15/2017	70	13,974	P
Moberly (Sewer Installation)	11/15/2017	70	13,974	P
Moscow Mills	11/17/2017	110	2,509	OS
MSD Public I/I Reduction Program - Phase 5	3/17/2017	155	1,300,000	C
MSD - Deer Creek Sanitary Relief	11/9/2017	140	30,000	LM
MSD - Deer Creek Tunnel Pump Station	11/9/2017	140	140,000	LM
MSD Public I/I Reduction Program - Phase 6	11/17/2017	175	1,300,000	LM
Northeast Public Sewer District Jefferson County	11/9/2017	140	30,166	OS
Peculiar*	11/17/2016	55	4,608	P
Perryville	10/27/2017	90	8,458	P
Poplar Bluff*	11/10/2016	105	17,023	C
Rolla	4/26/2018	85	20,000	P
Sunrise Beach*	11/16/2016	75	431	P
Troy*	11/16/2016	105	10,500	C
Urbana	12/26/2017	80	417	Cont
Weston*	11/15/2016	115	1,641	C
Windsor	2/22/2018	100	3,087	OS

An * indicates the project is carried over from last year's IUP.

Abbreviations and Codes

C – Carryover List	Fund – Fundable List
Cont – Contingency List	LM – Large Metropolitan Areas & Districts
CSO – Combined Sewer Overflow	OS - Outstate
DI - Department Initiatives	P – Planning List

Allocation of Available Loan Funding

It is important to note:

- * The fundable project lists may change significantly between the draft Intended Use Plan placed on public notice and the final version approved by the Clean Water Commission.
- * The inclusion of a project on the fundable list is not a guarantee of funding. Other factors, such as timely progress toward funding, compliance with program requirements and funding availability, may impact project funding.
- * Projects carried over from the 2018 Intended Use Plan retain the points they received under the criteria in effect at the time they initially applied. Carry-over projects in the fiscal year 2019 Intended Use Plan are not eligible to compete in the fiscal year 2020 Intended Use Plan unless reapplication is made by November 15, 2018.

Loan Balance Forward from Fundable Carry-over Project Lists		\$
Outstate Missouri (1)	40%	\$ 121,292,079
Large Metropolitan Areas and Districts (2)	30%	\$ 90,969,059
Combined Sewer Overflow (CSO)	15%	\$ 45,484,529
Department Initiatives	15%	\$ 45,484,529

- (1) Service area population of less than 75,000.
- (2) Service area population of 75,000 or more.

Financial Summary of the Fundable Projects Lists (loan funding only)

	Large				Total
	Outstate Missouri	Metropolitan Areas & Districts	Combined Sewer Overflow	Department Initiatives	
Loan Allocation	\$ 121,292,079	\$ 90,969,059	\$ 45,484,529	\$ 45,484,529	\$ 303,230,196
Total Projects (1)	\$ (48,711,970)	\$ (92,200,000)	\$ -	\$ -	\$ (140,911,970)
Balance Before Transfers	\$ 72,580,109	\$ (1,230,941)	\$ 45,484,529	\$ 45,484,529	\$ 162,318,226
Transfers	\$ 44,253,588	\$ 1,230,941	\$ (45,484,529)	\$ (45,484,529)	\$ -
	\$ 45,484,529			\$ (45,484,529)	\$ -
Total Transfers	\$ 89,738,117	\$ 1,230,941	\$ (45,484,529)	\$ (45,484,529)	\$ -
Balance Available (2)	\$ 162,318,226	\$ -	\$ -	\$ -	\$ 162,318,226
Amount Forward to Project Tables (3)	\$ 211,030,196	\$ 92,200,000	\$ -	\$ -	\$ 303,230,196

- (1) From the Project Lists on the subsequent pages.
- (2) Balance may be shifted to other categories to fund projects that are ready to proceed.
- (3) Amount equals the Allocation + Total Transfers.

