

Fiscal Sustainability Plan Guidance

State Revolving Fund



P.L. 113-121 Section 603 (d)(1)(E) of the Water Resources Reform and Development Act (WRRDA), 2014 states:

(E) for a treatment works proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c)(1), the recipient of a loan shall—

- (i) develop and implement a fiscal sustainability plan that includes—*
 - (I) an inventory of critical assets that are a part of the treatment works;*
 - (II) an evaluation of the condition and performance of inventoried assets or asset groupings;*
 - (III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and*
 - (IV) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or*
- (ii) certify that the recipient has developed and implemented a plan that meets the requirements under clause (i);*

This clause requires the recipient of a Water Pollution Control State Revolving Fund loan, after October 1, 2014, for a project that involves the repair, replacement, or expansion of a treatment works to develop and implement a fiscal sustainability plan (FSP) or certify that it has developed and implemented such a plan.

Fiscal sustainability plans should be treated as “living documents” that are regularly reviewed, revised, expanded, and implemented as an integral part of the operation and management of the system. From this perspective, there may be no final deadline for the completion of an fiscal sustainability plan; however, it is necessary to set a date for submission of a fiscal sustainability plan certification in order to ensure compliance with this loan provision. The fiscal sustainability plan certification is a certification by the borrower that the fiscal sustainability plan has been developed and is being implemented prior to the completion of the project. This provision is a loan condition within the State Revolving Fund (SRF) agreements.

For systems developing an FSP under the FWPCA section 603(d)(1)(E)(i), the requirement to develop and implement an FSP must be a condition of the loan agreement, which must also specify when the FSP certification is due. In order to comply with the FSP requirement, borrowers must submit the FSP certification before the final disbursement is approved. The borrower must maintain the FSP on file, along with other project documents, and available for review if deemed necessary by the State.

The statute requires that FSPs include, at a minimum:

- an inventory of critical assets that are part of the treatment works;
- an evaluation of the condition and performance of inventoried assets or asset groupings;
- a certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

The borrower may take a phased approach such that the initial FSP covers only the funded project and closely associated components. This approach should be applied in such a way that a comprehensive and cohesive plan that covers the entire treatment works eventually results as the utility continues to repair, replace, and expand the system. Development of an FSP is an eligible SRF loan cost.