State Revolving Fund (SRF) Program

Mobile Bay NEP’s Government Network Committee
Spanish Fort, AL
February 17, 2017
The **Clean Water State Revolving Fund (CWSRF)** and the **Drinking Water State Revolving Fund (DWSRF)** are low interest loan programs intended to finance public wastewater and drinking water infrastructure improvements in Alabama.

The programs are funded with a blend of state and federal funds.
ELIGIBLE ENTITIES

- Only available to public entities including municipalities, utility boards and water & sewer authorities.
- Project must be ranked on priority list.
- The applicant must demonstrate an ability to repay.
- Projects must clear environmental review.
SRF ADVANTAGES

- Low interest rate (2.2% for 2016)
- Minimal closing costs
- Fixed interest rate with a 20-year term
- Level debt service
- Repayment does not begin until construction completion (capitalized interest accrues)
Use the engineer of your choice

Grant match for:

- Community Development Block Grants (CDBG),
- Special Appropriations Act Projects (SAAP), &
- U.S. Department of Agriculture (USDA).

Easiest government assistance program for water and wastewater projects
- Annual cycle
- Limited funding available
- Funds are reimbursed
- Design must be near complete at application stage
- Cross-cutters
- Davis-Bacon wage rates
Like all other federally-funded programs, Minority Business Enterprise/Women's Business Enterprise (Disadvantaged Business Enterprise - DBE) rules apply.

Project must clear an environmental review
Projects that strengthen compliance with Federal And State regulations and/or enhance protection of public health

- New or upgraded water treatment plants
- Drinking water storage facilities
- Source water (wells/surface)
- Water transmission/distribution mains
- System consolidation projects
DWSRF - NOT ELIGIBLE

- Dams, reservoirs, and water rights
- Growth
- Fire protection
- Non-viable Public Water Supply Systems
- Operation & Maintenance expenses
- Land purchase

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Publicly Owned Treatment Works (POTW)

- New or upgraded treatment
- Collection system rehabilitation/upgrade
- Pumping stations
- Sludge handling/treatment
- Growth projects (OK for now)
- Land is eligible only if integral to treatment (constructed wetlands, land application).

Section 212 of the CWA, follows criteria for Section 603(c)(1) projects
Not just POTW’s!

- Non-point source (Section 319)
- Energy efficient retrofits
- Water reuse/recycling
- Estuary management projects (Section 320)
- Stormwater pollution control (Section 122)
- And more (*must have water quality benefits*)

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### SRF History

#### State Revolving Fund Loans

<table>
<thead>
<tr>
<th>CWSRF (Since 1989)</th>
<th>DWSRF (Since 1999)</th>
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<tbody>
<tr>
<td>245 loans</td>
<td>178 loans</td>
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<tr>
<td>$1.15 Billion</td>
<td>$405 Million</td>
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ANNUAL CAPITALIZATION GRANT

CWSRF - $14,929,000

DWSRF - $10,438,000

2013 Requirements
Green Projects (CWSRF Only)
Principal Forgiveness
Davis-Bacon Wage Rates
Disadvantaged Business Enterprise

WRRDA
(Water Resources Reform & Development Act)

WIFIA
(Water Infrastructure Finance and Innovation Authority)

CWSRF
(Clean Water State Revolving Fund)
CWSRF Only

10% of the EPA Grant funds must be applied to “Green” projects

Green infrastructure, water and energy efficiency and environmentally innovative projects
Pre-application starting **October 1st** for next fiscal year cycle and anytime after.

If selected for funding, full application submitted by **March 1st** for earliest funding availability.

The project must clear an environmental review process and credit review.

Loans close late summer and fall.
State Revolving Fund (SRF)

Alabama Water and Wastewater Rates Dashboard

Guidance for SRF Applicants
FY 2014 Project Solicitation Notice
TVA Energy Efficiency Grant/Loan Program

The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) are low interest loan programs intended to finance public infrastructure improvements in Alabama. The programs are funded with a blend of state and federal capitalization funds. ADEM administers the CWSRF and DWSRF, performs the required technical/financial reviews of projects, and disburses funds to recipients.

Benefits of an SRF Loan:
- The SRF offers a loan interest rate substantially lower than the prevailing municipal bond rate available to "AAA" rated municipalities;
- The interest rate is fixed with a 20-year payback (extended term may be available);
- Loan repayment does not begin until construction completion date (capitalized interest accrues);
- The loan recipient is not required to pay any ongoing trustee expenses or rebate expenses normally associated with a local bond issue.

Projects Eligible for Funding
Projects that strengthen compliance with Federal and State regulations and/or enhance protection of public health are eligible for consideration to receive an SRF loan. If a project qualifies, the engineering, inspection, and construction costs are eligible for reimbursement. Among the projects which qualify for funding are:

- Publicly owned water or wastewater treatment works;
- Sewer rehabilitation;
- Interceptors, collectors, and pumping stations;
- Decentralized wastewater treatment;
- Drinking water storage facilities;
- New/rehabilitated water source wells;
- Water transmission/distribution mains;
- Consolidation/water system interconnection;
- Water conservation and reuse projects.
FOR MORE INFORMATION ON STATE REVOLVING FUNDS

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