Applicant	Project #	Description/ Needs Category	Priority Points	Service Area Population	Eligible Costs	Loan Amount	Grant Amount	NPDES #	Problem Code	Financing Schedule FY - Quarter
Fundable Contingency List (Complete Facility Plan Submitted and Approved Debt Instrument)										
Aurora - Phase II *	C295711-02	I	105	7,508	\$ 1,324,870	\$ 662,435	\$ 7,082,902	MO-0036757	5	19-2
Total Fundable Contingency Projects					\$ 1,324,870		\$ 6,420,467			

Contingency List (Complete Facility Plan Submitted)										
Garden City*	C295829-01	TP Impr	60	1,642	\$ 200,000	\$ 100,000	\$ 6,420,467	MO-0046647	5	20-4
Total Contingency Projects					\$ 200,000		\$ 6,320,467			

Planning List										
<i>Note: Information will be added to the shaded columns when the project moves to the fundable or contingency list.</i>										
Boone County RSD (Bollil Road Coll System) *	C295375-25		85	37	\$ 200,000					
Boone County RSD (Phenora North Coll System) *	C295375-24		90	163	\$ 198,090					
Deer Run Reorganized Common Sewer District *	C295815-01		90	385	\$ 1,808,100					
Gravois Arm Sewer District - Phase 5 *	C295826-01		75	525	\$ 2,420,000					
Lancaster	C295804-01		95	940	\$ 2,227,325					
Liberal *	C295827-01		75	759	\$ 1,709,337					
Miller	C295726-02		90	725	\$ 1,464,835					
Moberly (Sewer Installation)	C295648-02		70	13,974	\$ 1,650,000					
Moberly (Regional Lift Station)	C295648-03		70	13,974	\$ 3,000,000					

Applicant	Project #	Description/ Needs Category	Priority Points	Service Area Population	Eligible Costs	Loan Amount	Grant Amount	NPDES #	Problem Code	Financing Schedule FY - Quarter
Peculiar *	C295824-01		55	4,608	\$ 8,129,713					
Rolla	C295836-01		85	20,000	\$ 28,830,000					
Sunrise Beach *	C295540-02		75	431	\$ 3,013,000					
Total Planning List Projects										
					\$ 54,650,400					

Description Reference List		Problem Codes		Needs Codes	
Coll	Collection	1 - NPDES Permit Violation	I	Secondary Treatment	
CSO	Combined Sewer Overflow	2 - Unpermitted Discharge	II	Advanced Treatment	
Det	Detention	3 - Water Quality Stds. Violation	IIIA	I/I correction	
Exp	Expansion	4 - Public Health Problems	IIIB	Sewer replacement or rehabilitation	
FM	Force Main	5 - Future NPDES Violation Expected	IVA	New Collection	
Impr	Improvements		IVB	New Interceptors	
I	Interceptor		V	CSO	
I/I	Inflow/Infiltration		VIIB	NPS: Animal	
NPDES	National Pollution Discharge Elimination System		VIID	NPS: Urban	
NPS	Non Point Source				
PS	Pump Station				
Rehab	Rehabilitation				
TP	Treatment Plant				

Notes:

Final eligible costs will be determined as documents are submitted and the project is closer to financing.

Financing schedule shown is for planning purposes only. Final scheduling will be determined as documents are submitted and approvals obtained.

An * indicates the project is carried over from the previous year's IUP.

Carry over projects from the fiscal year 2018 list must reapply to be considered for the fiscal year 2020 list.

Distribution of Loan Administration Fees

On Oct. 20, 2005, the U.S. Environmental Protection Agency issued guidance on the administration fees charged by the state to recipients of Clean Water SRF program assistance. Fees charged by the program are not included as principal in loans. The administration fee may be considered program income, depending upon the source of the loan and the timing of the fee receipt. As shown in the following table, the administration fees collected are considered as:

- program income earned during the capitalization grant period;
- program income earned after the capitalization grant period; or
- non-program income.

During the grant period is defined as the time between the effective date of the grant award and the ending date of the award reflected in the final grant financial report.

Program income earned during the grant period may only be used for eligible Clean Water SRF activities, as defined in the Clean Water Act, and program administration. Program income earned after the grant period, as well as non-program income, may be used for a broad range of water-quality related purposes. The state of Missouri has obtained approval from the EPA to use program income earned after the grant period for water-quality related purposes.

