

**DEPARTMENT OF NATURAL RESOURCES
AND
ENVIRONMENTAL CONTROL**

Delaware Water Pollution Control Revolving Loan Fund

**Discussions with DNREC A One-day Symposium on
Water Related Topics**

Funding Sources

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- DNREC Water Infrastructure Funding Sources
 - Clean Water State Revolving Fund Program (CWSRF)
 - Brief Overview and Eligibility
 - Wastewater Infrastructure Loans
 - Green Project Reserve
 - Non-Point Source Loan Program
 - Land Conservation Loan Program “NEW”
 - Non-Federal Administrative Account (NFAA)
 - Septic System Extended Funding Option Program
 - Wastewater Facility Planning Matching Grants
 - Surfacewater Matching Planning Grants
 - Community Water Quality Improvement Grants
- Questions

Delaware Water Pollution Control Revolving Loan Fund

DNREC One-day Symposium – Funding Sources

- CWSRF – Brief Overview
 - 1990 - Delaware Water Pollution Control Revolving Loan Fund program was created; federal capitalization grants seed the program along with required twenty percent state matching funds
 - Since its inception, 19 federal capitalization grants and state matching funds have been awarded:
 - \$203 million - Program Capitalization
 - \$226 million - 62 Municipal Wastewater Loans
 - \$ 14 million - 1,216 Non-point Source Pollution Loans
 - Clean Water Advisory Council (CWAC)
 - 12 Member Governor Appointed Council provides program and project funding recommendations
- Eligibility
 - CWA Section 212 (POTW): Municipalities
 - CWA Section 319 (NPS): Non-Profits, Businesses, HOAs, and Individuals
 - CWA Section 320 (Estuary): Privately Owned Wastewater Utilities, Businesses, Individuals; Projects must be Consistent with Comprehensive Conservation Management Plans (CCMPs)

- **Wastewater Infrastructure Loans**
 - Loan Process – CWSRF Workshops – December 13th and 14th
 - Notice-of-Intent Solicitation – January and August
 - Project Priority List (PPL) and Intended Use Plan (IUP)
 - Loan Application Solicitation - Ready to Proceed Projects
 - Environmental and Financial Reviews
 - CWAC Project Presentation and Funding Recommendation
 - DNREC Secretary Approval – CWSRF Binding Loan Commitments
 - Loan Closing
 - Project Construction Start and Loan Draw Requests
 - Loan Repayment
 - Interest Rate Policy and Loan Affordability
 - CWSRF loan interest rates are 62.5% of the Municipal Yield and Corporate Bond Yield, respectively, for Municipalities and Investor Owned Wastewater Utilities
 - Residential wastewater user rates less than 1.5% of a community's Median Household Income (MHI) are considered affordable by the CWAC
 - Loan principal forgiveness and/or interest rate reductions are used to help make proposed wastewater projects affordable – user rates within 1.5% of MHI

Delaware Water Pollution Control Revolving Loan Fund DNREC One-day Symposium – Funding Sources

- Green Project Reserve (GPR)
 - 20% of Annual Federal Capitalization Grant Award Required Use
 - Reduced CWSRF Interest Rates are used as incentives to encourage borrowers to submit projects for funding consideration
 - Energy Efficiency – technologies and practices to reduce the energy consumption for water quality projects
 - Water Efficiency – technologies and practices to deliver equal or better services with less water
 - Green Infrastructure – practices that manage and treat stormwater, and that maintain and restore natural hydrology by infiltrating, capturing and using stormwater
 - Environmentally Innovative Projects – practices that demonstrate new/innovative approaches to managing water resources in a more sustainable way, including projects that achieve pollution prevention or pollutant removal with reduced costs
 - Wetland restoration; Decentralized wastewater treatment solutions; Water reuse; Green stormwater infrastructure; and others

