



# State of Colorado Water Quality Control Division

## Water, Wastewater, and Stormwater Funding



# Overview of Funding Sources

- State Revolving Fund Loan Program (SRF)
  - Drinking Water Revolving Fund - water projects
  - Water Pollution Control Revolving Fund - wastewater and stormwater projects
- State Grant Programs
  - Water Quality Improvement Fund - wastewater and stormwater projects
  - Small Community Grant Fund - water and wastewater projects



# Important Funding Updates

- SRF Program
  - Direct loan interest rate reduced to 2.25% (direct loan limit is \$3 million)
    - Disadvantaged Community (DAC) Loan rates still 1.5% and 0.5% for DAC Category 1 and 2 respectively.
    - DAC Category 2 is more stringent.
    - Principle Forgiveness cap is \$400,000. Applies to DAC Category 2 only. Cap not included in direct loan limit.
  - Funding available for water rights acquisition for projects intended for public health protection, resiliency/redundancy, and not primarily for growth.



# Important Funding Updates (continued)

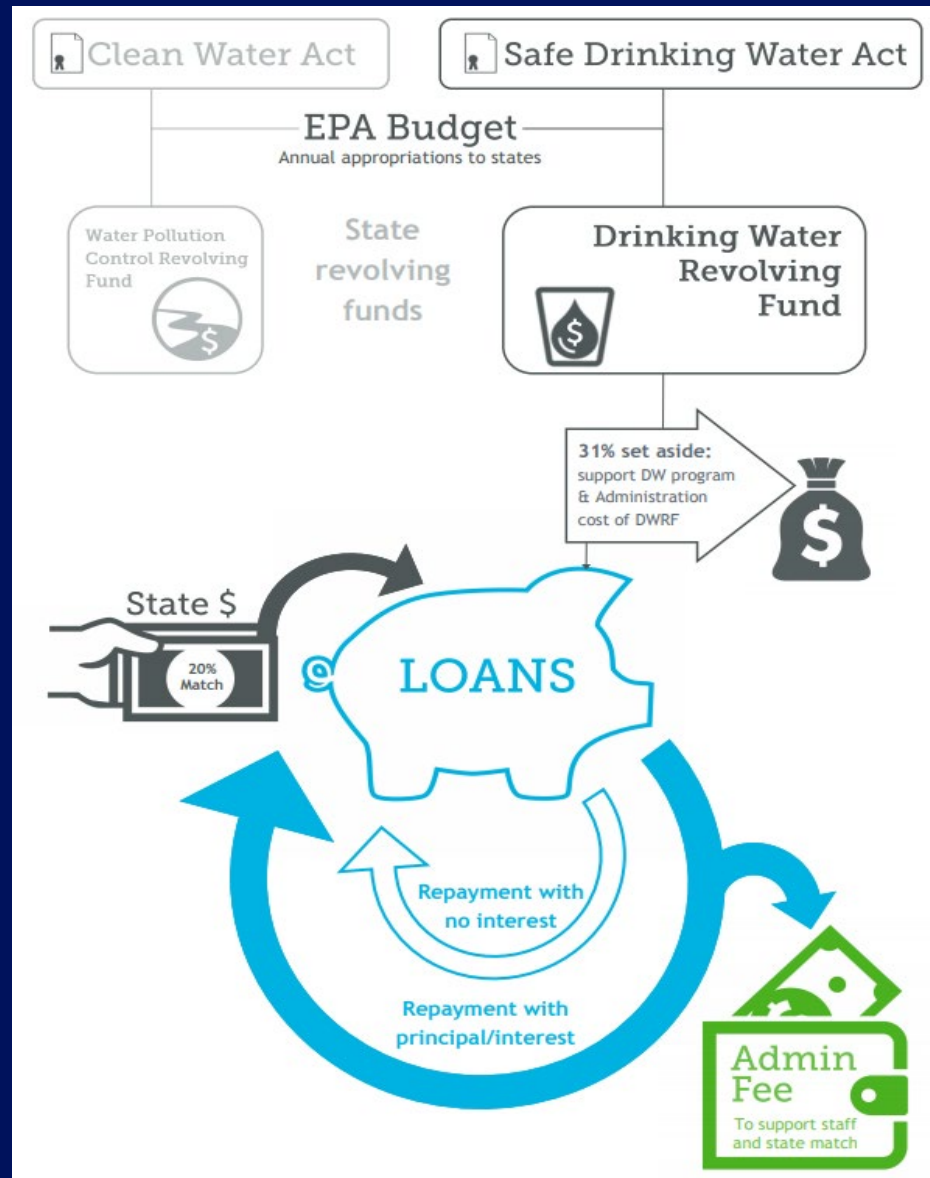
- State Grants Program
  - Small Community Grants Fund
    - \$4.5 million available in grant funding
    - RFA to be issued mid February
    - Includes \$464,00 from EPA Water Infrastructure Improvements for the Nation Act (WIIN) for disadvantaged communities with water quality violations
- Tracking potential federal stimulus
  - Current 2021 SRF appropriations are same as 2020:
    - \$1.6 billion for clean water and \$1.1 billion drinking water
    - Continued talks at Federal level of Infrastructure Stimulus.



