



Clean Water State Revolving Fund  
State Fiscal Year 2019  
Annual Report

State of Wyoming:  
Office of State Lands & Investments  
Department of Environmental Quality

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# **CORE PROGRAM**

## **I. INTRODUCTION**

The State of Wyoming is pleased to submit its Clean Water State Revolving Fund (hereinafter “CWSRF”) Annual Report for state fiscal year (SFY) 2019 (July 1, 2018 through June 30, 2019). This report describes how the State of Wyoming has met the goals and objectives of its CWSRF loan program for the previous year as identified in its SFY18 Intended Use Plan (IUP).

In SFY19, applicant interest in our CWSRF core loan program increased. This is largely attributable to the completion of a lengthy rule process to incorporate the changes required by WRRDA specifically the affordability criteria for awarding principal forgiveness. Also, having principal forgiveness available due from taking this grant every year. Where we did not have it available in the Drinking Water program due to not taking a 2018 grant.

## **II. GOALS AND ACCOMPLISHMENTS**

The long and short term goals of Wyoming’s CWSRF loan program relate to the restoration, maintenance and improvement of the State’s surface and groundwater quality. Accomplishment of these goals will lead to a better environment. They will protect public health and reduce and eliminate potential and existing health hazard sources.

### **A. Long Range Goals and Accomplishments**

As of June 30, 2019, a total of one thousand six hundred thirty-five (1,635) contaminated Storage Tank Program (STP) source sites, requiring some degree of active environmental remediation, existed in the State. For comparison, the number of contaminated sites requiring remediation in December 1991, when the program was started, was four hundred seventy-five (475). Of these one thousand six hundred thirty-five (1,635) contaminated source sites, one thousand three hundred three (1,303) have been remediated or resolved by the STP, leaving a balance of unresolved contaminated sites of three hundred thirty-two (332). Of the three hundred thirty-two (332) unresolved contaminated sites, three hundred twenty-five (325) were in corrective action projects. The remaining seven (7) sites have been scheduled for future projects.

There are also wastewater treatment facilities in Wyoming which are not in compliance with United States Environmental Protection Agency (USEPA) criteria for acceptable levels of ammonia. Wyoming adopted these ammonia standards in November 1990. New and renewed National Pollutant Discharge Elimination System discharge permits reflect the new and more restrictive ammonia discharge limits. Wyoming communities continue to upgrade and expand their existing wastewater treatment facilities to meet new and more stringent discharge limits.

Wyoming will continue to review, identify, and prioritize water resource needs and projects. This includes potential projects for other non-point source activities, comprehensive groundwater protection, water conservation measures, and wellhead and water shed management. The CWSRF program will provide a funding mechanism to address those anticipated needs.

The CWSRF program requires dedicated sources of revenues to repay loans. Wyoming assures the perpetuity and long-term fiscal health of its CWSRF through these dedicated sources of repayment.

## B. Short Range Goals and Accomplishments

The State continues to strive to meet its short range goals. The Department of Environmental Quality (DEQ) initiated and formally completed the SFY 2019 CWSRF IUP and Project Priority List in June 2018. These documents identified one hundred thirty (130) potential Title II wastewater treatment improvement projects including treatment and collection, forty-seven (47) leaking storage tank projects representing one hundred seventy-one (171) contracts, and one hundred eight (108) other nonpoint source projects including storm-water control and landfill projects.

During SFY19 the program made seven (7) loans to communities to address Title II wastewater projects, and one (1) to DEQ to address leaking storage tanks in SFY19.

**TABLE 1 State Fiscal Year 2018 loans**

| <b>Recipient</b>                            | <b>Project Description</b>                           | <b>Amount</b>       |
|---|--|---------------------|
| Town of Basin #138                          | Loan Increase for Sewer Collection & Treatment Rehab | \$40,246            |
| Town of Moorcroft #170                      | 2018 Sanitary Sewer Improvements                     | \$380,000           |
| Town of Byron #171                          | Sewer & Wastewater Treatment Improvements            | \$695,500           |
| DEQ NPS #172                                | Leaking Underground Storage Tank Remediation Program | \$9,000,000         |
| Town of Pinedale #173                       | South Fremont Avenue Rehabilitation Project          | \$168,000           |
| South Park Service Center I&S District #174 | SPSC ISD Centralized Sewer Collection System Project | \$790,876           |
| City of Laramie #175                        | Laramie Landfill Stage 2 Expansion                   | \$5,000,000         |
| City of Laramie #177                        | North Laramie Sanitary Sewer Trunk Main Project      | \$2,500,000         |
|   | <b>Total</b>   | <b>\$18,574,622</b> |

DEQ continues to address groundwater contamination resulting from leaking storage tanks. The DEQ Storage Tank section performs a variety of tasks to address this issue; including, coordinating and overseeing subsurface investigations, remediation designs, construction, and operation and maintenance activities. The DEQ Storage Tank section is involved in numerous projects throughout the State in various phases.

