

Colorado Water Pollution Control Revolving Fund Intended Use Plan



COLORADO
Department of Public
Health & Environment



COLORADO
Department of Local Affairs

2015



Photo by Kavram

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Introduction to the Colorado WPCRF

The Water Pollution Control Revolving Fund (WPCRF) program provides financial assistance to governmental agencies for the construction of water projects that improve public and environmental health.

State Revolving Fund (SRF) Partnership

The SRF program is administered by three partnering agencies. Colorado statute directs the Colorado Department of Public Health and Environment, Water Quality Control Division (division), the Colorado Water Resources and Power Development Authority (authority), and the Colorado Department of Local Affairs, Division of Local Government (DLG), to jointly operate the SRF. The SRF agencies administer the programs in alignment with the same common goals approved and supported by the Water Quality Control Commission (WQCC) and the authority board of directors (authority board).

SRF Agencies Responsibilities		
Division	Authority	DLG
<ul style="list-style-type: none">• Primacy agency.• Program administration.• Technical review and advisory.• Federal reporting.	<ul style="list-style-type: none">• Financial structure.• Manages budgets and investments.• Disburses funds• Federal reporting.• Provides state match.	<ul style="list-style-type: none">• Financial and managerial assistance to systems.• Coordinates funding collaboration via Funding Coordination Committee.• SRF outreach.• Conducts financial capacity assessments.

Program Mission

- Dedicated to providing affordable financing to systems by capitalizing on all available funds to address the state's priority water related public health and water quality issues.
 - Actively target and allocate affordable resources to projects and initiatives that result in significant public health and environmental benefits, while maintaining perpetual, self-sustaining revolving loan fund programs.
 - Manage the funds in a manner to provide benefits for current and future generations.
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The SRF agencies also partner with the state Funding Coordination Committee (committee) which includes staff from the division, authority, DLG, Colorado Water Conservation Board, USDA Rural Development, Colorado Rural Water Association and Rural Community Assistance Corporation. The committee facilitates the use of collaborative capital financing when appropriate.

Intended Use Plans

The Intended Use Plan (IUP) is a federal Environmental Protection Agency (EPA) Capitalization Grant application requirement. The WPCRF IUP describes the SRF agencies plan to utilize funds to finance water quality infrastructure and support related program activities during calendar year 2015.



Long Term Goals

Colorado's long term goals aim to improve, maintain and/or restore water quality for priority water bodies. These goals include:

- Award SRF resources in accordance with the needs of Colorado citizens.
- Continue to implement and report the Clean Water State Revolving Fund Measurable Results Study to measure water quality improvements in receiving streams funded by the WPCRF.
- Support regional water quality management planning activities by development of water quality management plan strategies within the Statewide Water Quality Management Plan (SWQMP). Regional water quality management planning activities for point and nonpoint source management to protect and restore water is an important component of the effort to target WPCRF resources to the highest priority projects.
- Leverage funds in the WPCRF to maximize the amount of available funding for projected loans identified in the annual IUP's while continuing to reduce un-liquidated obligations.
- Maintain compliance with state and federal laws.
- Support nonpoint source site characterization and clean up through agreements between the division and the Department of Natural Resources, Division of Reclamation Mine and Safety.
- Provide nonpoint source control maintenance funding to protect the financial and environmental improvements made to date by the 319 Nonpoint Source Grant Program.
- Determine funding targets by obtaining surface water data sampling, analysis, and data assessment to identify watershed needs. Data goals include:
 - Conduct trend analyses on point and nonpoint sources of pollution to assess the need for reduction of those sources; and
 - Generate baseline water quality data for areas that have seen an increase in potential water quality impact (e.g., areas of population growth, areas where development may impact adjacent water quality through point sources or nonpoint sources).
- The State Funding Coordination Committee will strengthen its ability to identify and influence funding decisions to maximize use of all available State and Federal funds for the highest priority water related public health and environmental projects.
- Evaluate the current disadvantage community program to determine its alignment with the future LEAN state and whether or not the current definition meets the needs of Colorado communities.



Short Term Goals

Colorado's short-term goals align with the Water Pollution Control Program FY2013-2014 work plan:

- Complete the pre-qualification, engineering needs assessment, plans and specification self-certification criteria, and Handbook of Procedures (HOP) revisions for LEAN implementation.
- Attend conferences to provide program information to potential borrowers such as Colorado Rural Water Association, Colorado Municipal League, Special District Association's and the Colorado Water Congress's annual conferences.

- Maximize use of all WPCRF Capitalization Grant funds as directed by the federal Environmental Protection Agency (EPA).
- Identify, select, and implement an online integrated system that supports eligibility survey, application processes, and project management for Drinking Water Revolving Fund (DWRF) and WPCRF that provides better program coordination and transparency between staff and stakeholders.
- Encourage borrowers to address discharges of pollutants to segments designated as impaired for such pollutants.
- The division will continue to document environmental benefits in EPA annual report.
- After receipt of the EPA allotment formula and guidance, the authority, in conjunction with the division, will submit an application for the annual capitalization grant funds in a manner that maximizes effective and timely use of funds while reducing un-liquidated obligations.