# SRF: A perpetual funding source

Water Pollution Control Revolving Fund (WPCRF)

Drinking Water Revolving Fund (DWRF)



# SRF Partner Agencies and Roles

## CDPHE Water Quality Control Division



- Primacy agency.
- Program administration.
- Technical review and advisory role.
- Manages DWRP set asides.
- Federal reporting.

## Colorado Water Resources Power Development Authority



- Financial structure.
- Manages budgets and investments.
- Disburses funds.
- Federal reporting.
- Provides state match.
- Loan portfolio monitoring.

## Colorado Department of Local Affairs



- Conducts financial capacity assessments.
- Financial and managerial assistance to systems.
- Coordinates funding collaboration.
- SRF outreach.

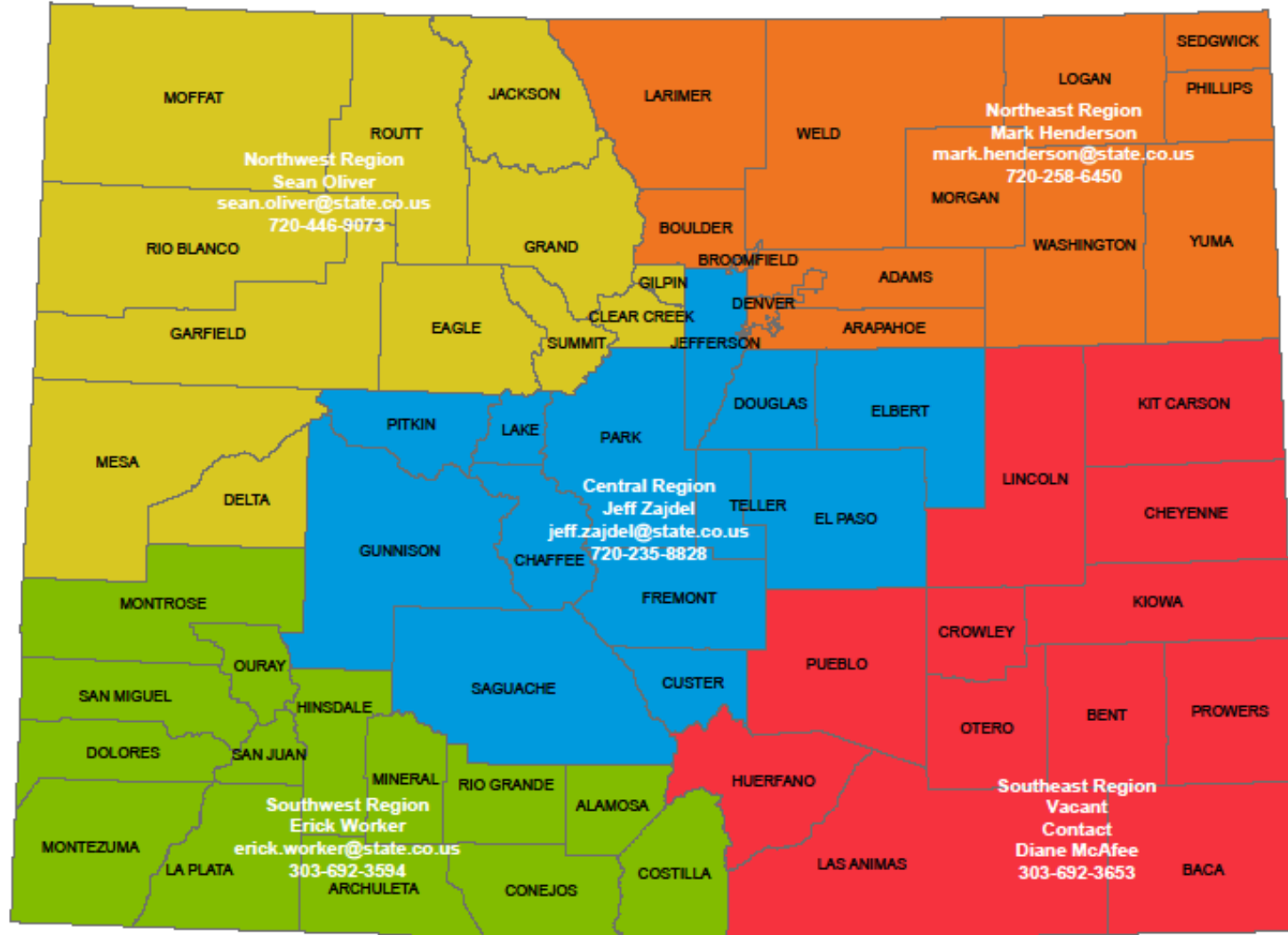




**COLORADO**  
Water Quality Control Division  
Department of Public Health and Environment

**WQCD Grants and Loans Unit**  
**Project Managers Map**  
Mark Henderson, Unit Manager, 720-258-6450  
Diane McAfee, Program Assistant, 303-692-3653  
Matt Alms, NEPA Specialist, 720-263-3743

Updated 01/2021



# Water Quality Control Division Grants & Loans Unit Project Managers Map



# SRF Funding Overview

- Low interest loan program to finance design and construction of public drinking water, wastewater and stormwater infrastructure projects.
- Direct Loans and Leveraged Loans. Direct loans up to \$3 million, Leveraged loans are greater than \$3 million
- Green Project Reserve incentive program for wastewater projects.
- Interest rate on leveraged loans typically 70% of market rate.
- Loan terms: Up to 30 years.
- **7 Loan application deadlines:** Jan. 15, Feb. 15, April 15, June 15, Aug. 15, Oct. 15, and Nov. 15.





# Direct and Leveraged Loans

- Direct Loans
  - No Prepayment Penalty
  - Can reduce remaining amount on loan if not used at no fee (Principal Reduction)
  - Loan repayment schedule flexibility - start of direct loan payments can be delayed for anticipated construction period typically not to exceed 12-18 mos.
  - Flexibility in application dates (any of the seven loan application dates)
- Leveraged Loans