Delaware Water Pollution Control Revolving Loan Fund

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- **Non-Point Source Loan Program**
 - Septic Rehabilitation Loan Program (SRLP)
 - The SRLP provides financial assistance to moderate to low income homeowners to replace failing septic systems
 - 3% and 6% Loans based on income; \$15k Average Loan; 20 Year Loan Term
 - Mobile home park owners may receive assistance to replace failing decentralized community wastewater systems, limited to \$250,000
 - Agricultural Non-Point Source Loan Program (AgNPSLP)
 - AgNPSLP funds are leveraged with Federal and State Cost Share assistance from Conservation Districts, to provide loans to poultry and dairy producers for manure storage/management, dead bird composters, and front end loaders.
 - Loans are available for up to 90% of a producer's cost share
 - 3% Loans; \$10k Average Loan; Up to 10 Year Loan Term
 - Leaking Storage Tank Remediation Loan Program (LSTRLP)
 - The LSTRLP provides loans to remove, retrofit, clean up contaminated sites, and corrosion protection for leaking underground storage tanks
 - 3% loans; \$70k Average Loan; Up to 10 Year Loan Term

Delaware Water Pollution Control Revolving Fund

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- Land Conservation Loan Program (LCLP) “NEW”
 - The LCLP is an innovative financing approach to fund land conservation easements and fee simple land purchases with CWSRF wastewater loans
 - Five-year pilot program (up to \$5 million per year – subject to availability)
 - Wastewater projects must be on the CWSRF Project Priority List (PPL)
 - LCLP project sponsors must enter into a Sponsorship Agreement with the Delaware Department of Agriculture (DDA) or DNREC ‘s Division of Park and Recreation, or Division of Fish and Wildlife
 - LCLP project must have demonstrated water quality improvement benefits and be managed in perpetuity
 - Loan debt service payments for both the wastewater and LCLP projects will be equal to wastewater project by itself for the term of the loan
 - The DDA’s Delaware Agricultural Land Preservation Foundation is authorized to establish criteria for Forestland and Agricultural Preservation Areas and purchase of forestland and agricultural preservation easement pursuant to 3 Del. C. Ch. 9, § 904
 - DNREC’s Division of Parks and Recreation and Division of Fish and Wildlife are authorized to acquire open space and conservation easements under the Delaware Land Protection Act, pursuant to 7 Del C. Ch. 75, § 7503

Delaware Water Pollution Control Revolving Fund DNREC One-day Symposium – Funding Sources

- LCLP – How Does It Work?
 - Project Solicitation and Review:
 - Notice-of-Intent solicitation from municipalities including LCLP project interest
 - CWSRF Project Priority List (PPL) and Intended Use Plan (IUP) developed
 - Municipal and LCLP project loan applications solicited from approved PPL
 - DDA or DNREC (Implementers) Review LCLP Project Applications
 - DNREC Criteria for The LCLP Eligibility
 - DDA Criteria for Agland and Forestland Conservation Easements
 - Financial Review and Interest Rate Determination:
 - DNREC conducts financial review of loan applications
 - Interest rate for wastewater and LCLP loans are adjusted to ensure annual loan debt service is equal to the municipal wastewater project separately

Delaware Water Pollution Control Revolving Fund DNREC One-day Symposium – Funding Sources

DNREC Criteria

- the land must be at least 10 acres in size and be at least 25% forested
- the landowner must allow for spray irrigation to take place on the parcel(s) (all storage and treatment of effluent must be on other lands, can not be placed on conserved land)
- there must be a demonstrated water quality benefit associated with the acquisition of the parcel(s) or property rights
- the parcel(s) must be within 1 mile of land already preserved by federal, state, local, or other conservation organizations.
- the parcel(s) must exhibit at least one or more of the following:
 - Property that contains endangered, threatened, or ecologically significant species, or natural communities
 - Property that is valuable to the community as open space due to its proximity to developing areas or to its impact on a view corridor;
 - Property that is valuable to a community because of its historical or cultural value or its proximity to an historically significant area;
 - Property that includes or contributes to important wildlife habitat or migration corridors;
 - Property with significant agricultural or forestry resources;
 - Property with wetlands, flood plains or other lands necessary for the protection of water resources;
 - Property that contains significant or unique ecosystems or natural features;

