



# DRINKING WATER REVOLVING FUND

## PROGRAM INFORMATION & PROJECT ELIGIBILITY LISTS

supporting

# HJR 19-1005

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**COLORADO WATER RESOURCES  
AND  
POWER DEVELOPMENT AUTHORITY (Authority)  
  
DRINKING WATER REVOLVING FUND (DWRF)**

This document is being provided by the Authority in support of House Joint Resolution ("HJR") 19-1005. The following narrative briefly outlines the Drinking Water Revolving Fund (DWRF Program), the program structure and process used to identify projects, and the status of the program.

**PROGRAM SUMMARY**

The DWRF Program was created in 1995 under Section 37-95-107.8, C.R.S., in anticipation of the passage of the Safe Drinking Water Act (SDWA) by Congress. (The SDWA was reauthorized in August 1996 with a revolving fund) From the moneys within the DWRF, the Authority is authorized to make loans, buy insurance, secure payment of principal and interest on bonds, provide for costs of administration and provide the required State Match (20 cents for every Federal grant dollar).

This legislation also set up a joint resolution process to create the initial project eligibility list and subsequent additions and/or modifications to the list. Senate Joint Resolution (SJR) 95-19 authorized the initial project eligibility list consisting of projects identified by the staff of the Water Quality Control Division (WQCD). HJR 19-1005 will add 32 projects, modify 68 projects and delete 43 projects. With the adoption of HJR 19-1005 the eligibility list will include 350 projects with an estimated cumulative need of over \$9 billion.

The projects on the existing eligibility list and those identified in HJR 19-1005 include water treatment, storage, distribution, transmission, well and pump station facilities. The projects were evaluated by the staff of the WQCD, prior to review and approval, through a public hearing process in October, by the Water Quality Control Commission. The projects are prioritized in the following categories: (1) acute health hazard, (2) chronic health hazard, (3) potential acute health hazard, (4) potential chronic health hazard and (5) other future needs.

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. The technical, managerial and financial review process is also initiated. This review is an in-depth analysis of the borrower's capacity to operate a public water system. Based on their analyses, the three agencies act as a committee to either deny the application or forward a positive funding recommendation to the Board of Directors of the Authority. The Board makes the final decision on a potential loan.

**PROGRAM STATUS**

The legislation initially capitalized the program by transferring \$7.2 million to the DWRF to provide the required State Match and loan funds. To date 258 loans have been executed totaling \$657.9 million.

In 1997 the Authority's Board of Directors executed the DWRF Operating Agreement and FY 1997 Capitalization Grant Agreement with the EPA. The Operating Agreement outlines the overall financial program and the procedures for administering the program. To date, the Authority has received \$356.5 million in Drinking Water capitalization grants from the EPA and has provided \$81.9 million in State Match. Of this grant amount, \$266.7 million has been allocated to the DWRF, \$14.3 million to administration and \$75.5 million for technical, local and program management set-asides. The administrative grant money and loan administrative fees cover the programmatic operating costs of the WQCD, the DLG and the Authority. We expect to receive an EPA grant of approximately \$21.9 million for FFY 2019.

With leveraging, the remaining grant funds, the FFY 2019 grant, and re-loan funds the loan capacity for the DWRF is estimated at \$75 - \$100 million for 2019. The Authority anticipates issuing up to \$75 million in DWRF loans in 2019.