Water Pollution Control Revolving Fund Project List

Appendix A: The WPCRF Project Eligibility List is an inventory of projects that completed an eligibility survey in 2014. The eligibility survey is released annually to potential borrowers to capture 20 year capital improvement needs. Appendix A includes the name of the public entity, a description of the project, population, the estimated cost of the project, potential green infrastructure type and cost. Borrowers can add projects to Appendix A by completing an eligibility survey in June of each year. The list shows the 20 year construction needs for all identified eligible water quality projects including point source, non-point source (NPS), stormwater and source water assessment projects (SWAP).

Appendix B: The Project Priority / Fundable List is an inventory of projects that are eligible to receive or have recently received a loan from the WPCRF. This list includes anticipated loan terms, interest rate and type of loan, project description and green infrastructure categories. Projects in Appendix B have a projected construction start of no more than 18 months at the time of eligibility survey submission in June. Projects listed in Appendix B have been assigned a preliminary ranking score; however, this score is subject to change based on additional information from potential applicants and further prioritization. An active copy of Appendix B is maintained on the division's website.

Criteria, Methods and Evaluation for WPCRF Distribution

This section describes the application process including the prioritization criteria and authority board approval action, how policies apply to the allocation of loan proceeds, and the proposed Federal Fiscal Year (FFY) 2015 federal bill requirements, such as Green Project Reserve; principal forgiveness; Davis-Bacon Act; American Iron and Steel; Architectural and Engineering procurement requirements; Generally Accepted Accounting Principles (GAAP); and project cost and effectiveness evaluation.

Loan applications are accepted seven times a year and are scored based on the ranking system found in **Attachment I: Colorado WPCRF Priority Scoring Model**.

Application, Prioritization and Approval

Applicants should coordinate with their assigned division project manager to determine the appropriate application submittal schedule to ensure board action and loan execution in a timely manner. The table below lists loan application deadlines, the type of loan, and the authority board meeting where the application is presented for approval.



Application Deadlines	Loan Type	Authority Board Meetings
January 15, 2015	Direct loan Leveraged loan (bond issue spring)	March
February 15, 2015	Direct loan	April
April 15, 2015	Direct loan	June
June 15, 2015	Direct loan Leveraged loan (bond issue fall)	August
August 15, 2015	Direct loan	October
October 15, 2015	Direct loan	December
November 15, 2015	Direct loan	January

All loans are subject to available funds and prioritization if needed

The prioritization of applications will only occur if funding requests exceed available funds.

Attachment I: Colorado WPCRF Priority Scoring Model will be used for the prioritization of applications. Loan applicants that do not prioritize may be considered at the next applicable loan application date at the applicant's request.

The SRF agencies may determine when applications be presented for approval at later authority board meetings depending on the volume of applications submitted at any one application deadline. Delays will not impact the applicant's prioritization ranking, but rather are meant to assist the SRF program workload balance. The determination will be based on the number of applications received, the applicant's timeframe for procuring funding and applicant's construction timeline.

All loan approvals are valid for 18 months. Prioritized and approved leveraged loans that do not execute their loan within 18 months will be reprioritized upon the next application deadline if necessary.

Allocation of Loan Proceeds

The SRF program follows policies set by the WQCC, authority board and SRF committee that dictate use of loan proceeds. Proceeds from loans and administration fees will be used to benefit communities through Planning and Design Grants and Disadvantaged Community Loans.

Capitalization Grant

For FFY15, and consistent with the 2014 appropriations language, the following requirements may apply to each state receiving WPCRF capitalization grants:

Green Project Reserve (GPR)

Historically, the capitalization grant agreement has required all SRF programs to direct a portion of their capitalization grant toward projects that address green infrastructure, water efficiency, energy efficiency, or other environmentally innovative activities. If the 2015 appropriation grant/guidance requires a GPR set-aside, the incentive below will be offered.

Projects that implement eligible green components equal to, or greater than, 20 percent of the total project cost will receive a reduced loan interest rate of 0 percent for up to a maximum of \$2.5 million. Leveraged loan projects over \$2.5 million will only be eligible for the reduced interest rate on the first \$2.5 million. This incentive will only be offered until Colorado's GPR requirement has been met. These terms are subject to final action by the authority board and are not guaranteed terms until such time.

In the event that the 2015 appropriation guidance does not require additional GPR set-asides, the incentive will only be available for any remaining unobligated GPR funds.

The division has identified and included potential green projects in **Appendix A: Project Eligibility List** and **Appendix B: Project Priority / Fundable List**. These projects have been identified by *green type* and the estimated dollar amount. The division will utilize the definition for *categorical* and business case as provided by the EPA in the appropriation guidance. The division will review all business cases to determine GPR eligibility and post them on the division's website.

Principal Forgiveness Loans

In 2014, the WPCRF capitalization grant appropriation required that not less than 20 percent, but no more than 30 percent of funds shall be used by the state to provide additional subsidy to eligible recipients in the form of principal forgiveness, negative interest loans, grants, or a combination of these. However, this requirement only applied to the portion that exceeded \$1 billion nationally, which represented approximately 8 percent (\$915,523) of Colorado's 2014 capitalization grant.