Delaware Water Pollution Control Revolving Fund DNREC One-day Symposium – Funding Sources

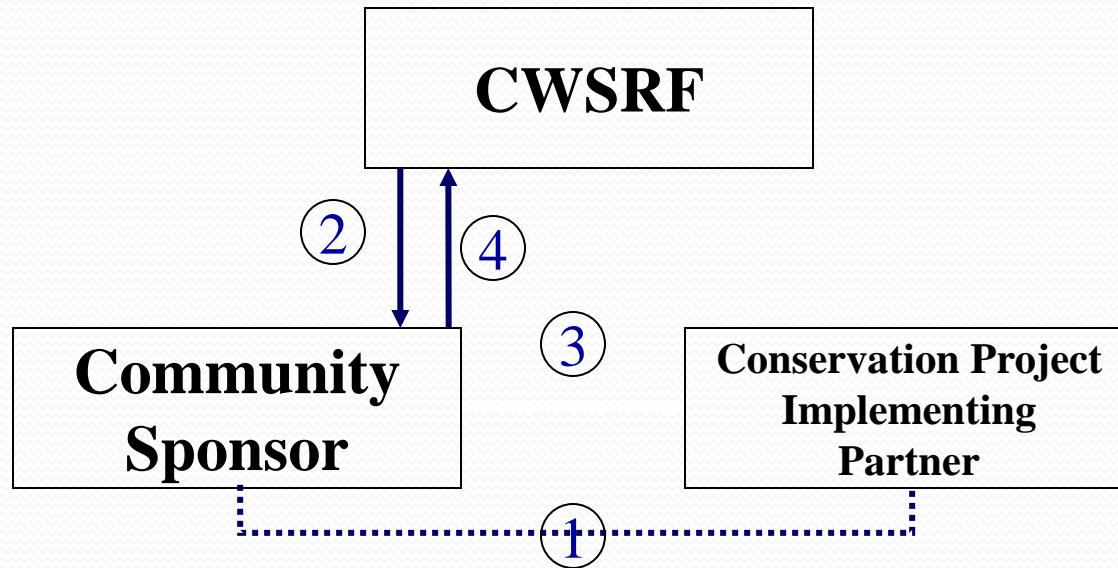
DDA Criteria

- Property must (1) be enrolled in Delaware's Forestland Preservation Program (FPP) OR enrolled in the Aglands Preservation Program and meet the requirements of the FPP and (2) have submitted an offer to sell their development rights.
- Requirements of the FPP are:
 - at least 10 (forested) acres in size
 - located outside state-designated growth zone
 - zoned agricultural and no major subdivision recorded for the property
 - have a forest management plan prepared by a professional forester and updated every five years
 - all of the woodland on the property must be included and the land must remain forested (not cleared for cropland, structures, etc.)
- Wastewater spray irrigation is permissible on the FPP parcel(s) utilizing best available treatment technology; however, all wastewater storage and treatment facilities must be located on lands other than the FPP properties.

Delaware Water Pollution Control Revolving Fund DNREC One-day Symposium – Funding Sources

① Community and implementing partner enter into sponsorship agreement

② CWSRF Provides funding to community for wastewater treatment & conservation projects



