



# DWSRF AWARDS FOR SUSTAINABLE PUBLIC HEALTH PROTECTION

2007 Award Winners



## ABOUT THE AWARDS

Since the inception of the Drinking Water State Revolving Fund (DWSRF), states have shown exceptional creativity in managing their programs in ways that promote sustainability and protect public health. The 2007 DWSRF Awards for Sustainable Public Health Protection recognize the most innovative and effective DWSRF state programs. Each regional office could nominate one DWSRF state program for the Award. Each nominee demonstrated outstanding performance and leadership in two or more of the following program attributes: better management practices, full-cost pricing/affordability, efficient water use, watershed approach, innovative partnerships, leveraging practices, innovative lending practices, creative use of set-asides, and whether the noted performance could be replicated by others.

Winners will be recognized at the national meeting for the Council of Infrastructure Finance Authorities (CIFA) in Denver, CO in November 2007. After this date, the nomination materials will be shared with all EPA regional offices to highlight examples of creative activities being carried out across the country.

## The 2007 winners of the Sustainable Public Health Protection Awards are:

**REGION 1: Rhode Island**

**REGION 2: New York**

**REGION 3: Virginia**

**REGION 4: Georgia**

**REGION 5: Indiana**

**REGION 6: Arkansas**

**REGION 7: Kansas**

**REGION 8: Colorado**

**REGION 9: Arizona**

**REGION 10: Oregon**



### Region 1: Rhode Island

In recent years, the Rhode Island DWSRF has transformed from a small direct loan program into a large, aggressively leveraged fund providing a high level of assistance for the ever-growing demands of drinking water facilities throughout the state.

The Rhode Island Clean Water Finance Agency (CWFA) utilized innovative lending practices and formed valuable partnerships to improve public health protection for the community of Pawtucket and maintain affordable water rates. In order to build a state-of-the-art water treatment plant and fund extensive rehabilitation of existing drinking water distribution systems, Pawtucket needed to acquire the system's capital assets from the Pawtucket Building Authority, which had been unable to finance necessary improvements

due to an institutional debt ceiling. The CWFA worked with non-DWSRF loan sources to refinance the system's \$27 million in existing capital debt with a flexible repayment system, which allowed Pawtucket to purchase the system. The CWFA then leveraged DWSRF funds for the first time, which allowed it to provide more than \$100 million in loans to Pawtucket for necessary planning and construction costs. This project became the largest funding package ever provided by the Rhode Island DWSRF.

### Region 2: New York

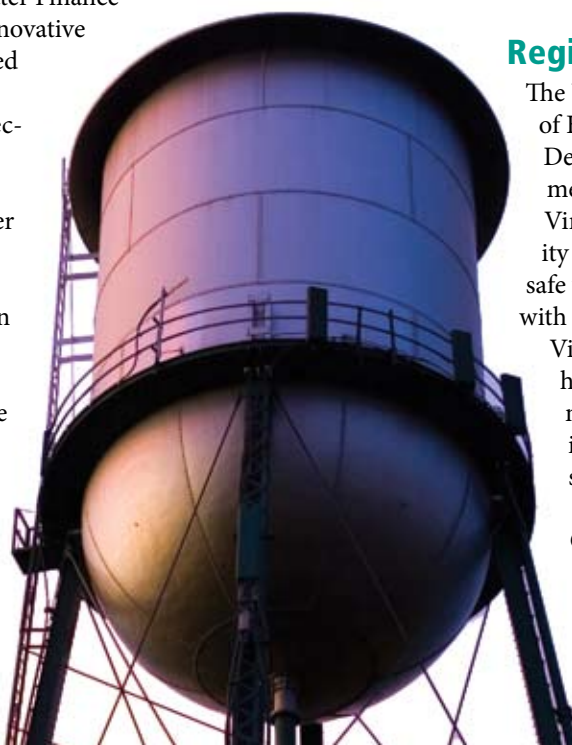
The New York DWSRF program demonstrates innovation through its use of short-term financing and the implementation of loan guarantees. The program has increased its pace by providing borrowers with short-term (three years) financing, for which the application process is shorter and less detailed than for long-term financing. Short-term financing is most often used for planning and design and is frequently rolled into long-term financing. This approach benefits the program since borrowers are able to access money more quickly, and long-term projects are budgeted for and more accurately planned.

In 2007, New York began offering loan guarantees for its DWSRF program. This enables DWSRF financing for terms of up to 30 years with financial assistance delivered in the form of an interest subsidy for the first 20 years and a payment guarantee for all remaining principal maturities. Additional benefits include the ability to offer credit enhancements for DWSRF projects that are below the funding line and the opportunity for New York to raise additional capital for direct financing.

### Region 3: Virginia

The Virginia Department of Health works with the Department of Environmental Quality and the Virginia Resource Authority to provide clean and safe water in communities with demonstrable need. The Virginia DWSRF program has consistently been a national leader in funding small, disadvantaged systems.

One of the ways that the Department of Health



assists communities in gaining access to the assistance they require is through partnerships and agreements with other agencies and organizations throughout the state. These include unified environmental review agreements with community development agencies and extensive support of the Southeast Rural Community Assistance Project. In addition, the Virginia Department of Health has developed an innovative receivership program designed for water systems lacking managerial and technical operation capacity, and it has creatively used DWSRF set-asides to help provide additional technical and financial assistance to disadvantaged systems.

## Region 4: Georgia

The Georgia Environmental Facilities Authority has opted to focus its DWSRF program on the many small public water systems in the state rather than the larger, more financially capable systems. The DWSRF program offers loans between 0 and 3%, as well as loans which allow for principal forgiveness. As of June 2007 the program has provided over \$26 million in principal forgiveness to 64 communities. Principal forgiveness has eliminated approximately 1,500 underperforming or contaminated private wells and created 4.25 million gallons of water storage.