Source And Distribution Of Funds			
Loan Administration Fees¹			
As of Dec. 31, 2017			
Income	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income
Beginning Balance as of 07/01/17	\$ 1,419,543	\$ 19,614,000	\$ 15,351,053
FY 18 Income (thru 12/31/17)	\$ 44,313	\$ 1,822,235	\$ 2,162,072
FY 18 Interest Earnings (thru 12/31/17)	\$ 5,493	\$ 94,277	\$ 73,061
Subtotal	\$ 1,469,349	\$ 21,530,512	\$ 17,586,186
Expenditures Thru 12/31/17			
FY 18 Personnel Services	\$ (234,135)	\$ (28,239)	\$ (104,545)
FY 18 Fringe	\$ (116,501)	\$ (13,139)	\$ (48,673)
FY 18 Expenses	\$ (76,965)	\$ (884)	\$ (5,979)
FY 18 PSD Expenditures	\$ -	\$ (1,696,148)	\$ (2,329,678)
FY 18 DNR Transfers ²	\$ (43,538)	\$ (4,303)	\$ (16,208)
FY 18 ITSD Transfers ^{2 & 3}	\$ (34,177)	\$ (3,378)	\$ (12,723)
FY 18 HB 13 Transfers ²	\$ (1,104)	\$ (109)	\$ (411)
FY 18 Transfer to Loan Program (FFY 2017 State Match)	\$ -	\$ -	\$ (455,844)
Subtotal	\$ (506,420)	\$ (1,746,200)	\$ (2,974,061)
Income Less Expenditures	\$ 962,929	\$ 19,784,312	\$ 14,612,125
Projected Income			
FY 18 Income (01/01/18 - 06/30/18)	\$ 62,383	\$ 1,308,720	\$ 2,083,986
FY 18 Interest Income (01/01/18 - 06/30/18)	\$ 4,632	\$ 7,819	\$ 49,582
FY 19 Income (07/01/18 - 06/30/19)	\$ 229,152	\$ 2,440,403	\$ 3,818,307
FY 19 Interest Income (07/01/18 - 06/30/19)	\$ 5,671	\$ 51,909	\$ 120,833
Subtotal	\$ 301,838	\$ 3,808,851	\$ 6,072,708
Projected Expenditures			
FY 18 Personnel Services	\$ 91,628	\$ (1,246,876)	\$ (102,766)
FY 18 Fringe	\$ 44,278	\$ (633,089)	\$ (56,393)
FY 18 Expense & Equipment	\$ (196,255)	\$ (116)	\$ (519,521)
FY 18 DNR Transfers ²	\$ (12,539)	\$ (216,621)	\$ (80,084)
FY 18 ITSD Transfers ^{2 & 3}	\$ (4,682)	\$ (149,714)	\$ (54,003)
FY 18 HB 13 Transfers ²	\$ (7)	\$ (4,265)	\$ (1,496)
FY 18 PSD Expenditures	\$ -	\$ (9,247,272)	\$ (4,396,023)
FY 19 Personal Service, Fringe, Expenses & Indirect	\$ (592,964)	\$ (2,527,002)	\$ (521,013)
FY 19 State Water Plan	\$ -	\$ -	\$ -
FY 19 ITSD Costs ³	\$ -	\$ -	\$ (500,000)
FY 19 Board Training & Operator Certification	\$ -	\$ (50,000)	\$ -
FY 19 Abatement of Water Quality Emergencies	\$ -	\$ -	\$ (250,000)
FY 19 Water Quality & Watershed Initiatives	\$ -	\$ -	\$ -
FY 19 Rural Sewer Grants	\$ -	\$ (3,500,000)	\$ -
FY 19 Fixed Station Ambient Network Contract	\$ -	\$ (579,125)	\$ (442,585)
FY 19 Water Quality Studies	\$ -	\$ -	\$ (100,000)
FY 19 Small Community Engineering Assistance Program	\$ -	\$ -	\$ (1,000,000)
Subtotal	\$ (670,541)	\$ (18,154,080)	\$ (8,023,884)
Total Actual and Projected	\$ 594,226	\$ 5,439,083	\$ 12,660,949

¹ The distribution of loan administration fees to various Department activities is subject to change throughout the Fiscal Year. Actual fund uses will be reported in the Fiscal Year 2019 Clean Water State Revolving Fund Annual Report. FY 2019 projected expenditures may include amounts carried over from prior fiscal years.

² Similar to the inclusion of Indirect Costs in federal grants, this represents the SRF Admin Fees proportionate share of departmental administrative costs.

* DNR transfers reflect the cost of departmental staff and related expenses.

* ITSD transfers reflect the information technology related costs for those staff.

* HB 13 transfers reflect the cost of the related office space.

³ ITSD is the state's Information Technology Services Division.