## III. DETAILS OF ACCOMPLISHMENTS

### A. Fund Financial Status

#### 1. Binding Commitments

Cumulative binding commitments as of the end of SFY19 stood at \$529,958,976.48. First round funds accounted for \$241,213,100 (loans \$233,173,605.00, admin \$8,039,495) and second round

funds accounted for \$269,787,109. The prior year's first round funds accounted for \$230,033,115 (not including admin) and second round funds accounted for \$267,175,796.

The total of all USEPA grant payments through SFY19 was \$201,010,917. This above amount multiplied times 1.2 equals \$241,213,100. The cumulative binding commitment amount for the State Revolving Fund through SFY19 was \$529,958,976. The binding commitment ratio was two hundred sixty-four percent (264%), exceeding the one hundred twenty percent (120%) binding commitment ratio requirement. The total comprises the binding commitments to date, the grant amounts for administration, and relinquishments processed in SFY19.

## **2. Provide a State Match**

The State of Wyoming deposited State match funds totaling twenty percent (20%) of the FFY18 grant in the amount of \$1,571,800. The State of Wyoming was required to deposit State match funds in SFY19 due to receiving the FFY18 grant in SFY19; notification of grant award was received on August 21, 2018. Notification for the FFY19 grant was received June 11, 2019; but those match funds were deposited in SFY20. This decision was made due to the grant "Project Period" not starting until 7/1/2019, and a change in the State wide accounting software. As to avoid any end of period adjustments the grant set up was not performed correctly. The Wyoming CWSRF has received cumulative State matches totaling \$40,202,183. These funds primarily come from the DEQ corrective action account, but some of these funds were appropriated from the State's General Fund. [W.S. § 35-11-1424] Funds in this account are also used for the DEQ Storage Tank program. This account receives revenue from a distribution of mineral severance taxes and from storage tank fees. The General Fund appropriation was added when the grant amounts were higher than expected.

## **3. Timely & Expeditious Use of Clean Water State Revolving Funds**

With repayment of the DEQ storage tank loans, a pool of money will be available to provide a self-sustaining permanent source of financial assistance for water pollution control projects to eligible entities in Wyoming. At the end of SFY19 total principal repayments equaled \$214,134,182.42, and total interest repayments equaled \$44,938,466.84. Investment Income earned on the remaining state match and second round funds was \$3,056,623.32 in SFY19. Interest earnings accrued at a net annual rate of 2.70% (*information provided by State Treasurer's Office*) during SFY19. At the end of SFY19 total investment income earned equaled \$60,627,558.37.

## **4. Disbursements**

For the period ending June 30, 2019, funds disbursed as financial assistance to DEQ, municipalities and other eligible loan recipients totaled \$19,638,142.98.

Administrative set-aside disbursements for SFY19 were \$228,597.07. The total administrative set-aside disbursements from inception to June 30, 2019 total \$5,887,890.

## **5. Audit Findings**

An audit for SFY19 will start in October 2019 with the final report anticipated to be available during the first calendar quarter of 2020 (after the State CAFR is completed).

An audit for SFY19 was finalized on March 27, 2019; no findings were noted in the audit report.

## **6. Disadvantaged Business Enterprise Requirements**

The specific goals are as follows:

Minority Business Enterprise (MBE) - Construction 1.5% and Services 1.0%

Women Business Enterprise (WBE) - Construction 2.5% and Services 1.5%

Actual procurement values during SFY19 are as follows:

MBE=\$0                      WBE=\$546,205

## **7. State Environmental Review Process**

Using the State's environmental review procedures, DEQ reviewed and approved all projects receiving assistance during SFY19, except for DEQ NPS loans, which do not require environmental reviews. DEQ determined that no environmental impact statements were necessary. For all projects reviewed, DEQ issued findings of no significant impacts or categorical exclusion determinations.

## **8. Cash Draw Procedures**

A total of \$5,216,741 was drawn from the letter of credit (LOC) Automated Standard Application for Payments online system (ASAP) during SFY19. Letter of credits (LOCs) have been calculated using a maximum of 83.33% of all disbursements from the Federal grant and 16.67% from the State match.

## **9. Eligible Activities of the Clean Water State Revolving Fund**

All projects to be funded by the CWSRF are from the approved State of Wyoming IUP.