The SRF programs are in the process of implementing the LEAN future state of the programs. Part of that process recommends use of the additional subsidy to be issued for the planning and engineering phase for SRF borrowers. This will provide the opportunity to assist with more planning and engineering monies to those who otherwise could not afford the project. Further, it will position projects to more quickly move into construction prior to appropriating additional SRF funding. Utilization of additional subsidies for planning and engineering purposes, the related criteria and terms will be set solely by the authority board. In the event this recommendation is not approved, the following will be applied for any available additional subsidy in 2015:

The state intends to distribute the additional subsidy in the form of principal forgiveness per **Attachment II: Application of Additional Subsidization**. In 2015, principal forgiveness for the WPCRF

will be distributed one time at the October 15, 2015 application deadline. The balance of the funds remaining beyond the required additional subsidy will be made available through loans without principal forgiveness.

Davis-Bacon and Related Acts

The requirements of Section 1450(e) of the federal SDWA (42 U.S.C. 300j-9(e)) regarding prevailing wage rates shall apply to the construction of treatment works carried out in whole or in part with assistance made available by a state revolving loan fund as authorized by section 1452 of the federal act (42 U.S.C. 300j (12)).

American Iron and Steel

On January 17, 2014 Congress passed the American Iron and Steel (AIS) requirement as part of the EPA Consolidated Appropriations Act for iron and steel products used in SRF projects for construction, alteration, maintenance or repair. Projects with loan execution and/or plans and specification approval on or after January 17, 2014 and prior to October 1, 2014, are subject to AIS.

Debarment, Suspension, and Other Responsibility Matters

Recipients of EPA financial assistance agreements must provide certification that they are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency. The borrower must also ensure that any consultants, prime contractors, subcontractors, vendors, suppliers and manufacturers meet the requirements and are not excluded from covered transactions by any Federal department or agency.

Prohibition Against Participation of Listed Violating Facilities

Recipients of EPA financial assistance agreements and prime contractor must ensure that no portion of the work required by the prime contract will be performed in a facility listed on the Environmental Protection Agency list of violating facilities on the date when the contract is awarded. The work must comply with the Clean Air Act and Clean Water Act, and comply with clean air and clean water standards at the facilities in which the contract is being performed.

Disadvantaged Business Enterprise

Recipients of EPA financial assistance agreements are required to seek, and encouraged to utilize small, minority, and women-owned businesses for the procurement needs on projects designated for equivalency. The goal of the Disadvantaged Business Enterprise (DBE) program is to ensure nondiscrimination in the award of contracts.

Williams-Steiger Occupational Safety and Health Act

Recipients of EPA financial assistance agreements are required to ensure that all contractors working on the construction of projects are subject to the provisions of the Williams-Steiger Occupational Safety and Health Act of 1970.

Archeological Discoveries

Recipients of EPA financial assistance agreements are required to ensure that archeological discoveries are protected through the appropriate procedures.

Environmental Assessment - Compliance with the National Environmental Policy Act

All proposed actions funded by the State Revolving Fund program must undergo an environmental review process to assess compliance with the intent of the National Environmental Policy Act (NEPA)

and State Review Process (SERP). The State, borrower, engineer, contractor and subcontractors have a duty to cooperate fully with federal and local governments and all other concerned public and private organizations, to use all practical means and measures including financial and technical assistance, and to create and maintain conditions under which man and nature can exist in productive harmony and promote the general welfare of the public.

Architectural and Engineering Services Procurement

Recipients of EPA financial assistance agreements are required to utilize qualification based selection methods for architectural and engineering (A/E) services on projects designated for equivalency. It is recommended that all projects pursuing State Revolving Fund loan funds to utilize a procurement methodology that meets or exceeds the A/E procurement requirements of 40 U.S.C. 1101 *et seq.*

Generally Accepted Accounting Principles

Recipients of EPA financial assistance agreements are required to maintain project accounts according to Generally Accepted Accounting Principles (GAAP). This provision requires borrowers to use standards relating to the reporting of infrastructure assets.

Fiscal Sustainability Criteria

Recipients of EPA financial assistance agreements are required to develop and implement a fiscal sustainability plan (FSP), or certify that it has developed and implemented such a plan by the conclusion of the project. The FSP must address an inventory of critical assets; an evaluation of the condition and performance of inventoried assets; a certification that the recipient has evaluated and will be implementing water and energy conservation efforts; and a plan for maintaining, repairing, and as necessary, replacing the treatment works, and a plan for funding such activities.

Cost and Effectiveness Evaluation

Beginning October 1, 2015, recipients of EPA financial assistance agreements are required to study and evaluate the cost and effectiveness of the processes, materials, techniques, and technologies to carry out the proposed project.

The above requirements are subject to further interpretation by the EPA and will be implemented consistently with any formal guidance issued by the agency.

Miscellaneous

EPA Capitalization Grants may be allocated to any or all projects based on the amount of available grant and re-loan funds and at the direction of EPA.

The proposed payment schedule using FFY15 Water Pollution Control funds will be included in the application for the capitalization grant. The payment schedule identifies the anticipated amount of EPA Automated Clearinghouse (ACH) draws from the capitalization grant and state dollars to be deposited into the WPCRF.

The State will provide the necessary assurance and certifications as part of the Capitalization Grant Agreement and Operating Agreement between the state and EPA.

In accordance with federal statutes, states are authorized to provide loans at or below market interest rates, including interest free loans, at terms not to exceed the lesser of 30 years and the projected useful life (as determined by the State) of the project to be financed with proceeds of the loan.

Capitalization Grants and Re-loan Funds

The federal capitalization grant will primarily be used to fund all loan applicants first, subject to program constraints, to assist with reducing any unliquidated obligations. Re-loan funds will generally be allocated after federal monies have been issued.

