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WAT080

October, 2016

## Financing For Wastewater Treatment Facilities and Collection Systems

### Summary:

The Nebraska Clean Water State Revolving Fund (CWSRF) is a program created to provide low cost financing for construction of wastewater treatment works and nonpoint source projects in the form of loans and grants. Funds for the CWSRF come from both Federal and State resources. Every year, the federal government provides an annual capitalization grant which the State of Nebraska is required to match a percentage of for the CWSRF. The second portion come from the repayment of established CWSRF loans and are considered State CWSRF funds. Those funds are deposited back into the program and are utilized for other projects.

### General Information:

The NDEQ issues an Intended Use Plan (IUP) every year that indicates includes information such as Nebraska's project needs, cost projections, funding options, and procedures for the CWSRF. The most recent IUP is available for free at the NDEQ's website at <http://deq.ne.gov>.

- **Interest Rates:** CWSRF Interest Rates must be at or below general market rates and is set on a quarterly basis and subject to change.
  - **Current Interest Rates:**
    - Ø Green Infrastructure Projects: 1.25% Interest
    - Ø Non-Green Infrastructure Projects: 1.50% Interest
  - **Administrative Fee:**
    - Ø In addition to a low interest rate, an annual administrative fee of up to 1% may also be applied.
- **Terms:** The CWSRF offers terms on loans for up to 20 years.
- **Grants:** Grants may be available for eligible projects.

	<b>Project Planning Activities and Report Grant</b>	<b>Small Town Grant (STG)</b>	<b>Loan Forgiveness</b>
Grant Amount:	Up to \$15,000. Does require a 10% match of total project costs.	Up to 50% of project costs (maximum of \$250,000). Total eligible based upon community's Median Household Income (MHI)	Up to 50% of project costs (maximum of \$100,000). Total eligible based upon community's Median Household Income (MHI)
Eligibility:	1. A population of less than 10,000; 2. Submitted an annual Needs Survey and indicated that a Preliminary Engineering Report or Study is desired.	1. A population of less than 10,000; 2. MHI 80% or less of the state MHI; 3. A debt service payment of \$15 per month per household; and 4. STG must reduce monthly	1. A population of less than 10,000; 2. MHI of less than 100% state MHI; 3. Rated as a "Moderate" or "High" sustainability risk factor on the NDEQ's Assessing

		debt service payment by \$2 or more per month per household.	Wastewater Infrastructure Needs (AWIN).
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- **Emergency Grants:** Emergency grants are available for Wastewater Treatment Works which have been damaged or destroyed by natural disaster or other unanticipated actions or circumstances. Such grants shall not be used for routine maintenance of facilities, and may be combined with a loan. Listed below are some features of Emergency Grants:
  - Architectural and Engineering costs for planning, design and inspection are eligible.
  - The interim interest rate during construction is adjusted to the final interest rate which the community qualifies for at the initiation of operation.
  - For loans, the term is no longer than 20 years.
  - Repayment begins within either 1 year of the initiation of operation or within 3 years of the loan closing, whichever occurs first.
  - Disbursements can be made up to twice a month, no need for temporary or construction financing.
  - No up-front cost of issuance.

### **CWSRF Requirements:**

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- Projects are noticed for 30 days during the planning phase to allow for public participation, including a public hearing.
- Projects shall have a facility plan including an environmental assessment.
- A cost and effectiveness analysis must be included in the facility plan.
- Applicant shall submit documentation assuring financial capability of the system (last three annual audits for municipalities).
- Plans, specifications and contract documents must be submitted for approval to NDEQ.
- Various federal "crosscutting" assurances must be complied with.
- A dedicated source of revenue for repayment in the form of a sewer user charge system will be required unless other approved sources of revenue are proposed and accepted.
- An operation and maintenance manual will be required.
- Approved user charge and sewer use ordinances will be required to ensure repayment of loan and managerial control of sewer system.
- Davis Bacon Act, American Iron and Steel Act, and Fiscal Sustainability Plan.

### **Ineligible Project Costs:**

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- Land other than land integral to the treatment process.
- Water rights, easements and rights-of-way.
- Laboratory fees for monitoring or operation and maintenance expenses.
- Legal costs, fiscal agent's fees, and municipal administrative costs.