## **10. Bypassed Projects**

The highest ranked project receiving a new loan was the South Park Service Center I&S District (#174), which was ranked number twenty (20) of one hundred thirty (130) projects. The program bypassed nineteen (19) higher ranked projects. The program also executed a loan increase to the Town of Basin (#138), which was ranked number five (5). The higher ranked projects did not apply for CWSRF loan funding for their projects.

## 11. Additional Subsidization

Additional subsidies in the form of principal forgiveness totaled \$2,573,244 of the awarded loans in SFY19. The awarding of this principal forgiveness was based on the new “Affordability Criteria”. Additional subsidization was and will continue to be targeted toward communities with affordability issues by making them eligible to have a higher percentage of their loan forgiven, based the established affordability criteria. Additional subsidization further supported sustainability by providing additional subsidization to projects that repair, replace, and/or upgrade infrastructure in existing communities.

## 12. Green Infrastructure

The IUP includes qualified projects, or components of projects, that total an amount at least equal to 20% of the capitalization grant. On the FY19 IUP green infrastructure eligible projects and/or components totaled \$38,136,000. There were no green funds awarded in SFY19 for green infrastructure projects.

### B. Distribution of Funds in State Fiscal Year 2019

**TABLE 2 Distribution of Funds**

| <b>SRF Project #</b> | <b>Recipient</b>                       | <b>Project Description</b>                                  | <b>Loan Amount</b> | <b>Binding Commitment Date</b> | <b>Cost Category</b> |
|----------------------|--|---|--------------------|--------------------------------|----------------------|
| 138                  | Town of Basin                          | Loan Increase for Sewer Collection & Treatment Rehab Design | \$40,246           | 1/15/2019                      | I                    |
| 170                  | Town of Moorcroft                      | 2018 Sanitary Sewer Improvements                            | \$380,000          | 9/25/2018                      | III                  |
| 171                  | Town of Byron                          | Sewer & Wastewater Treatment Improvements                   | \$695,500          | 10/24/2018                     | III                  |
| 172                  | DEQ NPS                                | Leaking Underground Storage Tank Remediation Program        | \$9,000,000        | 9/25/2018                      | NPS                  |
| 173                  | Town of Pinedale                       | South Fremont Avenue Rehabilitation Project                 | \$168,000          | 12/9/2018                      | III                  |
| 174                  | South Park Service Center I&S District | SPSC ISD Centralized Sewer Collection System Project        | \$790,876          | 4/2/2019                       | IVA                  |

|     |                 |   |                     |           |     |
|-----|-----------------|---|---------------------|-----------|-----|
| 175 | City of Laramie | Laramie Landfill Stage 2 Expansion              | \$5,000,000         | 4/29/2019 | NPS |
| 177 | City of Laramie | North Laramie Sanitary Sewer Trunk Main Project | \$2,500,000         | 5/22/2019 | IVA |
|     |                 | <b>Total</b>                                    | <b>\$18,574,622</b> |           |     |

**TABLE 3 SFY18 Wyoming DEQ Leaking Storage Tank Contracts**

| <b>Date Signed</b> | <b>New or Amendment</b> | <b>Contractor/Project</b> | <b>Total Amount</b>    |
|--------------------|-------------------------|---------------------------|------------------------|
| 7/30/2018          | Amend 4                 | URS/Rock Springs 4        | \$543,402.90           |
| 8/21/2018          | Amend 3                 | Terracon/JC-Bairoil       | \$194,589.90           |
| 8/29/2018          | Amend 5                 | Trihydro/Rawlins #2       | \$661,965.87           |
| 9/24/2018          | Amend 13                | Lyman/Mt View             | \$298,749.00           |
| 9/27/2018          | Amend 11                | West Casper               | \$1,045,923.00         |
| 9/29/2018          | Amend 3                 | Fremont/Worland 2         | \$331,833.50           |
| 10/28/2018         | Amend 2                 | LTE/SE WY                 | \$1,180,554.07         |
| 10/30/2018         | Amend 9                 | Antea/Sheridan            | \$302,730.13           |
| 11/1/2018          | New                     | N Elk St/Rock Springs 2   | \$1,123,447.00         |
| 11/14/2018         | Amend 19                | URS/Jackson               | \$1,488,047.00         |
| 11/28/2018         | Amend 2                 | Trihydro/Carbon CO        | \$141,965.49           |
| 12/19/2018         | Amend 4                 | URS/Riverton 3            | \$1,165,332.12         |
| 12/27/2018         | Amend 1                 | Terracon/PS #0734         | \$0.00                 |
| 12/27/2018         | Amend 1                 | Fremont/PS #0734          | \$0.00                 |
| 12/27/2018         | Amend 1                 | Apex/PS #0734             | \$0.00                 |
| 1/31/2019          | Amend 4                 | Antea/Rock Springs 3      | \$520,379.25           |
| 5/30/2019          | Amend 10                | Antea/Laramie E Grand     | \$409,964.19           |
| 6/3/2019           | Amend 3                 | LTE/Pilot Butte           | \$711,724.37           |
| 6/4/2019           | Amend 4                 | Terracon/W Park CO        | \$192,218.53           |
| 6/13/2019          | Amend 3                 | Fremont/NBH Basin         | \$185,780.00           |
|                    |                         | <b>Total</b>              | <b>\$10,498,606.32</b> |