Disadvantaged Communities (DAC) Loans

A DAC is defined as having a population of 10,000 or less with a median household income (MHI) that is 80.0% or less than the state MHI; a 24-month average county unemployment rate of more than 2 percent; an annual average county population change over the previous ten year period less than 5%, and must be a governmental agency.

- EPA capitalization grant funds or re-loans will be the source of capital used to fund DAC loans. To the maximum extent practical and based on available data, projects eligible to receive the reduced interest rate will be identified on the **Appendix B: Project Priority / Fundable List**.
- MHI as a percentage of the statewide MHI will be used to distribute funding to governmental agencies that are disadvantaged in accordance with two categorical affordability tiers.

DAC	MHI	Loan Amount	Loan Terms
Category 1	MHI between 61.0% - 80.0%	up to \$2.5 million per project	Loan terms up to 30 years * Interest rate is established at 50% of the direct loan rate**
Category 2	MHI less than 61.0%	up to \$2.5 million per project	Loan terms up to 30 years * Interest rate is established at 0% **

*Not to exceed the project's design life.

** The authority board determines all interest rates on or before December 31st each year for the following calendar year.

- DAC status will be determined based on:
 - The most current American Community Survey (ACS) data at the time the pre-qualification is submitted.
 - The most recent complete year release of 24-month average county unemployment data from the Bureau of Labor Statistics (BLS) (2014 data valid until March 2015).
 - The most recent intercensal population trend estimate from the State Demography Office, Department of Local Affairs (2013 data valid until fall 2015).
 - The DAC status determination will be valid for a period of 18 months. If the applicant does not execute the loan with DAC terms during the 18 months, the most current ACS data will be utilized to determine DAC status.

Note: All loan requests exceeding the direct loan limit of \$2.5 million will not be eligible for a DAC loan. If the authority board decides to utilize additional subsidy for capital construction, **Attachment II: Application of Additional Subsidization** will be used.

Planning and Design Grants

The intent of the planning and design grants is to assist WPCRF applicants with costs associated with complying with program requirements such as: engineering reports, environmental assessments, engineering design documents, energy audits and legal fees associated with the formation of a legal entity capable of receiving WPCRF assistance.

As mentioned in the principal forgiveness loan section previously, the authority board is considering a shift in the use of additional subsidy for FFY15 to fund planning activities on an individual project basis. In the event additional subsidy is authorized for this purpose, the amount and criteria for planning and design grants will be set per the authority board. If the authority board determines to utilize the same planning and design grant criteria as identified in the 2014 IUP, the following criteria will be used:

- Project is on the current year WPCRF **Appendix A: Project Eligibility List** or will be added to the subsequent year's project eligibility list,
- Population is 5,000 or less, and
- MHI is 80.0 percent or less than the statewide MHI. Colorado's MHI is \$58,244 amounting to 80 percent MHI at \$46,595 according to the American Community Survey 2008-2012.
- A local match of 20 percent is required for all planning and design grants. Planning and design grant invoices will be paid at no more than an 80:20 ratio.

The ranking system is located in **Attachment III: Colorado WPCRF Planning & Design Grant Prioritization**. Governmental agencies must meet the following Planning and Design Grant criteria.

One grant in the amount of up to \$10,000 will be awarded per community, per project. An applicant may not receive more than one planning and design grant for the same project. Additional funds may be allocated for planning and design grants at the discretion of the authority board.

Grant applications will be accepted between January 1 and January 31 of each year. Starting February 1, all applications will be prioritized according to the criteria set forth in **Attachment III: Colorado WPCRF Planning & Design Grant Prioritization** and awards will be made in rank order until all grants have been expended. If there are more grant funds than applications, funds will be disbursed on a first come first serve basis. If the entity does not seek funding through the WPCRF, they may be requested to repay the grant or seek a waiver of the repayment requirement from the authority board.

These planning and design grant funds are provided from the administrative fee account from income received from WPCRF loans.

Special Projects

Colorado Governor John Hickenlooper implemented a state agency initiative to apply customer-focused process improvements to state services (commonly known as LEAN) with the purpose of increasing efficiency and effectiveness while measuring such improvements. The SRF agencies are utilizing the LEAN concept to improve SRF program processes and the borrower's experience. LEAN is defined as a systematic approach of continuous improvement, based on what the customer needs are through an effective and efficient business process. The WPCRF program is anticipating implementing a portion of the future state by January 1, 2015 and full LEAN implementation is anticipated by the end of the 2015 calendar year.

The division and authority will work together to support a regional study of the pending revisions to the ammonia criteria. New EPA ammonia criteria, based on predominantly eastern and Midwestern species' sensitivity, will result in very stringent permit effluent limits. Neighboring states including Utah and Montana are interested in a cooperative effort to collect water quality and aquatic life data that is more representative of conditions in the arid west.

The division and authority will work together to evaluate the impacts of implementing current temperature standards into discharge permits. Temperature standards were adopted by the commission in 2007. As they have been implemented throughout Colorado, treatment technologies related to sewage heat recovery need to be evaluated so that guidance can be developed to assist with compliance schedule development and discharger specific variance efforts where necessary.