Appendix Three:

SRF Program Administration

The Missouri Department of Natural Resources' Water Protection Program is the delegated authority for the administration of federal funds made available to the state under the provisions of the Clean Water Act by EPA. The funds are for financing a variety of eligible projects and are to be used in perpetuity for low-interest loans made from the Clean Water SRF.

This Intended Use Plan describes the proposed use of funds reserved for financial assistance for clean water infrastructure improvements during fiscal year 2019 (Oct. 1, 2018, to Sept. 30, 2019). This Intended Use Plan shall remain effective until Sept. 30, 2019, or until such time as the fiscal year 2020 Intended Use Plan becomes effective.

Cash flow model

Missouri uses the cash flow model for the Clean Water SRF.

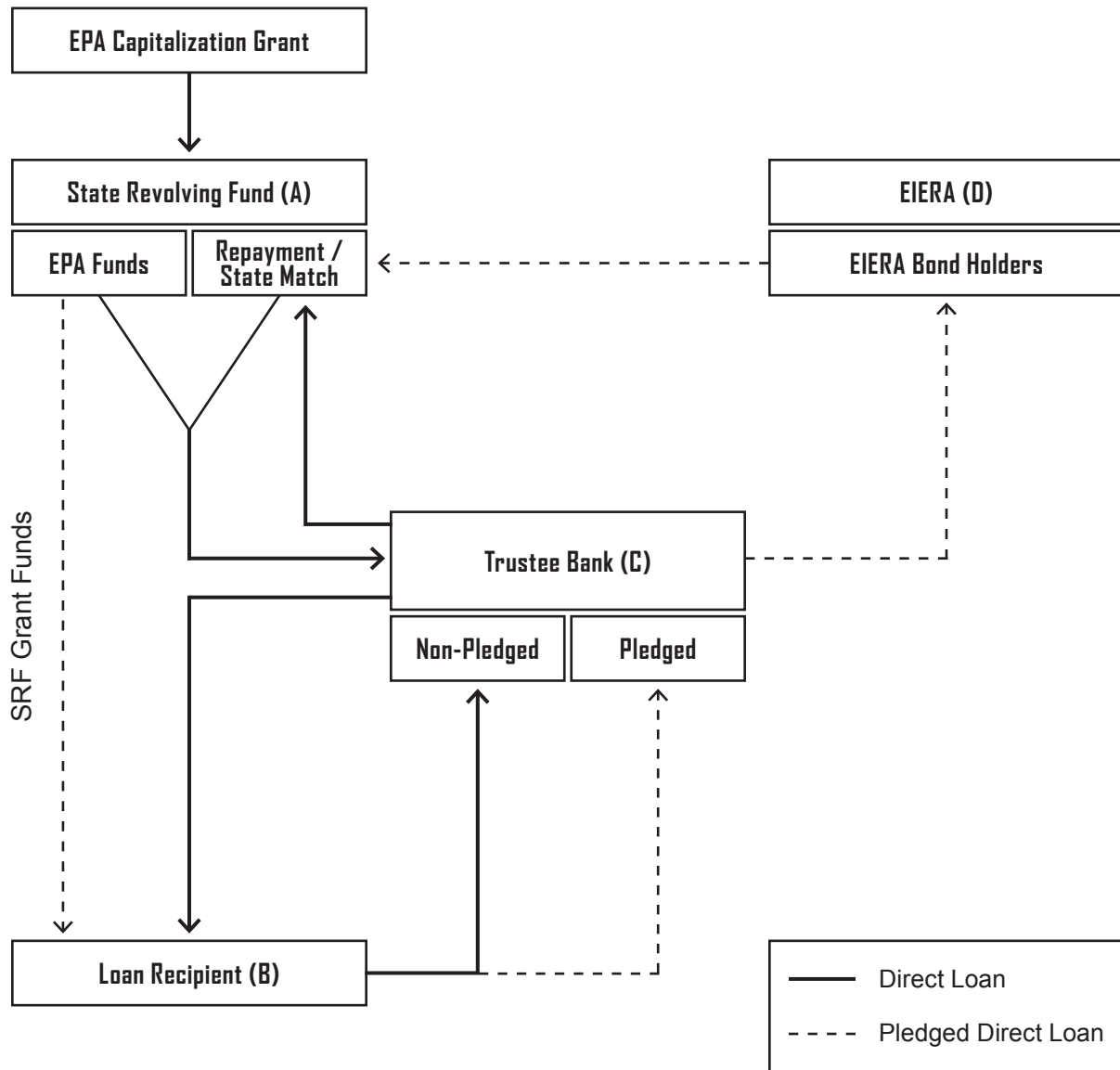
The cash flow model diagram on the following page illustrates the SRF flow of funds. Construction loan repayments must begin within one year after the first operational contract is substantially completed; that is, the facilities are placed into operation. The loan repayment schedules will generally consist of semi-annual interest payments and semi-annual or annual principal payments. The trustee bank holds the periodic participant repayments in separate recipient accounts outside the Clean Water SRF. Interest earnings on these recipient accounts are credited to the communities' debt service account, which reduces the amount of interest to be paid by the communities.