#### **IV. ACCOUNTING INFORMATION**

Cash draws on the letter of credit ASAP system decreased by approximately \$2,517,730 due to a decrease in the total dollar amount of first round loan funds being disbursed to the DEQ LUST program requiring a draw-down of Federal funds.

## **V. PROVISIONS OF THE GRANT OPERATING AGREEMENT/CONDITIONS**

The State of Wyoming agreed to forty-four (44) conditions or provisions in the Operating Agreement and/or Grant Agreement. Twenty-nine (29) conditions have been or are being met with no need to provide further description. Fifteen (15) conditions have been met and are more fully described below. The following twenty-nine (29) conditions have been or are being met as described in the Operating Agreement or Capitalization Grant Agreement.

- Establishment of SRF Instrumentality
- Reserve Adequate Funds to Closeout Construction Grants Program
- Revise IUP Annually
- State Laws and Procedures
- State Accounting and Auditing Procedures
- Recipient Accounting and Auditing Procedures
- Annual Report
- Project Certification of Compliance with Title VI of Civil Rights Act
- State Coordination between Agencies
- Annual Audit
- Program Staffing
- Fund Perpetuity
- Repayment to the Fund
- Fund Management
- Annual Review
- Records
- Federal Funding Involvement Statement
- Drug Free Work Place
- Use of Letter of Credit
- Financial Status Report
- Use of Recycled Paper
- Rural Business Enterprise Development Plan
- Modifications to the MOA
- Change to Revolving Loan Policies
- Changes to the IUP
- Chapter 17 CWSRF Rules and Regulations
- Modifications to Operating Agreement
- Changes to Financial Structure Plan
- Modifications to Section 212, Handbook of Procedures

## **VI. CERTIFICATION STATEMENTS**

The State of Wyoming hereby certifies that:

A. All projects assisted by funds made directly available by the capitalization grant are reviewed to assure that other applicable Federal requirements have been met.

B. The CWSRF payment received was committed in accordance with applicable State and Federal laws and procedures.

C. The accounting, audit and fiscal procedures utilized conform to generally accepted government accounting principles, and the State has required recipients of financial assistance to also utilize generally accepted government accounting principles.

D. The financial assistance applicant was evaluated to ensure their ability to repay the loan.

E. CWSRF operations were continuously monitored to ensure that the system of selecting, reviewing and approving projects is being efficiently administered.

F. During SFY19, the State of Wyoming conducted reviews on any CWSRF funded Nonpoint Source projects. It was determined that each project funded was consistent with plans developed under Section 205(j), 303(e), 319 (Wyoming Nonpoint Source Management Plan). The State of Wyoming did not fund any projects for land acquisition.

## **VII. CURRENT STATUS AND PROPOSED IMPROVEMENTS**

### **A. Strategy in Development of New IUP**

The CWSRF program strategy includes remediation actions, limited subsurface investigations, and limited emergency responses at the worst storage tank contaminated communities in Wyoming. DEQ will determine the pace of program activities by using the best available estimated costs in conjunction with current ongoing actual costs, analyzing the status of the remediation program projects, and scheduling programmatic activities as sufficient monies are available.

### **B. Future Program Considerations**

Continuation of ARRA-like funding for our CWSRF program through our recent capitalization grants will continue to make that aspect of our program popular and will generate a moderate level of funding applications. Concurrently, we anticipate that applicant interest could be adversely affected by the new requirements added with the CWSRF amendments.

We expect to do outreach in 2020 to educate local government entities, engineering firms, and other interested parties about the benefits of funding their projects through our CWSRF program as well as the changes to the program imposed by the CWSRF amendments. Through these outreach meetings, we will continue to promote green project designs as a priority for CWSRF funding. This objective will now be aided by the addition of an engineering position within the Office of State Lands and Investments that will be aiding communities in evaluating projects as well as funding sources for the projects.