GEFA implemented a department-wide approach to market its loan programs through what the agency terms “GEFA 101 Marketing and Informational Seminars.” Starting in 2005 GEFA held a series of seminars around the state to provide information on GEFA’s new and existing programs. These seminars allow the local government and engineering community the opportunity to discuss program requirements and specific projects in a small setting and learn from what other communities have accomplished. These seminars have resulted in several new projects. For example, at a GEFA seminar in 2006, the City of Lakeland decided that the DWSRF program was the right fit for a system-wide water line replacement project to replace old cast iron and asbestos lines. In April 2007 the GEFA Board of Directors committed a \$2.4 million loan along with a \$500,000 subsidy to the City of Lakeland.

## Region 5: Indiana

The Indiana Finance Authority (IFA) and the Indiana Department of Environmental Management (IDEM) have greatly improved Indiana’s DWSRF program performance. One approach that the State took to enhance the Indiana DWS-



RF program was to create project summaries that highlight compliance, economic, and public health benefits information for each loan, and to include these project summaries in the program’s Annual Report. Indiana’s creative project summary format served as an initial model for the ongoing effort to develop a national DWSRF benefits report.

Additionally, IFA and IDEM have used creative lending approaches to reach out to borrowers who were unable to get onto the DWSRF Project Priority List and were also unable to obtain open market loans at affordable rates. IFA and IDEM developed a pooled loan program which allows communities to borrow funds at the State’s AAA borrowing rate and receive loans at below market rate despite their impaired financial condition. In 2006 and 2007, IFA issued pooled loans to three communities each year.

## Region 6: Arkansas

Arkansas Natural Resources Commission (ANRC) collaborates with other state and federal funding agencies to promptly and comprehensively fund Arkansas’s water and wastewater needs. ANRC is a charter member and active participant in the Arkansas Water/Wastewater Advisory Committee, a group consisting of State and Federal funding and regulatory agencies with an interest in or oversight of water and wastewater projects in Arkansas. Through participation in project review and project coordination with other agencies, ANRC has helped to ensure that as many eligible and viable projects as possible are funded and state water quality improvement goals are met.

The ANRC has also worked hard to maintain and increase demand for DWSRF funds. As a result of lowering the interest rate 0.5 points, from 3.25% to 2.75% for a 3-month period, ANRC



received project applications totaling \$35 million. The resulting increase in loan applications will require ANRC to leverage funds in order to keep pace with demand for DWSRF assistance.

## Region 7: Kansas

The Kansas Department of Health and Environmental (KDHE) continually strives to provide maximum assistance to drinking water facilities across the state and to make Kansas's DWSRF program a model of effective infrastructure financing. KDHE has formed partnerships with other state agencies to help streamline the loan process and market the DWSRF program. The Kansas Rural Water Finance Authority contributes its financial expertise by reviewing loan applications, which allows KDHE staff to focus on the environmental issues affecting communities. The Kansas Rural Water Association provides technical assistance and promotes the DWSRF program to small systems.

In keeping with its commitment to fund all reasonable drinking water infrastructure projects, KDHE has developed a flexible application structure for small systems with little technical experience. These communities often need to secure funding for an entire project before they begin planning. KDHE will enter into loan agreements in these cases before engineering details are finalized, allowing small systems to complete necessary projects.

## Region 8: Colorado

The Colorado Department of Public Health and the Environment (CDPHE) has consistently provided the funds and support required to provide all Colorado communities with necessary drinking water infrastructure. Their strategy includes aggressive leveraging of the Fund and the creation of a disadvantaged community program which lends money to economically disadvantaged water systems at rates as low as 0% over an extended 30-year financing term.

Additionally, CDPHE has been a leader in the creative use of the 15% Local Assistance and Other State Programs set-aside. They have used these funds to assist public water systems in developing and implementing specific source water protection plans, to create a Drinking Water Excellence Program to enhance operational capabilities of water systems, and to implement a Colorado Radionuclide and Abatement Disposal Strategy focused on assisting small water systems in disposing of radionuclides.

## 2007 DWSRF Awards

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## Region 9: Arizona

The Water Infrastructure and Finance Authority of Arizona (WIFA) has formed valuable partnerships that help promote and enhance the DWSRF program's ability to reach public and private entities in need of drinking water project financing. WIFA is the lead agency for the Rural Water Infrastructure Committee (RWIC), an informal partnership of various federal and state agencies that provide loans, grants, and technical assistance to rural communities. Joining forces with other financing sources has proven cost effective to both WIFA and local communities by reducing workload expenditures and increasing local participation.

WIFA was the first DWSRF to lend funds to a tribal nation. WIFA awarded technical assistance grants to the Hopi Village of Lower Moencopi for a system evaluation and upgrade and most recently a grant was awarded to the Southern San Juan Paiute Tribe to assess their water resource availability and opportunities for resources development. WIFA continues its outreach efforts to expand assistance to tribes around the state by working with Inter Tribal Council of Arizona.

## Region 10: Oregon

One of the primary objectives of the Oregon Department of Human Service's DWSRF program is affordability. It has developed a special assistance program for disadvantaged communities where borrowers can qualify for loans at a 1% interest rate for 30 years, with up to \$250,000 (or 25% of the project cost, whichever is less) of principle forgiveness. This program is unique because it allows communities to conduct their own income surveys if they feel that census data does not correctly reflect their specific economic situation. The result has been a remarkable \$68 million in additional loans to over forty disadvantaged communities.

