



MEMORANDUM

TO: Members of the Colorado Water Quality Control Commission

FROM: Corrina Quintana, Grants and Loans Unit Manager

DATE: October 11, 2016

RE: Administrative Action Hearing for the 2017 State Revolving Fund Intended Use Plans

Enclosed are the 2017 Intended Use Plans (IUPs) for the:

- Water Pollution Control Revolving Fund (WPCRF)
- Drinking Water Revolving Fund (DWRF)

The IUPs are a grant requirement from the EPA and serve as the planning documents that describe how the federal grants will be used in each calendar year. The IUPs provide the criteria and methods for distributing funds, outline the short and long term goals of the State Revolving Fund programs, summarize program activities, and include the 2017 Project Eligibility Lists. The Project Eligibility Lists are developed each year after entities submit an eligibility survey identifying their 20-year capital improvement needs. The 2017 Project Eligibility Lists document \$5.2 billion for water pollution control needs and \$5.8 billion for drinking water needs. The 2017 IUPs and the project eligibility add and delete lists for both programs are attached.

The proposed 2017 IUPs include two revisions; the disadvantaged community definition and clarification for the distribution of additional subsidy. These changes are highlighted below:

Disadvantaged Community (DAC)

The EPA implemented the Water Resource Reform and Development Act (WRRDA) of 2014, which requires states to use specific metrics when examining communities for affordability. For Colorado, this means redefining the disadvantaged community definition. The Department of Local Affairs lead this effort through a facilitated stakeholder process that developed the proposed DAC criteria. The stakeholder meetings were held on June 9 and July 20, 2016.

The 2017 IUP proposes to re-define DAC by providing additional metrics that take a more comprehensive approach when examining a community for DAC eligibility. For example, there will be three primary factors that a community will be evaluated against. If the primary factors are non-representative of the community, there are an additional five secondary factors that will be evaluated. A community will have multiple ways to qualify as a disadvantaged community, while preserving the requirements from the EPA. The population requirement of 10,000 or less will remain the same as in 2016.

The SRF program will evaluate the updated criteria over the next year to identify barriers and areas for improvement. There may be a need for adjustment in the 2018 IUPs, depending on the success of the DAC change.



Additional Subsidy

In 2015 the SRF programs changed the use of additional subsidy (grants) from construction to planning, design, and engineering to better align projects with the SRF programs. In 2016, the program budgeted approximately \$3 million dollars for these activities. As a result of implementation and project lag, there were remaining 2015 additional subsidy funds in 2016. Therefore, the 2017 IUP clarifies how the SRF programs will distribute additional subsidy under various scenarios and provides for better clarity to the overall process.

On September 9, 2016, a notice stating the availability of the draft IUP was posted on the Water Quality Control Commission's website. A notice was also sent out to entities on the Project Eligibility Lists and to the stakeholders identified on the Commission's and Division's mailing lists. I will be available at the hearing to present the IUPs, provide information about the funding programs, and answer any questions.

Attachments

2017 Drinking Water Revolving Fund Intended Use Plan
2017 Water Pollution Control Revolving Fund Intended Use Plan
2017 DWRF Project Eligibility Add and Delete List
2017 WPCRF Project Eligibility Add and Delete List
Redefining Disadvantaged Communities booklet