  - Potential for lower interest rate (typically 70% of market rate)
  - Applications received at January 15 and June 15 loan application deadlines.
  - CWRPDA issues bonds and combines bond funds with other funds to make loans
  - No Trustee Fees, Continuing Disclosure / EMMA filings, or arbitrage Calculations
  - No monitoring refunding environment (handle if refunding viable and pass on savings)



# Disadvantaged Communities (DACs) Overview

- Population of 10,000 or less
- Meeting certain primary and secondary factors including:
  - Primary
    - Median Household Income (MHI)
    - Median Home Value (MHV)
    - County 24 month unemployment rate
  - Secondary
    - County Median Household Income (MHI)
    - County 10-year population change
    - Household assessed value
    - Current & projected system debt per tap to MHV
    - System full-cost per tap to MHI
- DACs are assigned as Category 1 or 2 based on factors. (Category 2 is severely disadvantaged)

[https://demography.dola.colorado.gov/disadvantaged\\_communities/](https://demography.dola.colorado.gov/disadvantaged_communities/)



# Disadvantaged Communities (DACs) - Available Funding

## Planning Grants

- Up to \$10,000 per project
- Eligible projects: DW/WW/SW governmental entities; DW private, non-profit
- Meet Planning Grant Criteria = DAC criteria for 2020
- 20% Match Requirement
- Requires completed pre-qualification form and pre-qualification meeting

## Design and Engineering grants (D&E)

- Eligible projects: Same criteria as Planning Grants (feasible projects)
- Grant size based on project type and expense. Maximum amount: \$300,000
- Requires approved Project Needs Assessment.

## Principal Forgiveness

- Availability varies, at times may be unavailable
- Must be a Category 2 Disadvantaged Community
- Eligibility and amount determined at loan application
- Amount of forgiveness ranges 20%-80% of loan request, current maximum of \$400,000



# State Revolving Fund Summary 2020

Over **83** active projects

Total in excess of **\$215,000,000**

Colorado program totals since inception:

- DWRF Cap Grants received ~**\$400M**.
- WPCRF Cap Grants received ~**\$387M**.



