



WATER POLLUTION CONTROL REVOLVING FUND

PROGRAM INFORMATION & PROJECT ELIGIBILITY LISTS

In Support Of

HJR 19-1005

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**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY (Authority)**

WATER POLLUTION CONTROL REVOLVING FUND (WPCRF)

This document is being provided by the Authority in support of House Joint Resolution ("HJR") 19-1005. The following narrative briefly outlines the Water Pollution Control Revolving Fund (WPCRF Program) and the procedures used to identify projects, the funding process associated with a loan, and the status of the program.

PROGRAM SUMMARY

The WPCRF Program was created in 1988 under Section 37-95-107.6, C.R.S., in response to the Federal Clean Water Act of 1987. The Act converted the existing construction grants program for wastewater facilities to a revolving loan program. The Authority was authorized to fund the State's required 20 percent match and to provide funds for program operation and administration. The legislation also authorized 30 wastewater projects and set up a joint resolution process to make additions or modifications to this initial list. This year HJR 19-1005 will add 25 projects, modify 37 projects and delete 22 projects. With the adoption of HJR 19-1005, the eligibility list will include 283 projects with an estimated cumulative need of over \$8.9 billion.

The projects identified in HJR 19-1005 are primarily wastewater treatment facilities. The projects were initially evaluated by the staff of the Water Quality Control Division (WQCD). The projects were then categorized under the Water Quality Control Commission's Regulation No. 51. Eligible categories include: Type A – projects that correct a public health hazard; Type B – projects that improve water quality in an impaired water body; contribute to the prevention of a public health hazard; enable an entity to maintain permit compliance; or will enable an entity to address a possible future effluent limit or emerging water quality issue; Type C – projects that implement a watershed/nonpoint source management plan; Type D – projects that implement a source water protection plan and; Type E – projects that enable an entity to achieve permit compliance. The Commission reviews the new projects through an annual public hearing process in October.

Upon submittal of an application for assistance by a governmental agency to the WQCD, the Division of Local Government (DLG) initiates a financial analysis of that governmental agency. This analysis includes the review of available revenue sources and a determination of the agency's ability to repay a loan. Based on this analysis, the three agencies act as a committee to either deny the application or forward a positive funding recommendation to the Authority's Board of Directors. The Board makes the final decision on a potential loan.

PROGRAM STATUS

In 1989, the Authority's Board of Directors executed the WPCRF Operating Agreement and FY 1989 Capitalization Grant Agreement with the EPA. The Operating Agreement outlines the overall financial program and the procedures for administering the program. Through FFY 2018, the Authority has received \$361 million in capitalization grants from EPA. We expect to receive an EPA grant of approximately \$14 million for FFY 2019.

Of the \$361 million received to date, \$13 million has been reserved for administration of the WPCRF Program and the remaining \$348 million has been reserved for loans. The administrative grant money and loan administrative fees are used to cover the programmatic operating costs of the WQCD, DLG and the Authority. With leveraging, the remaining grant funds, the FY 2018 grant and re-loan funds, the loan capacity for 2019 is estimated at \$100 - \$125 million.

For each dollar of Federal grant, the Authority must provide a 20 cent match. To date, the Authority has provided \$66 million in match.

Through December 31, 2018, 312 loans have been executed, representing \$1.2 billion in projects. The Authority anticipates issuing up to \$75 million in loans in 2019.