



Department of
**Environment &
Conservation**

Navigating the State Revolving Fund (SRF) Loan Program

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Overview

- What we do
- From Federal Grants to Loans
- Loan Activity
- Eligibility
- Types of Projects
- Small Communities
- SRF Loan Process
- Getting Your Funds & Repayment
- New Items
- Where to get more information

City of Chattanooga, Moccasin Bend WWTP Effluent Disinfection System Upgrade \$33.1M



Alcoa Overlook Water Storage Tank \$5M



What we do....

City of Franklin breaks ground
on new WRF \$132.8M



Watauga River Regional Water
Authority new 2MGD WTP & Intake
Structure \$9.6M



To protect and improve
waters of the state and to
safeguard public health for
Tennessee communities
through:

- Low-interest planning, design & construction loans
- 0% interest, principal forgiveness, and extended loan terms to those who qualify
- **New areas...**

From Federal Grants to Loans

Each Federal Fiscal Year:

- The SRF Program receives Federal capitalization grants from the EPA for Drinking Water and Clean Water
- Federal funding (83.33%)
- State Match (16.67%)
- Loans to eligible entities
- Repayments and interest create the “Revolving Fund”
- Self-sustaining resources for future projects

Bloomington Utility District's
Waterline Replacement \$2.5M



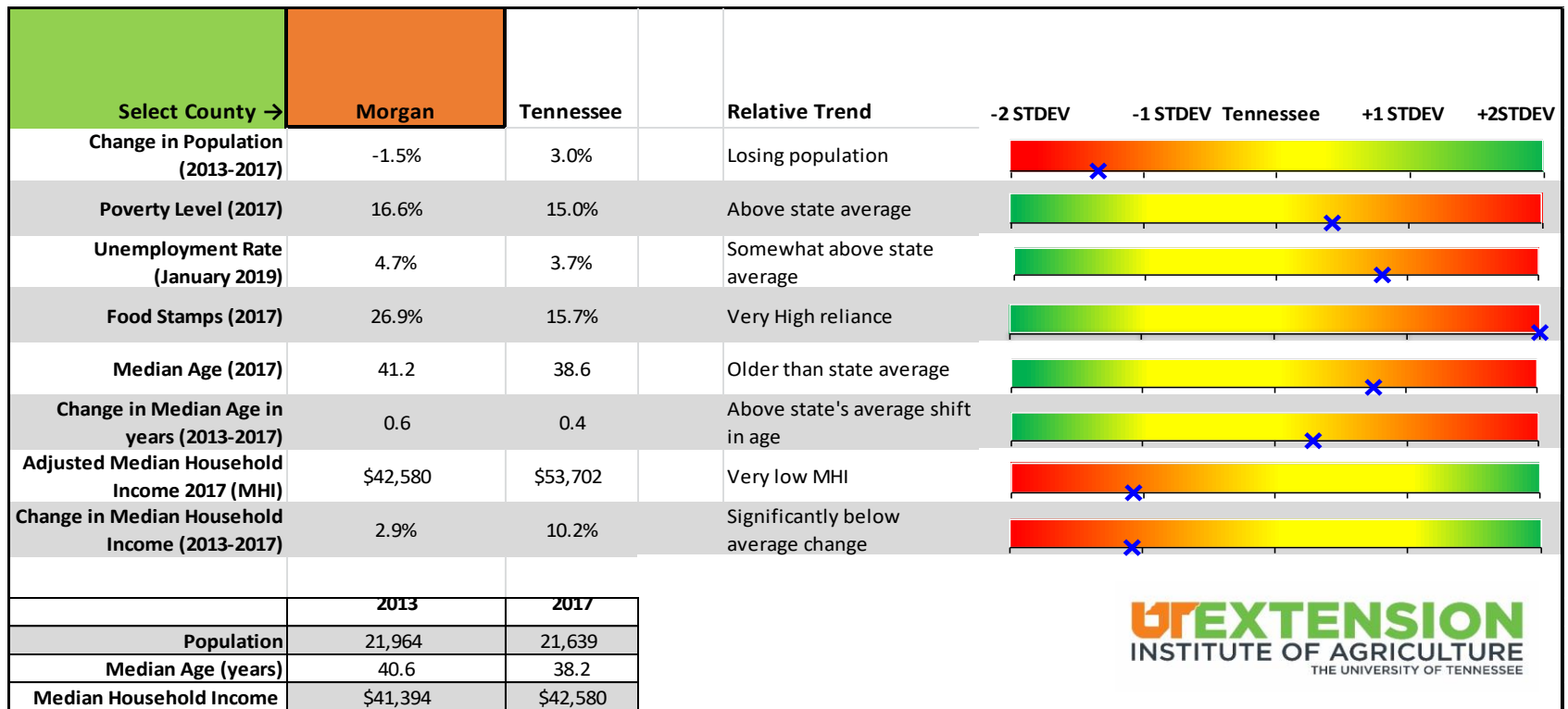
Elizabethton Waterline
Replacement \$650K