The division and authority will work together to develop and implement nutrient nonpoint source management outreach activities. Nutrient nonpoint source management will rely on a strong public outreach message with the backing of local partners. A statewide public outreach program utilizing all 76 conservation districts to inform local landowners is envisioned. Priority geographic areas for agricultural nutrient management will be targeted for additional educational programs and on-farm demonstration and measurement of best management practices.

The division will request funds from the authority for continued support of nonpoint source maintenance so that previous 319 nonpoint source grant investments made for clean up and reclamation are protected.

Emergency Procedures

The WQCC may amend **Appendix A: Project Eligibility List** and **Appendix B: Project Priority / Fundable List** at any time throughout the year to include projects that it determines and declares to be emergency projects needed to prevent or address threats to public health. In cases where the WQCC determines the amendments will result in substantial changes to **Appendix A: Project Eligibility List** or **Appendix B: Project Priority / Fundable List**, public notice and opportunity for comment on the proposed inclusions shall be provided.

Financial Status of the WPCRF

As of June 30, 2014, 81 WPCRF direct loans totaling \$76,104,066, 99 WPCRF leveraged loans totaling \$844,218,530, and 44 disadvantaged community loans totaling \$30,839,818, were administered or are currently being administered by the state. In addition, as of December 31, 2011, 12 American Recovery and Reinvestment Act loans including principal forgiveness totaling \$30,093,792 were administered by the state. The total loan amount for the 236 loans is \$981,256,206.

The FFY14 capitalization grant was awarded on April 21, 2014. The EPA allotment was \$11,216,000 and the state match was \$2,243,200 for a total of \$13,459,000. The state is unable to anticipate the amount and funding levels for the FFY15 capitalization grant. For appendices and table purposes the FFY14 amounts were assumed for FFY15 and may or may not be accurate.

The total amount of federal capitalization grant awards through FFY14 available for loans and program administration is \$315,826,923. Of this amount, \$306,219,931 has been obligated through June 30, 2014, for loans, seen in Appendix C and Appendix D, and \$11,278,100 has been allocated for program administration. The amount of unobligated grant funds as of June 30, 2014 is \$9,606,992.

Attachment IV: Cash Draw Proportionality Percentages, lists the open projects funded through June 30, 2014 with capitalization grant funds and the ratio of federal funds that are drawn.

Re-loan funds of approximately \$98,211,710 are expected to be available for the remainder of the 2014 calendar year and during the 2015 calendar year. Approximately \$113,702,676 of grant and re-loan funds will be available for loans for the remainder of 2014 and in the year 2015. Because Colorado leverages the fund, the 2015 loan capacity of the WPCRF should be approximately \$121,730,108, as seen in **Attachment V: WPCRF Calculation of Loan Capacity**. To leverage the available grant and re-loan funds for 2015, the authority would anticipate issuing \$20 to \$50 million in Clean Water Revenue Bonds for a term of twenty years plus the construction period at estimated interest rates of 2 to 4 percent to provide loan rates (currently 70 percent of market) as set by the authority board on or before the December 2014 board meeting.

The WPCRF currently charges up to a 0.8 percent administrative fee on all loans based on the original principal amount of the loan. On direct loans, more of the fee is front loaded because there are not enough interest charges on the backend to charge a full 0.8 percent on the original principal. It is estimated that \$5,382,998 will be generated in loan fees in 2014 and \$5,248,774 in 2015. Up to \$1 million of WPCRF administrative fees collected from loans may be transferred to the DWRF to pay for administrative costs of the DWRF.

Appendix E: Funds Available to the WPCRF Loan Program identifies the revenues and expenses from the administrative fee account that are outside of the revolving loan fund. The values in this table may not reconcile differences between cash and accrual accounting methods. In consultation with the WQCC and the authority board, the division intends to pursue the option of using funds generated from the loan fee to fund eligible water quality activities as provided for in EPA's CWSRF 06-01 Policy Memo regarding Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Program Assistance. These activities may include, but are not limited to, water quality monitoring, developing total maximum daily loads, water quality restoration plans, and management of other state financial assistance programs for water quality related purposes. Additionally, administrative fee income will be used to fund planning and design grants.

The proposed payment schedule using FFY15 WPCRF funds will be included in the application for the capitalization grant. The payment schedule identifies the anticipated amount of EPA ACH draws from the capitalization grant and state dollars to be deposited into the WPCRF.

Transfer Activities

As authorized by Congress, Section 302 of the SDWA Amendments authorizes a state to transfer up to 33 percent of the amount of a fiscal year's DWRF program capitalization grant to the Clean Water State Revolving Fund program or an equivalent amount from the Clean Water State Revolving Fund program to the DWRF program. In turn, 33 percent cumulative DWRF capitalization grants for FFY97 through FFY14 (total DWRF grants at \$290,414,600) may be reserved from the DWRF and transferred to the WPCRF and this same amount may be transferred from the WPCRF to the DWRF. **Attachment VI: Net Funds Available for Transfer** itemizes the amount of net SRF funds available for transfer between the two programs.

If a transfer is pursued, a stakeholders group will be notified of the state's intent to transfer funds. Based on the WQCC and the Governor's approvals, a transfer of no more than \$10 million will be made in 2015. The exact amount of the transfer will be determined after the January 15 or June 15

application deadlines and the WPCRF and DWRF loan demands are determined. None of the transferred funds will be used for administrative purposes.