③ Community provides CWSRF funding for sponsored conservation project

④ Community repays low-interest loan to CWSRF

Delaware Water Pollution Control Revolving Fund

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Loan Term (years)	CWSRF Interest Rate	Land Conservation Interest Rate	Land Conservation Loan	Municipal Wastewater Loan	Total Annual Debt Service Payment	Life of Loan Debt Service Payment
			\$450,000	\$1,000,000		
20	3.8500%	n/a	n/a	\$72,608	\$72,608	\$1,452,155
20	0.0206%	0.000%	\$22,500	\$50,108	\$72,608	\$1,452,164
			\$1,000,000	\$2,750,000		
20	3.8500%	n/a	n/a	\$199,671	\$199,671	\$3,993,425
20	0.8217%	0.000%	\$50,000	\$149,671	\$199,671	\$3,993,412
				\$3,000,000		
20	3.8500%	n/a	n/a	\$217,823	\$217,823	\$4,356,464
20	1.0940%	0.000%	\$50,000	\$167,823	\$217,823	\$4,356,457
				\$5,000,000		
20	3.8500%	n/a	n/a	\$363,039	\$363,039	\$7,260,773
20	2.2443%	0.000%	\$50,000	\$313,039	\$363,039	\$7,260,775
				\$10,000,000		
20	3.8500%	n/a	n/a	\$726,077	\$726,077	\$14,521,547
20	3.0630%	0.000%	\$50,000	\$676,078	\$726,078	\$14,521,565

Non-Federal Administrative Account

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- **Septic System Extended Funding Option (SEFO)** is innovative solution to ensure that moderate to low income homeowners who are denied SRLP loans are able to receive financial assistance to replace failing septic systems
- Homeowners must apply for a SRLP loan and be denied due to loan underwriting criteria: insufficient income; bad credit, judgments, second or third mortgage liens, etc.
- SEFO loans do not require monthly loan payments, however, the loan must be repaid when the property changes ownership, Due-On-Transfer
- 0% interest, loan is forgiven after 10 years
 - \$500,000 has been allocated for the program
 - \$15k Average Loan
- **Septic System Community Outreach Initiative** – replace 100 failing systems per year in the Chesapeake and Inland Bays Watersheds
 - First State Community Action Agency – Grass Roots Partner, Loan Application Intake
 - 75 SRLP Loans
 - 25 SEFO Loans
 - March 2012 First Septic System Installation

Non-Federal Administrative Account

DNREC One-day Symposium – Funding Sources

- **Wastewater Facility Planning Matching Grants** are designed to assist municipal and county wastewater utilities to prepare wastewater projects for funding through the CWSRF Program.
- Funding can be used to assist with wastewater planning in general, and for specific project planning and designs necessary to submit a loan application to the CWSRF for funding consideration.
 - \$500,000 has been allocated for the program
 - \$50,000 annual limit per municipality / county wastewater utility
 - Cash matching funds are required
- Grant Applications accepted semi-annually January and August
- Grant Awards are announced by the CWAC

Non-Federal Administrative Account

DNREC One-day Symposium – Funding Sources

- **Surface Water Matching Planning Grants** are designed to support the planning, preliminary engineering, feasibility analysis for surface water improvement projects and activities that focus on the developed landscape to improve water quality in impaired watersheds in Delaware.
- Matching grants to support projects such as stormwater retrofits, green technology practices, stream and wetland restoration projects, small watershed studies, development of master surface water and drainage plans, and other point and non-point source water pollution control projects.
- State agencies, counties and municipalities are eligible to apply for Surface Water Matching Planning Grants
 - \$500,000 allocated to the program
 - \$50,000 grant award cap
 - Cash matching funds are required
- Grant Applications accepted semi-annually January and August

Non-Federal Administrative Account

DNREC One-day Symposium – Funding Sources

- **Community Water Quality Improvement Grants** support water quality improvement projects in impaired Delaware watersheds. Competitive grant proposals focus on the developed landscape to improve water quality and address one or more of the following goals:
 - Improve water quality in designated impaired watersheds
 - Consistent with specific plans developed for watershed improvements
 - Demonstrate innovative and sustainable methods, techniques, and/or practices
 - Cost effective and measurable results
- First \$250,000 of funding is designated for Non-Profit and Environmental Organizations
- Municipalities along with Non-Profit and Environmental Organizations compete equally for remaining grant funds
- 75% of grant award must be used for project implementation, 25% can be used for administration
 - \$500,000 allocated for the program
 - \$100,000 per grant cap
 - No match required
- Grant Applications accepted semi-annually January and August



QUESTIONS