The Department receives annual capitalization grants from EPA. There is a 20 percent state match required to receive the grants. The funds are deposited into the State Revolving Fund (A) and used in accordance with applicable federal and state program requirements. State match funds are disbursed prior to using Capitalization Grant funds.

Under the cash flow model loan program, the Department purchases the debt obligations of the participants directly. As construction progresses, funds are released from the Clean Water SRF (A) to the recipient (B) through the trustee bank (C) so the construction costs can be paid. Recipients of a grant receive the grant funds directly from the Clean Water SRF program. Upon completion of the project, the loan total is adjusted to reflect the final amount borrowed.

Loan recipients send their loan principal and interest payments to the trustee bank (C). At such time as the Clean Water SRF program needs to replenish the repayment fund, the EIARA (D) exercises its authority to sell bonds, and the direct loans are pledged to retire the EIARA debt. The proceeds of this sale are deposited into the Clean Water SRF repayment account. The principal and interest payments on the EIARA bonds are secured through the pledge of the direct loan principal and interest payments from previous Clean Water SRF program participants. Any surplus principal and interest that is not needed for the EIARA debt service is deposited into the repayment account.

Clean Water SRF Cash Flow Model



Cross-collateralization of funds

The U.S. Departments of Veterans Affairs and Housing and Urban Development, and the Independent Agencies Appropriations Act 1999 (Public Law 105-276, authorized limited cross-collateralization between the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. Cross-collateralization allows states to use Clean Water SRF funds as security for bonds issued to finance Drinking Water SRF projects and vice versa. The cross-collateralization of the two funds may enhance the lending capacity of one or both SRFs. State statute 644.122 RSMo provides the state's legal authority to implement cross-collateralization.

Transfer loan funds between Drinking Water SRF and Clean Water SRF

Section 302 of the Safe Drinking Water Act Amendments of 1996 authorized the transfer of funds between the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. The rules governing the transfer of funds limit the dollar amount a state can transfer to no more than 33 percent of a Drinking Water SRF capitalization grant. As funding is available and as needs arise, the Department can transfer loan funds with the approval of the Missouri Safe Drinking Water Commission, the Missouri Clean Water Commission and EPA. Transfers between the two funds may enhance the lending capacity of one or both state revolving funds. State statute 644.122 RSMo provides Missouri's legal authority to implement this transfer of funds.

No transfers are planned for fiscal year 2019.

Current and recent transfers

Fiscal Year	Clean Water SRF	Drinking Water SRF
2013	\$10,000,000	(\$10,000,000)
2013*	\$18,500,000	(\$18,500,000)
2015	(\$5,000,000)	\$5,000,000
2016	(\$5,000,000)	\$5,000,000

*Federal capitalization grant portion

The Department, with prior approval from the Missouri Safe Drinking Water Commission, the Missouri Clean Water Commission and EPA, as appropriate, reserves the right to make additional transfers in the future.

Repayment fund investment interest earnings to retire state debt

The debt service for all Water Pollution Control Bonds has historically been paid through the state's general revenue, with the exception of the series sold in 2002. The Department obtained an agreement with the EPA to repay the 2002 series using the investment interest earnings from the Clean Water SRF repayment fund.

The Department renegotiated this agreement with EPA to apply Clean Water SRF investment interest earnings to bonds issued prior to 2002, not just the 2002 series. Specifically, the Clean Water SRF operating agreement, between the Department and the EPA, has been amended to allow for the use of repayment fund investment interest earnings to retire the SRF's share of the Water Pollution Control Bonds used for state match. On Jan. 10, 2007, the commission amended the 2007 Clean Water SRF Intended Use Plan to allow for the use of investment interest earnings to retire the SRF's share of the Water Pollution Control Bonds issued prior to 2002 and used for state match at that time.