It is estimated that a transfer of \$5 - \$10 million from either the WPCRF to the DWRF will reduce the revolving level of that program by \$1 - \$2.5 million/year over the next 20 years. The DWRF set-asides would not be affected and the remainder of the allocation would be deposited into the revolving fund.

Any transfer would be deposited in the appropriate program and only available for loans. With the statutory language approved by the Colorado State General Assembly in 2002, any transfers can be made from one account to the other with all of the appropriate approvals.

Cross-Collateralization Activities

Beginning in the calendar year commencing on January 1, 1999, the WPCRF, along with the DWRF, cross-collateralized or pledged moneys on deposits in one fund to act as additional security for bonds secured by moneys on deposits in the other fund. This mechanism was utilized for both programs in 1999 and, as a result, the bond ratings for both programs were upgraded to AAA by all three bond rating agencies. This upgrade translates to lower interest rates and thereby more savings to the borrowers of both programs.

Public Review and Comment

On September 8, 2014, the WQCC published this information and held an administrative action hearing on October 14, 2014, at which time the state's 2015 IUP, including the 2015 WPCRF project eligibility list and project priority / fundable list, was approved. Each year, the IUP will be amended to include additional WPCRF projects and other appropriate changes. The division will continually seek public review and comment for the proposed list of eligible projects and IUP brought before the WQCC for annual approval. During the annual project eligibility list survey process the division contacted governmental agencies to identify potential projects for the 2015 WPCRF IUP.

Attachment I: Colorado WPCRF Priority Scoring Model

Water Quality Improvement Criteria	Points
Project addresses a water quality impairment identified in the 303(d) list or a groundwater standard that has been exceeded	40
Project will implement an approved TMDL (total maximum daily load) <ul style="list-style-type: none"> • 1 TMDL • 2 TMDLs • 3 or more TMDLs 	<div style="display: flex; justify-content: space-between;"> 50 75 80 </div>
Project applies BMPs to mitigate against erosion, sedimentation, pollution runoff, including: <ul style="list-style-type: none"> • Creation of riparian buffers, floodplains, vegetated buffers, slope stabilization and additional stream restoration methods • Supports wetland protection, restoration or creation by means of constructed wetlands 	<div style="display: flex; justify-content: space-between;"> 10 10 </div>
Project corrects Individual Sewage Disposal Systems or exfiltration for sewers shown to be polluting either surface or groundwater and mitigates a public health emergency and/or a confirmed repeated contamination of a supply source by E. coli, fecal coliform or nitrate above established standards	50
Financial / Affordability Criteria	Points
Median Household Income (MHI) of service area* <ul style="list-style-type: none"> • < 40.0% of State MHI • MHI ≥40.0% to < 60.0% of State MHI • MHI ≥60.0% to < 80.0% of State MHI 	<div style="display: flex; justify-content: space-between;"> 25 15 5 </div>
*percent of MHI will be calculated using the same method in Section E (5i).	
User Fees: Proposed Fees per single family equivalent (SFE) as a percent (%) of median household income <ul style="list-style-type: none"> • Rates are more than 1.5% of service area's MHI • Rates are between 1% and 1.5% of service area. • Rates are less than 1% of service area's MHI 	<div style="display: flex; justify-content: space-between;"> 25 15 5 </div>
Indebtedness* = $\frac{\text{existing debt} + \text{proposed debt}}{\text{SFE}^{**}}$ <p style="text-align: center;">MHI</p> <ul style="list-style-type: none"> • > 5% of area MHI • Between 2% and 5% of area MHI • Below 2% 	<div style="display: flex; justify-content: space-between;"> 25 15 5 </div>
*Indebtedness is based on the amount of sewer debt only	
$**SFE = \frac{\text{Total Wastewater Flow from Service Area (average gal / day)}}{\text{Average Wastewater Load from one SFE (average gal / day)}}$	
Average occupancy= 2.55/SFE; Average daily wastewater flow - 75 gallons/person/day	
Population: <ul style="list-style-type: none"> • Less than 1,000 population • 1,000 to 4,999 population • 5,000 to 10,000 population 	<div style="display: flex; justify-content: space-between;"> 25 15 5 </div>

Permit Compliance	Points
Project is designed to maintain permit compliance or meet new permit effluent limits	40
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order or other enforcement action	25
Project addresses an enforcement action by a regulatory agency and the facility is currently in significant non-compliance	15
Sustainability / Green Project Reserve (GPR)	Points
<p>Project incorporates one or several of the following planning methodologies:</p> <ul style="list-style-type: none"> • Regionalization and consolidation • Promoting sustainable utilities and/or communities through <ul style="list-style-type: none"> ○ Fix it first ○ Asset management planning ○ Full cost pricing ○ Life cycle cost analysis ○ Evaluation of innovative alternatives to traditional solutions • Conservation easements and/or land use restrictions 	5 (for one or more)
<p>Project incorporates Green Project Reserve Components at minimum of 20% of total project costs:</p> <ul style="list-style-type: none"> • Green infrastructure • Water efficiency • Environmentally innovative • Energy efficiency • Project is categorically eligible for the GPR and does NOT require a business case (bonus points) 	10 10 5 5 5
Readiness to Proceed	Points
<p>Project has secured one or more of the following:</p> <ul style="list-style-type: none"> • Request for PELs submitted • Site application submitted and approved • Plans and specification submitted • Plans and specification approved 	5 (for one or more)
<p>Project implements one or more of the following planning instruments:</p> <ul style="list-style-type: none"> • Watershed management plan • Source water protection plan • Nonpoint source management plan • Approved 305(b) Report Category 4b designation • Nutrient management plan • Comprehensive land use planning 	5 (for one or more)
Project has funding secured by multiple financial assistance provider(s)	10

