

# Drinking Water State Revolving Loan Fund

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Drinking Water State Revolving Loan Fund  
North Dakota Department of Health



# Agenda

- Drinking Water State Revolving Loans Fund (DWSRF) Background
- Common DWSRF Partner Agencies
- Funding Demand on DWSRF

# Federal/EPA DWSRF Concept

- Program to help fund projects that provide a clean and safe supply of drinking water
- Below market interest rate
- Permanent pool of money for loans
- Payment of loans funds new projects

# CWSRF

- Authorized under the 1987 amendments to the Clean Water Act
- Loan
  - ❑ 2.5% effective interest rate
  - ❑ Maximum 30 years repayment
  - ❑ 3.5% interest rate for systems that do not qualify for tax exempt status

# DWSRF

- Authorized under the 1996 amendments to the Safe Drinking Water Act
- Loan
  - ❑ 2.5% interest rate
  - ❑ Base 20 years repayment, extended term to 30 years
  - ❑ 3.5% interest rate for systems that do not qualify for tax exempt status
- ❑ North Dakota Public Finance Authority is the financial agent for DWSRF loans

# DWSRF Eligible Systems

- Community water systems (includes rural water systems)
- Non-profit non-community water systems

# Projects Eligible for DWSRF Loans

- Address SDWA exceedances
- Prevent future SDWA exceedances
- Replace aging infrastructure
- Buy/finance existing debt obligations (refinance)  
projects started after July 1993

# Projects/Costs Ineligible for DWSRF Loans

- Systems in significant noncompliance with the SDWA
- Projects primarily intended for fire protection
- Projects primarily intended to serve future growth
- Projects that lack adequate technical, managerial and financial capability
- Operations, maintenance, and monitoring costs

# Sources and Uses of Funds

- Sources of funds
  - ❑ Capitalization grant
  - ❑ Repayments
  - ❑ State match
  - ❑ Transfer with CWSRF
  - ❑ Leveraging

# Sources and Uses of Funds

- Uses of funds
  - ❑ Loan fund
  - ❑ DWSRF program administration
  - ❑ Set-asides
  - ❑ Transfer with CWSRF

# Congressional Requirements

- Cross-Cutters
- American Iron and Steel
- Additional subsidization
- Davis-Bacon Wage Rates
- Transparency Act

# Project Priority List

- Projects are solicited from all regulated municipalities and rural water systems each fall
- Voluntary participation
- Must be on list to receive DWSRF funding
- Listed projects tend to be place holders
- 2016 list, 219 projects for \$679 million
- Annual average, 11 loans for \$25 million

# DWSRF Priority Ranking System

- 100 point system
  - ❑ Water Quality (max 35 points)
  - ❑ Water Quantity (max 25)
  - ❑ Affordability (max 15)
  - ❑ Infrastructure adequacy (max 15)
  - ❑ Consolidation/ regionalization of water supplies (max 10)
  - ❑ Operator Safety (max 10)

# DWSRF Benefits and Limitations

## ■ Benefits

- Below market interest rate
- Intended for safe drinking water
- Minimal application as compared to some federal programs
- Loan only for amount used
- Often used as local match to other funding agencies

# DWSRF Benefits and Limitations

## ■ Limitations

- Loan program
- Cross-cutters/federal requirements
- Project must be on priority list to be funded
- Federal limitations on eligible projects
- Future growth and fire protection are ineligible

# Common DWSRF Partners

- Rural Development program through USDA
- Community Development Block Grants
- State Water Commission
- US Army Corps of Engineers

# Summary

- Program to help fund projects that provide a clean and safe supply of drinking water
- Below market rate loan
- Project Priority List (voluntary)
- Usually work with other funding agencies

# Questions???

# Contact Information

## DWSRF

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