Ability to Pay Index (ATPI)

Revised version developed by UTIA 2019:

- Clickable map of TN with counties and cities
- Drinking water and Wastewater rates dashboard
- Distribution of Ability to pay



Loan Interest & Principal Forgiveness

Loan Interest Rates:

- **Example Interest Rate = (Base Market Rate)*(ATPI)**
- **Market rate set weekly (State Municipal Market Data)**

(Example) BASE RATES FOR CALCULATION X ATPI			ABILITY TO PAY INDEX
5 YR	1.39%	X	10%
10 YR	1.53%	X	20%
15 YR	1.70%	X	30%
20 YR	1.86%	X	40%
25 YR	2.03%	X	50%
30 YR	2.12%	X	60%
			70%
			80%
			90%
			100%

* Lower interest rates can be applied to Sustainable, Resilient, and Green Projects

Term is set based on type of loan and preference
Principal & Interest = payments

Principal Forgiveness can also be applied to loans with priority to:

- Small (population < 10,000)
- Disadvantaged (ATPI < 50%)
- State Identified Distressed or At-risk
- Communities who volunteer to pilot high priority projects with broader benefits

ATPI = Ability to Pay Index Developed by UT

Loan Activity

On an Annual Basis SRF Does:

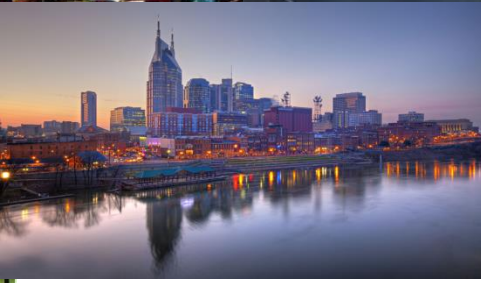
- Between 20-30+ loans
- On Average \$100 Million in obligated loans
- Roughly \$23 Million (Cap Grant CW)
- Roughly \$19 Million (Cap Grant DW)



FY 2018	# Loans	Amount
CW	32	\$186,073,956
DW	14	<u>\$7,513,725</u>
		\$ 193,587,681
FY 2019 (as of 6/27/19)		
CW	16	\$83,194,500
DW	8	<u>\$13,345,300</u>
		\$96,539,800

Eligibility

- Counties
- Cities
- Municipalities
- Water Authorities
- Utility Districts



Types of Projects

Clean Water:

- WWTP upgrades & improvements
- I&I correction / collection system rehab
- New collectors & interceptors
- Combined sewer overflow correction
- Stormwater management
- Recycled water (gray water)
- Decentralized systems
- Water conservation, energy efficiency, nutrients
- Green infrastructure
- Land acquisition / brownfields

Drinking Water:

- Compliance
- Treatment
- Storage
- Transmission & distribution
- Consolidation / regionalization
- Water loss / distribution system rehab
- Creation of new systems
- Source water development
- Wellhead protection
- Green infrastructure
- Water conservation & energy efficiency / optimization

Small Communities: How to Navigate SRF

- May benefit from applying for a planning and design loan (significantly lower cost, interest, and term of 5 years)
- Help identify issues and develop a plan for a construction loan at a later time

Clean Water:

- Interest rates below market (as low as 0%)
- Principal forgiveness
- 30-year term for all communities
- Planning and design loans up to 5 years to identify issues and develop a plan (prior to construction)
- **Water loss training**
- **Technical assistance:** asset management, optimization, treatment, water loss, etc.
- **New Grants (TBD)**

Drinking Water:

- Interest rates below market (as low as 0%)
- Principal forgiveness
- **30-year term for all communities**
- **40-year term for economically distressed communities**
- **Extends repayment initiation to 18 months (up from 12) after project completion**
- **Additional subsidy to economically disadvantaged communities (6-35%)**
- Planning and design loans up to 5 years to identify issues and develop a plan (prior to construction)
- **Water loss training**
- **Technical assistance:** asset management, optimization, treatment, water loss, lead, etc.
- **New grants under AWIA**