Attachment II: Application of Additional Subsidization

Additional Subsidization	
Additional Subsidy Points (Affordability Score + Water Quality Improvement Score)	Percent of Project Costs as Principal Forgiveness*
≥ 130 points	80% principal forgiveness
100 - 129 points	60% principal forgiveness
<99 points	40% principal forgiveness

*No one project can receive more than 50 percent of total amount of funds that have been set aside for additional subsidization for that fiscal year. For example, if Colorado has set aside \$2 million for FY2014 to be provided as additional subsidization, no project can receive more than \$1 million in principal forgiveness.

Attachment III: Colorado WPCRF Planning and Design Grant Prioritization

Financial/Affordability	Points
Median Household Income (MHI) of service area <ul style="list-style-type: none"> • < 40.0% of state MHI • MHI ≥40.0% but <60.0% of state MHI • MHI ≥60.0% but <80.0% of state MHI 	 30 20 10
Population: <ul style="list-style-type: none"> • Less than 500 • 500 to 1,000 population • 1,001 to 5,000 population 	 30 20 10
Water Quality Improvement	Points
Project will correct an identified water quality impairment of a water body that is included on the 303(d) list.	25
Project applies BMPs to mitigate against erosion, sedimentation and pollution runoff.	5
Project corrects Individual Sewage Disposal systems shown to be polluting either surface or groundwater.	15
Permit Compliance	Points
Project is designed to maintain permit compliance or meet new permit effluent limits.	15
Project addresses a facility's voluntary efforts to resolve a possible violation and will mitigate the issuance of a consent order or other enforcement action.	10
Project addresses an enforcement action by a regulatory agency and the facility is currently in significant non-compliance.	5
Sustainability	Points
Project implements sustainable measures, such as fix it first methodology, development of an asset management plan, or regionalization and consolidation.	5
Project will generate and/or utilize reclaimed water for direct re-use, or correct a water loss issue	10

In the event that two or more projects are tied, the highest financial/affordability score will be used to break the tie. Should a tie between projects remain after sorting by the affordability, the water quality improvement section will be used and the tied projects will be ranked from highest to lowest for each respective category in that section. If the tie cannot be broken through the above process, permit compliance will be used with the final tie breaker being the highest percentage of match to the total planning and/or design cost.

**Attachment IV: Cash Draw Proportionality Percentages-
WPCRF Grant Funded Loans as of June 30, 2014**

LL-Leverage Loan / DL-Direct Loan

Project	Loan Execution Date	Total Loan	Federal Share	Actual State Match Ratio *	Adjusted State Match Ratio**	State Share	Additional Subsidization
Glenwood Springs, City of (LL)	05/13/10	\$ 31,460,100.00	\$ 8,200,500.00	20.00%	20.00%	\$ 1,640,100.00	
Cheraw, Town of (DL)	10/21/10	\$ 405,000.00	\$ 389,778.00	3.91%	20.00%	\$ 15,222.00	\$ 405,000.00
Mountain View Villages W&SD (DL)	10/21/10	\$ 288,601.00	\$ 281,092.00	2.67%	20.00%	\$ 7,509.00	\$ 288,601.00
Empire, Town of (DL)	12/20/10	\$ 499,995.00	\$ 466,337.00	7.22%	20.00%	\$ 33,658.00	\$ 499,995.00
Olathe, Town of (DL)	4/8/2011	\$ 500,000.00	\$ 434,453.05	15.09%	20.00%	\$ 65,546.95	\$ 500,000.00
Fountain SD (LL)	11/3/2011	\$ 6,860,302.80	\$ 5,001,514.00	20.00%	20.00%	\$ 1,000,302.80	
Windsor, Town of (LL)	11/3/2011	\$ 3,110,543.20	\$ 2,477,716.00	20.00%	20.00%	\$ 495,543.20	
Naturita, Town of (DL)	6/4/2012	\$ 700,000.00	\$ 668,878.60	4.65%	20.00%	\$ 31,121.40	\$ 500,000.00
Rocky Ford, City of (DL)	11/20/2012	\$ 1,750,000.00	\$ 1,477,861.60	18.41%	20.00%	\$ 272,138.40	\$ 192,436.00
Huerfano County Gardner W&S PID (DL)	12/5/2012	\$ 250,000.00	\$ 223,772.07	11.72%	20.00%	\$ 26,227.93	\$ 250,000.00
Olney Springs, Town of (DL)	1/31/2013	\$ 573,000.00	\$ 503,404.72	13.82%	20.00%	\$ 69,595.28	\$ 250,000.00
Cokedale, Town of (DL)	5/1/2013	\$ 250,000.00	\$ 212,384.98	17.71%	20.00%	\$ 37,615.02	\$ 250,000.00
Hillcrest W&SD (DL)	5/2/2013	\$ 639,000.00	\$ 538,034.55	18.93%	20.00%	\$ 101,865.45	
Pueblo, City of (LL)	5/15/2013	\$ 1,563,694.00	\$ 1,308,489.50	19.50%	20.00%	\$ 255,204.50	