The Department has analyzed the impact on the Clean Water SRF should the investment interest earnings be used to pay interest on the SRF's share of the Water Pollution Control Bonds. The Department intends to use approximately \$0.2 million for this purpose during fiscal year 2019. Staff will continue to monitor the use of investment interest earnings in future years to ensure that the integrity of the Clean Water SRF fund will not be negatively affected.

Appendix Four:

Other State-Funded Grant and Loan Programs

Small Community Engineering Assistance Grants: Small Community Engineering Assistance Program grants are available for municipalities, counties, public sewer or water districts, political subdivisions or instrumentalities of the state with a population of fewer than 10,000. The program offers funding for wastewater engineering costs incurred in preparation of a facility plan. Communities may be eligible to receive an 80 percent grant with a 20 percent recipient match. The grant amount does not exceed \$50,000.

SCEAP overview dnr.mo.gov/env/wpp/srf/wastewater-grants.htm

SCEAP factsheet dnr.mo.gov/pubs/pub2485.htm

SCEAP application dnr.mo.gov/forms/780-2217-f.pdf

Small Borrower Loan Program: Small Borrower Loans are available only to communities or public water districts with a service area of fewer than 1,000. Qualifying communities or public water districts may be considered for a direct loan for sewer system improvements for up to \$100,000 with a minimum 20-year repayment term. Applications for small borrower loans are prioritized based on immediacy of need.

Applications are accepted throughout the year, and uncommitted funds can be accessed at any time. For more information on the Small Borrower Loan Program, visit dnr.mo.gov/env/wpp/srf/wastewaterloans.htm.

Once an application is received and reviewed, it is presented to the Missouri Clean Water Commission for approval of allocation of funds.

Rural Sewer Grants: Public sewer districts, public water districts and communities of fewer than 10,000 population may be eligible for Rural Sewer Grants. These grants cover up to 50 percent of the eligible costs of a project up to a maximum of \$500,000 or \$3,000 per connection, whichever is less. There are restrictions on geographic location within Missouri and the types of projects that can be funded with this grant. Eligible projects include constructing sewers in previously unsewered areas and funding the additional cost of more stringent treatment requirements. Additional information is available at dnr.mo.gov/env/wpp/srf/wastewater-grants.htm.

To apply for these other state loans and grants, please contact the department's Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

Appendix Five:

EPA Requirements and Assurances

The Missouri Department of Natural Resources makes a number of program commitments and state assurances related to managing the Clean Water SRF. Each year, the Department intends to comply with each of the terms and conditions in the capitalization grant.

Federal capitalization grants

The Department of Natural Resources receives federal capitalization grants annually from the EPA. There is a 20 percent state match required to receive the grants. The funds are used in accordance with applicable federal and state program requirements. State match funds are disbursed prior to using capitalization grant funds.

Additional subsidization

The Clean Water Act allows the state to provide additional subsidization in the form of a grant, principal forgiveness or negative interest loans.

The Clean Water Act, as amended, required each state to establish affordability criteria that assist in identifying applicants who would have difficulty financing projects without additional subsidization. Income, unemployment data, population trends and other data deemed relevant by the state are used in making the determination.

Each project is evaluated prior to the loan award date. Grant funding will be awarded based on the project's affordability determined by 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 fiscal year 2019 Intended Use Plan projects by an equal amount.

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. Clean Water SRF grants to fiscal year 2019 applicants will be prioritized for grant funding by the project's priority points. Grant funds will be obligated to the project for the application cycle of two IUP years and will be awarded when the applicant enters into a binding financial commitment. For fiscal year 2019 applicants to be eligible to receive grant funding, they must serve a population of 10,000 or less and have scored 195 points or higher on the Clean Water SRF Grant Eligibility Evaluation form. 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 this intended use plan.

The policy, guidance and form for the Clean Water SRF Grant Eligibility Evaluation Based on Affordability are available at dnr.mo.gov/env/wpp/srf/wastewater-assistance.htm.

A table of the funding available for eligible fiscal year 2019 projects appears below.