Town of Breckenridge  
Treatment Plant Project

Larger capacity examples:

- Town of Breckenridge DW ~\$58M
- City of Gunnison WW ~\$13M

Smaller capacity examples:

- Town of Nucla WW ~\$250K
- Town of Lake City DW ~\$1.6M

Program capacities:

- ~**\$40M-\$70M** for each program



# Annual Eligibility Survey



- **Who:** Municipalities, counties, special districts -  
All publicly owned water and sewer systems, private nonprofit water systems, publicly owned stormwater systems.
- **What:** Identify all 20-year capital improvement needs.
- **When:** Survey submittal deadline: **JUNE 30 to be on list for next year**
- **Where:** <https://www.colorado.gov/pacific/cdphe/wq-eligibility-survey>
- **Why:** **Required annually**
  - First step to securing SRF funding.
  - Not an application for funding; just the first step.
  - Does not obligate an entity to apply.



# Major Program Milestones

Eligibility Survey



Pre-Qualification



Project Needs  
Assessment (PNA)



Loan Application



Loan Execution



Construction

## Environmental Review

- Preliminary Environmental Determination
- Final Environmental Determination
- Environmental Clearance

## Design Review

- Design Submittal
- Design Review/ RFI
- Design Approval



# Eligibility of SRF Projects

## Eligibility Entities: Governmental Agencies, Public Waters Systems, and Private Non-Profit Water Systems

### Eligible Drinking Water Project Examples

- Supply, treatment, transmission, distribution
- Water Meters
- Planning and Design of eligible infrastructure projects
- Acquisition of Water Rights for public health protection or resiliency/redundancy.
- Land acquisition related to funded projects
- Purchase of water systems.

### Ineligible Drinking Water Project Examples

- Operation and Maintenance (O&M)
- Projects primarily for fire protection
- Projects primarily intended to serve future growth
- Dams and Raw Water Reservoirs

### Eligible Wastewater/Stormwater Project Examples

- Domestic wastewater treatment and collection
- Reclaimed water, Biosolids, Green Infrastructure
- Stormwater collection
- Non-point source projects
- Planning and Design of eligible projects

### Ineligible Wastewater/Stormwater Project Examples

- Operation and Maintenance (O&M)
- Projects primarily intended to serve future growth
- Fines and penalties from compliance violations



# SRF Construction Requirements

- Davis Bacon (Prevailing Wages)
- American Iron & Steel
- Archeological & Historic Preservation Act
- Civil Rights & Equal Employment Opportunity, Neutrality in Contracts, OSHA
- Disadvantaged Business Enterprise subcontracting
- Architectural & Engineering Services Procurement (WPCRF Only)
- Signage





# WQCD State Grant Programs

## Water Quality Improvement Fund (WQIF) - Overview

- Awarded on yearly cycle
- Eligible Applicants:
  - Governmental agencies; publicly owned water systems; private not-for-profit public water systems; not-for-profit watershed groups, stormwater program administrators and training providers; private landowners impacted by water quality violations
- Award Categories:
  - Category 1: Stormwater management training and BMPs training
  - Category 2: Projects that improve the water quality in the community or water body impacted by a water quality violation
  - Category 3: Planning, design, construction, or repair of stormwater projects and domestic wastewater treatment facilities (Note: must be on current year IUP)



## Water Quality Improvement Fund - Awards

- 2018 Awarded Funds: \$730,000
- 2019 Awarded Funds: \$1,080,000
- 2020 Awards Announced!
  - \$826,000 total funds awarded
  - 11 communities funded
  - Projects include stormwater training, stormwater planning and construction, wastewater treatment facility improvements



## Small Community Grants - Overview

- Awarded based on surplus in severance tax fund
- Eligible Applicants:
  - Population served less than 5,000
  - Governmental agencies, publicly owned water systems, Private not-for-profit public water systems.
- Award Categories:
  - Planning, design, and construction
  - Drinking water system treatment, transmission, and distribution.
  - Domestic wastewater treatment and collection.



## Small Community Grants (SCG) - Awards and 2021 RFA

- 2016 Awarded Funds: \$8.5 million
- 2021 RFA: \$4.5 million
  - RFA to open mid February
  - Tier 1 - Planning and Design Projects (awards up to \$50,000 each)
  - Tier 2 - Infrastructure Projects including planning, design and construction (awards up to \$400,000 each)
  - Both tiers will split funds approximately 50/50 for drinking water and wastewater projects



# Program Contact Information

## Websites

Mark Henderson  
Unit Manager, Grants and  
Loans Unit  
[mark.henderson@state.co.us](mailto:mark.henderson@state.co.us)  
720-258-6450

DOLA - <https://cdola.colorado.gov/>  
CWRPDA - <https://www.cwrpda.com/>  
WQCD GLU - <https://www.colorado.gov/pacific/cdphe/wq-grants-and-loans>  
Colorado Environmental Online Services system (CEOS) -  
<http://ceos.colorado.gov/CO/CEOS/Public>