Project	Loan Execution Date	Total Loan	Federal Share	Actual State Match Ratio *	Adjusted State Match Ratio**	State Share	Additional Subsidization
South Adams County W&SD (LL)	5/24/2013	\$ 591,500.00	\$ 499,557.04	18.40%	20.00%	\$ 91,942.96	
Fairways MD (DL)	6/17/2013	\$ 1,227,736.00	\$ 1,029,666.14	19.24%	20.00%	\$ 198,069.86	
Mansfield Heights W&SD (DL)	6/28/2013	\$ 1,916,075.00	\$ 1,602,601.61	19.56%	20.00%	\$ 313,473.39	
Larimer County LID 2012-1 (RGE) (DL)	5/6/2014	\$ 4,179,047.20	\$ 2,336,706.00	20.00%	20.00%	\$ 467,341.20	
South Sheridan WSS&SDD (DL)	5/6/2014	\$ 22,191,850.40	\$ 12,076,542.00	20.00%	20.00%	\$ 2,415,308.40	
Fowler, Town of (DL)	6/30/2014	\$ 1,400,000.00	\$ 1,166,620.00	20.00%	20.00%	\$ 233,380.00	
Larimer County LID 2013-1 (BE)	6/30/2014	\$ 970,341.00	\$ 808,585.16	20.00%	20.00%	\$ 161,755.84	
Cokedale, Town of (DL#2)	6/30/2014	\$ 160,000.00	\$ 133,328.00	20.00%	20.00%	\$ 26,672.00	
Total		\$ 81,486,785.60	\$ 41,837,822.02			\$ 7,959,593.58	\$ 3,136,032.00

*Actual state match drawn ratio prior to implementation of correct proportionality (for loans executed prior to January 1, 2014 -- loans executed after January 1, 2014, were allocated and draw the correct ratio).

**Beginning January 1, 2014 and going forward, state match ratio drawn on all loan project requisitions. In January, 2014, the Authority implemented new procedures to meet the EPA proportionality requirement for project/loan grant draws.

The remaining undrawn loan amounts of all loans funded with 100% grant funds prior to January 1, 2014 were adjusted to meet the proportionality requirement beginning in January 1, 2014 and will draw at the correct federal/state match ratio until complete.

Attachment V: WPCRF
Calculation of loan capacity for 2015
As of June 30, 2014

Capitalization grants for loans through 2014	\$315,826,923
Obligated for loans through 6/30/14	\$306,219,931
Remainder	\$9,606,992
Estimated 2015 Capitalization Grant	\$11,216,000
Less 4 percent administrative fee	\$448,640
Total 2015 Grant	\$10,767,360
Less 2014 grant fund used remainder 2014 (for Direct Loans)	\$3,052,340
Less grant funds for expected 2014 additional subsidy	\$915,522
Less grant funds for expected 2014 additional subsidy	\$915,522
Plus transfer from DWRF in 2014	\$0
Total grant funds available	\$15,490,966
Re-loan funds as of 06/30/14	\$56,444,931
plus: De-allocation on 9/1/14	\$21,529,555
plus: De-allocation on 9/1/15	\$20,237,224
less: Re-loan funds used for direct loans remainder of 2014	\$0
Total re-loan funds available	\$98,211,710
Loan Capacity for 2015 (includes 9/1/15 de-allocation)	
Additional subsidy	\$1,831,046
Leveraged loans from grant funds X 1.40	\$21,687,352
2015 WPCRF Loan Capacity	\$121,730,108

Attachment VI: Net Funds Available for Transfer

All dollar figures are in millions.

Year	Transaction	Banked Transfer Ceiling	Transferred from WPCRF -DWRP	Transferred from DWRP-WPCRF	WPCRF Funds Available for Transfer	DWRP Funds Available for Transfer
1997	CG Award	\$5.6	-----	-----	\$5.6*	\$5.6*
1998	CG Award	8.8	-----	-----	8.8	8.8
1999	CG Award	12.1	-----	-----	12.1	12.1
1999	Transfer	12.1	\$6.7**	-----	5.4	18.8
2000	CG Award	15.6	-----	-----	8.9	22.3
2001	CG Award	19.1	-----	-----	12.4	25.8
2002	CG Award	23.6	-----	-----	16.9	30.3
2003	CG Award	28.0	-----	-----	21.3	34.7
2003	Transfer	28.0	-----	\$6.7**	28.0	28.0
2004	CG Award	32.2	-----	-----	32.2	32.2
2005	CG Award	36.7	-----	-----	36.7	36.7
2006	CG Award	41.5	-----	-----	41.5	41.5
2007	CG Award	46.3	-----	-----	46.3	46.3
2008	CG Award	51.0	-----	-----	51.0	51.0
2009	CG Award	55.7	-----	-----	55.7	55.7
2010	CG Award	75.1	-----	-----	75.1	75.1
2011	CG Award	80.5	-----	-----	80.5	80.5
2012	CG Award	85.8	-----	-----	85.8	85.8
2013	CG Award	90.8	-----	-----	90.8	90.8
2014	CG Award	95.8	-----	-----	95.8	95.8

*Transfers could not occur until one year after the DWRP had been established.

**\$6.7 million capitalization grant funds and \$1.3 million state match funds.