Capitalization Grant Year	Amount
Federal Fiscal Year 2016 Required Amount	\$1,225,926
Federal Fiscal Year 2016 Supplemental	Up to \$2,000,000
Federal Fiscal Year 2017 Required Amount	\$3,675,400
Federal Fiscal Year 2017 Supplemental	Up to \$2,000,000
Federal Fiscal Year 2018 Required Amount	\$4,449,500
Federal Fiscal Year 2018 Supplemental	Up to \$2,000,000

The Department was required to use 10 percent of the federal fiscal year 2017 capitalization grant for additional subsidization. Each state is required to use 10 percent of the federal fiscal year 2018 capitalization grant for additional subsidization. Optional funding is available in addition to the required amount. The Department is reserving up to \$2 million of the optional amount for these purposes.

The Sources and Uses of Funds table and fundable project lists in Appendix 2 provide detailed information on projects that may be eligible for this funding.

Green Project Reserve

A portion of certain capitalization grants is to be used for projects (to the extent applications are received) that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. A summary of the required amounts from each capitalization grant appears below.

Federal Fiscal Year	Required Amount
2010	\$ 11,296,600
2011	\$ 8,187,200
2012	\$ 3,917,900
2013	\$ 3,700,900
2014	\$ 3,886,800
2015	\$ 3,866,900
2016	\$ 3,703,900
2017	\$ 3,675,400
2018	\$ 4,449,500

The Department has met or exceeded the requirements from green project reserves for federal fiscal years 2010 through 2016.

A table of the Green Project Reserve eligible federal fiscal year 2019 Intended Use Plan projects appears below.

Applicant	Project #	Category	Business/ Categorical	Amount
MSD - MSD Public I/I Reduction Program - Phase 6	C295023-41	EE	B	\$41,200,000
Labadie Sewer District	C295727-01	EE	B	\$3,000,000
Green Project Reserve Codes				
B Business Case	EI Environmentally Innovative			
C Categorical	GI Green Infrastructure			
EE Energy Efficiency	WE Water Efficiency			

Department staff work directly with applicants prior to funding to identify projects or components of projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. It should be noted that the amount of GPR eligible projects may change as applications are received and projects proceed into the design phase. Additional information regarding Green Project Reserve is available at epa.gov/cwsrf/green-project-reserve-guidance-clean-water-state-revolving-fund-cwsrf.

Administrative costs

The Department intends to use 4 percent of the federal fiscal year 2018 federal capitalization grant funds for program administration.

Public review and comment

The Intended Use Plan and Priority List are reviewed and adopted through a public review and comment process.

Environmental review

The Department has adopted regulation 10 CSR 20-4.050, which provides for a state environmental review in accordance with the National Environmental Policy Act for projects receiving Clean Water SRF loans. Each project has a potential need for preparation of an environmental impact statement. However, a final decision regarding the need for an environmental impact statement will be made on each project during review of the facility plans. Most projects are determined to have no significant impact or can meet a categorical exclusion.

Federal cross-cutters, signage requirements and the Federal Funding Accountability and Transparency Act (FFATA)

The Missouri Clean Water Commission ensures all Clean Water SRF requirements are met by the designated equivalency projects in prior Intended Use Plans. This means that for each capitalization grant the Department receives, it must identify a group of projects that equals the amount of the grant and ensure those projects meet all required federal cross-cutters, signage requirements, and FFATA. Cross-cutters include environmental, social and economic federal laws, executive orders and policies that apply to projects receiving federal financial assistance. Examples of the cross-cutters include compliance with the Endangered Species Act, the Civil Rights Act, the Equal Employment Opportunity Order and the Uniform Relocation Act. Signage requirements will be established by the Department and may include construction signage, posters, brochures, newsletters, bill inserts, press releases or other acceptable media. FFATA requires reporting on executive compensation. All projects are susceptible to equivalency requirements. A final determination is made at the time of loan closing or other binding financial agreement execution.

Binding commitments

The Department will enter into binding commitments for a minimum of 120 percent of each EPA grant payment into the Clean Water SRF within one year of the receipt of each payment.

Expenditure of funds

The Department will expend all funds in the Clean Water SRF in an expeditious and timely manner.

Anticipated cash draw ratio (proportionality)

Missouri uses the cash flow model of the Clean Water SRF. The federal capitalization grant is not used as security on the state match bonds. State match funds are disbursed prior to using capitalization grant funds.

Additional recipient requirements

- **Single audit act compliance**

Recipients of federal funds from any source(s) totaling more than \$750,000 annually are subject to the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996.

These requirements provide the federal government with assurances that the expenditures of federal funds are for their intended purposes and that the dispersal of those funds occurs in a timely manner. Final loan and grant documents will include specific information.