SRF Process

Milestones for each calendar year:

1. Solicitation for Clean Water and Drinking Water Projects (Sent: January 22, Deadline: February 22)
2. Project Scoring (March/April)
3. Develop/Finalize of Priority Ranking Lists (June)
4. Intended Use Plans (IUP) Meeting **(July 18)**
5. Apply for Federal capitalization grants (August)
6. Notify those on PRLs (August/September)
7. Second Drinking Water Project solicitation (August)
8. Notice of award (September/October)
9. Proceed to loan request process

Loan Request Process

Planning, Design, Construction:

1. Letter of request
2. Submit Planning Documents and Specifications
3. Project Description & map
4. Financial sufficiency review
5. Loan application
6. TLDA loan approval

Planning & Design:

1. Letter of request
2. Financial sufficiency review
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Getting Your Funds & Loan Repayments

Getting your funding:

1. Submit reimbursement, including cost estimate and invoices
2. Review, approve, process

Repaying your loan:

1. At 90% of loan, determine options for reimbursement of balance
 - Monthly
 - Lump sum
2. Start paying loan back

Alcoa Overlook Water Storage Tank \$5M



Pilot Projects

Pilot projects for emerging issues like:

- Lead testing
- Disaster resilience
- Urban waters/TNPOP
- Water loss



Sustainable &
Resilient
Projects



Nashville 2010 Flood



2011 Flood West TN



Training

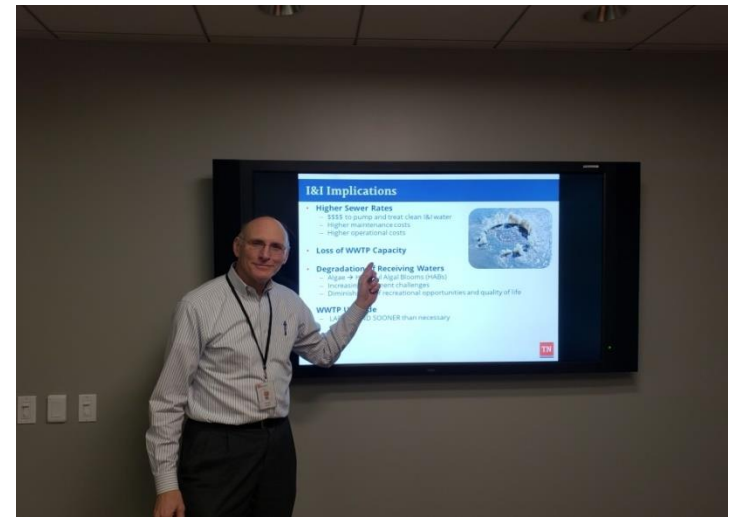
Current and new training opportunities:

- Fleming Training Center (current)
- Water Loss Training (State FY 20)
- Technical Assistance (State FY 20)
- Urban Waters (State FY 21)



- Stopped loss > 147 MGY
- Reduced costs by > \$1M
- Postponed \$15-20M in upgrades

George C Garden, PE BCEE



Training Assistance

Technical Assistance

Expand opportunities for assistance like:

- Capacity development (State FY 20)
- Asset management (State FY 20)
- Optimization – treatment (State FY 20)
- Optimization – energy, nutrients, etc. (State FY 20)
- Community infrastructure workshops (State FY 20/21)
- And more....



Outreach & Education

Coming to you in the near future...

- Website overhaul (by July 18)
- Community meetings (TBD)
- Program updates and shared information
- Electronic communication and processing (solicitations, applications, etc.)

**WE'RE NOT
AFRAID TO TRY
NEW THINGS.**

Partnering

We will all be partnering to review small and disadvantaged communities to provide the best solutions:

- TDEC SRF / DWR (ESU, DW)
- TN USDA-Rural Development
- Department of Economic & Community Development (CDBG, etc.)
- Comptroller (Utilities)



Partners Additional Resources

USDA

- Legal and engineering fees
- Solid waste collection, transmission and disposal
- Interest incurred during construction
- Purchase of facilities to improve service or prevent loss of service
- Water and land rights, permits and equipment

ECD CDBG

- Grant based but ability to pay matching



Where to Go for More Information

Ask.SRF@tn.gov.

tn.gov/environment/topic/wr-srf-state-revolving-fund-program

Phone: 615-532-0789

Questions?

