Financing for Small Systems

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Financing Sources in Colorado

• Colorado Department of Public Health and Environment (CDPHE)
• Department of Local Affairs (DOLA)
• Colorado Water Conservation Board (CWCB)
• U.S. Department of Agriculture (USDA)
• National Rural Water Association (NWRA)
• Rural Community Assistance Corporation (RCAC)
State Revolving Fund Program
(CDPHE/DOLA/CWRPDA)

- Low interest loan program to finance the design and construction of public drinking water (DWSRF), wastewater and stormwater (WPCRF) infrastructure projects.

**< $3,000,000 (Direct Loan)**
- Interest Rate: 2.5% or less.
- Loan Terms up to 30 years.
- Disadvantaged Community
  - Reduced interest rate of 0.5% or 1.5%.
  - Planning and Design Grants up to $10,000.
  - Design and Engineering Grants up to $300,000.
  - Principal Forgiveness (grants) also available.
- Green Project Reserve (WPCRF only)
  - Reduced interest rate of 0.5% or 1.5%.

**> $3,000,000 (Leveraged Loan)**
- Interest rate: 70% of market rate (AAA Bond rating.)
- Loan Terms up to 30 years.

**Loan application deadlines:** Jan. 15 (Spring), Feb. 15, April 15, June 15 (Fall), Aug. 15, Oct. 15, and Nov. 15.
Water Quality Improvement Fund (CDPHE)

➢ Grant program for water quality improvement projects using civil penalties from water quality violations.

• **Category 2:**
  • Projects that improve the water quality in the community or water body which has been impacted by a water quality violation that resulted in a penalty being imposed.
  • Request for Application in July 2019.

• **Category 3:**
  • Planning, design, construction, or repair of stormwater projects and domestic wastewater treatment facilities on the Intended Use Plan.
  • Request for Application in July 2019.

• **Category 5:**
  • Voluntary lead testing in public school’s drinking water.
  • Rolling application.
  • $300,00 available per year for 2017, 2018, and 2019.
  • Up to $5000 (for up to 100 samples.)
Small Community Grant (CDPHE)

- Grant program to assist suppliers of water and domestic wastewater treatment works to protect public health and water quality.
  - Total grant fund is up to $10,000,000 per year, however, no more than 10% of funds can go to any one project.
  - Funded with severance tax dollars.
  - Last funded in 2016 and current projections indicate a couple years before next availability.
Energy/Mineral Impact Assistance Fund Grant/Loan Program (DOLA)

- Assist political subdivisions that are socially and/or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels.
  
- Funds of approximately $100,000,000 are available annually.
- Administrative Planning Grants: up to $25,000
- Tier I Grants: up to $200,000 (Planning)
- Tier II Grants: between $200,000 and $1,000,000 (Construction)
- Loans are available with an interest rate of no less than 5%.
- All grants have a 50% match requirement.
- Grant application deadlines: April 1, August 1, and December 1.
Community Development Block Grant (DOLA)

- Grant program for non-entitlement municipalities and counties to carry out community development activities.
  - Funds of approximately $2.8M annually.
  - Must benefit low to moderate income areas. Business case type analysis can be done if the map does not determine qualifications.
  - Grants up to $600,000
  - Grant applications accepted through February annually.
Water Project Loan Program (CWCB)

- Low interest loans for raw water resource projects.
  - Funds of approximately $50,000,000 per year.
  - Minimum request of $100,000 is recommended.
  - Interest Rates (30 year term):
    - Low Income: 2.55%.
    - Middle Income: 2.95%
    - High Income: 3.30%.
  - Loan terms are also available at 10 and 20 years (discounted rates) and 40 years (increased rates.)
Water Efficiency Grant (CWCB)

- Grant program to assist communities, water providers and eligible agencies for water conservation-related activities and projects.

- Four types:
  - Water Conservation Planning.
  - Water Conservation Implementation.
  - Drought Mitigation Planning.
  - Water Resource Conservation Public Education and Outreach

- Grants <$50,000 are evaluated and approved by board staff.
- Grants >$50,000 are evaluated by board staff, but approved by the board.
- Require a 25% match.
Water Supply Reserve Fund (CWCB)

- Grant and loan program to assist Colorado water users address critical water supply issues and interests.
  - Funds of up to $10,000,000 per year from the Severance Tax Trust Fund.
  - Two types:
    - Basin Account.
    - Statewide Account.
  - Must obtain approval from the basin roundtable where the activity will occur.
  - Statewide applications are brought to the board in March and September.
  - Statewide Account requests require a 25% match.
Water and Waste Disposal Loan and Grant Program (USDA-RD)

- Grant and loan program to fund clean and reliable drinking water systems, sanitary sewage disposal, and storm water drainage in eligible rural areas.

- **Interest Rates:**
  - Poverty: 2.375%
  - Intermediate: 3.250%
  - Market: 4.000%

- Loan terms up to 40 years.

- Project planning grants up to $30,000 available for low-income communities.

- Grants are available.
Rural Water Loan Fund (NRWA)

- Low cost loan program to assist small and/or rural communities to pay for short-term repair costs, small capital projects, or pre-development costs for larger projects.
  - Current interest rate of 3% for loan terms of 10 years or less.
  - Loan amounts must be under $100,000 or 75% of total project cost, whichever is less.
  - Emergency loans with 90-day no interest.
  - Communities must be less than 10,000 people or be in rural areas.
Environmental Infrastructure Loan Program (RCAC)

Loan program to help create, improve or expand the supply of safe drinking water, waste disposal systems and other facilities that serve communities in the rural West.

• Short term loans
  • Feasibility: Typically loans less than $50,000 with an interest rate of approximately 5%, and a term of 1 year for items such as preliminary engineering reports, and environmental report.
  • Pre-development: Typically less than $350,000 with an interest rate of approximately 5%, and a term of 1 year for items such as engineering, legal, bond counsel.
  • Construction: Typically less than $3,000,000 with an interest rate of approximately 5%, and a term corresponding to the construction period.

• Intermediate term loans
  • Typically less than $100,000 with an interest rate of 5% for the first ten year, and up to a 20 year term.

• Long term loans
  • Must meet USDA Water and Waste Disposal requirements.
  • Interest rate set at loan closing in accordance with the secondary market rate.
  • Generally used as a last resort.
Questions?

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