- **Missouri labor standards**

In accordance with Chapter 290 RSMo projects receiving financial assistance for any construction project carried out in whole or in part with assistance made available by the Clean Water SRF must comply with the requirements of the Missouri Department of Labor and Industrial Relations.

The Department of Natural Resources will not supply annual wage orders (wage determinations) for projects. It is the responsibility of each recipient to obtain the correct wage orders and maintain compliance throughout the project. For additional information, contact the Missouri Department of Labor and Industrial Relations, Division of Labor Standards, Wage and Hour Section, 3315 W. Truman Blvd., Room 205, P.O. Box 449, Jefferson City, MO 65102-0449; 573-751-3403, or laborstandards@labor.mo.gov.

- **Davis-Bacon Act**

All SRF treatment works projects must comply with the federal Davis-Bacon Act requirements. This means all construction workers on SRF treatment works projects must be paid Davis-Bacon wages, and those wages must be verified by checking weekly payrolls. The term “treatment works,” as it relates to the Davis-Bacon Act requirements, has the meaning as defined in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).

Compliance terms and conditions with Davis-Bacon for all procurement contracts are found in section 513 of Title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Anyone employed on projects funded directly or in part by the federal government must be paid prevailing wages as determined by the Secretary of Labor. The U.S. Department of Labor has additional information, including an overview and compliance assistance resources, at dol.gov/whd/govcontracts/dbra.htm.

If you have questions, please call the department’s Financial Assistance Center at 573-751-1192 or fac@dnr.mo.gov.

- **Procurement of professional services**

In accordance with Section 602(b)(14) of the Clean Water Act, a contract for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping or architectural-related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent state qualifications-based requirement. The Missouri attorney general has determined that state requirements in sections 8.285 through 8.291, RSMo are equivalent to the federal requirements for the procurement of architectural and engineering services. All recipients of funding through the Clean Water SRF that have new solicitations, significant contractual amendments and contract renewals initiated on or after Oct. 1, 2014, must comply with the elements of the procurement processes for architectural and engineering services as identified in sections 8.285 through 8.291, RSMo or seek and receive written authorization from the Department to use an alternate procurement method.

- **American iron and steel products**

In accordance with Section 608(a) of the Federal Water Pollution Control Act, Clean Water SRF recipients must ensure that they, as well as their contractors and subcontractors, will only use iron and steel products in the project that are produced in the United States in a manner consistent with United States obligations under international agreements. The term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks,

flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The participant understands that this requirement may only be waived by the applicable federal agency in limited situations as set out in Section 608(d) of the Federal Water Pollution Control Act.

- **Fiscal sustainability plan**

Section 603(d)(1)(E) of the Clean Water Act requires loan recipients to develop and implement a fiscal sustainability plan or certify that they have developed and implemented such a plan for projects that involve the repair, replacement, or expansion of publicly owned treatment works. However, this provision does not apply when the Department is purchasing debt obligations (e.g. municipal bonds). Applicants should consult with the department's Financial Assistance Center to determine if a fiscal sustainability plan is required.

If required, the plan must include:

- an inventory of critical assets that are part of the treatment works;
- an evaluation of the condition and performance of inventoried assets or asset grouping;
- a certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

- **Cost effectiveness analysis**

Section 602(b)(13) of the Clean Water Act now requires a municipality or intermunicipal, interstate or state agency receiving assistance from the Clean Water State Revolving Fund to certify that it has conducted cost and effectiveness analysis. This provision applies to all types of assistance provided to the public entities described above for which the recipient submits an application on or after Oct. 1, 2015.

The analysis must include:

- the study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and
- the selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture and conservation; and energy conservation, taking into account:
 - the cost of constructing the project or activity;
 - the cost of operating and maintaining the project or activity over the life of the project or activity; and
 - the cost of replacing the project or activity.

For applications received on or after Oct. 1, 2015, the Department will ensure that public entities described above complete a cost and effectiveness analysis that meets these requirements.

For more information

For more information, contact the Department of Natural Resources' Financial Assistance Center at 573-751-1192, fac@dnr.mo.gov or dnr.mo.gov/env/wpp/srf/.



Water Protection Program - Financial Assistance Center
PO Box 176 • Jefferson City, MO 65102-0176
573-751-1192 • fac@dnr.mo.gov • dnr.mo.gov