

Show Me the Missouri SRF Process

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Missouri SRF Programs management

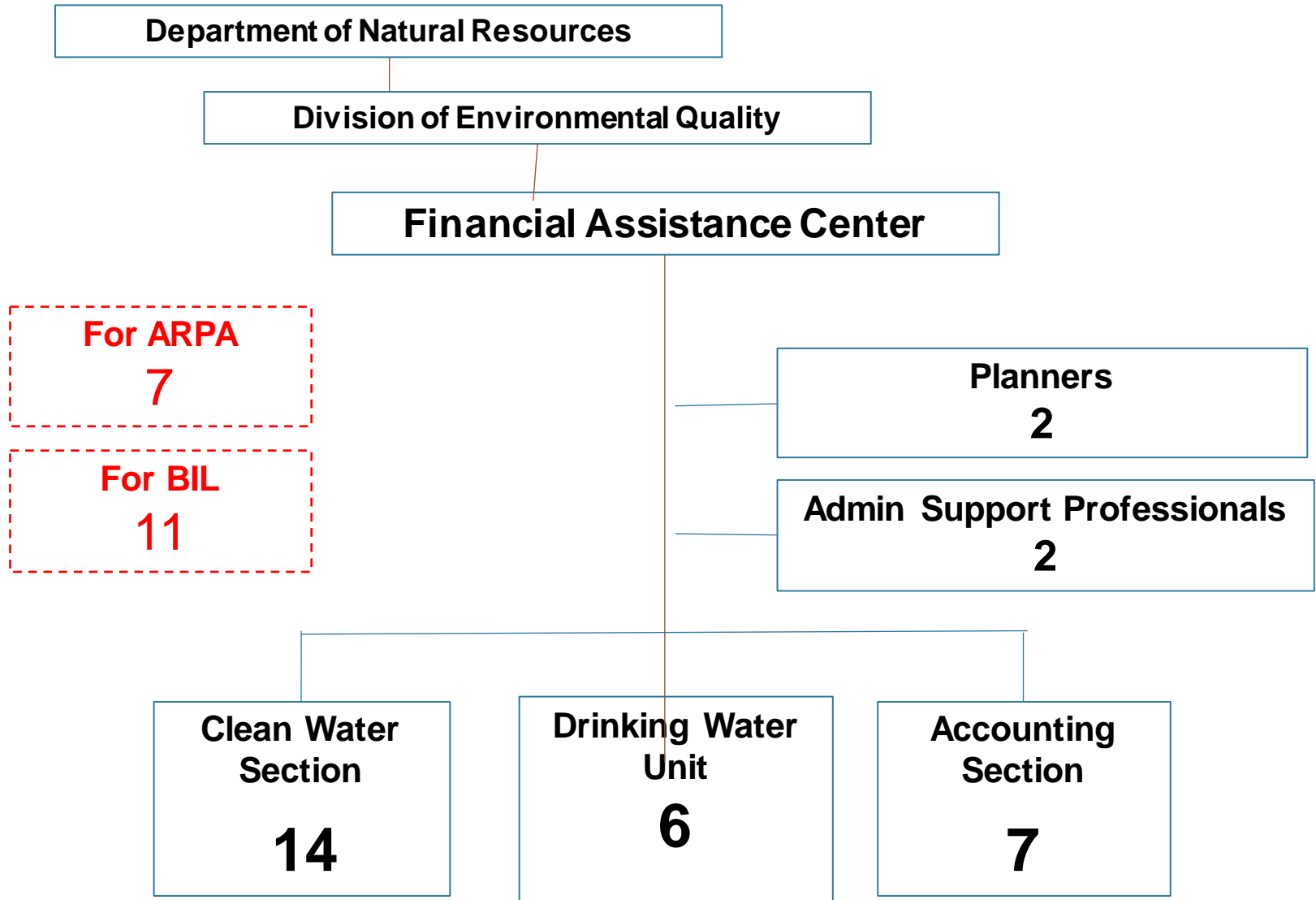
Missouri Department of Natural Resources

- Staffs Clean Water and Safe Drinking Water commissions
- Conducts all programmatic functions, including processing applications, priority scoring, IUP preparation, environmental review, permitting, financial capability review, financial assistance disbursement and payment processing, and federal reporting.

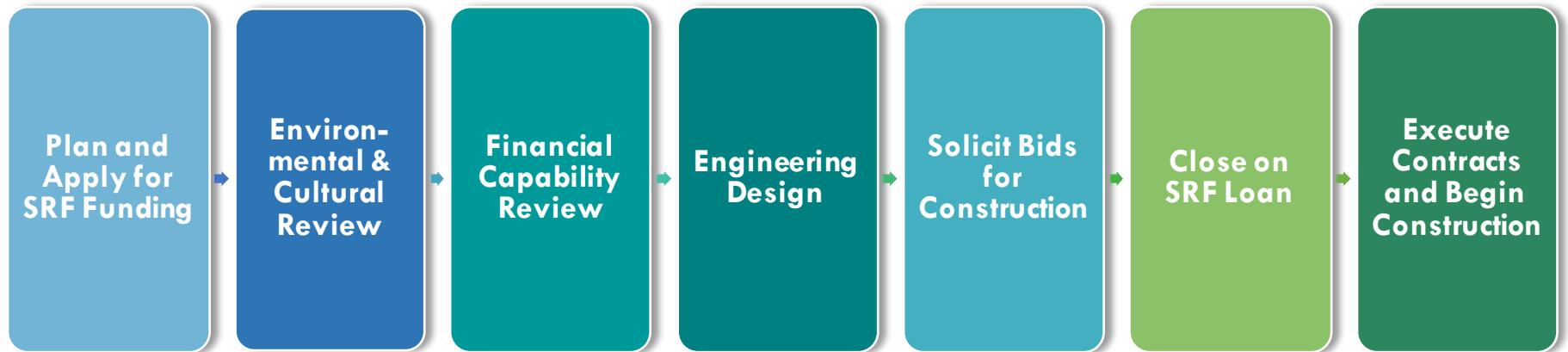
Environmental Improvement and Energy Resources Authority

- Issues bonds, manages related tax issues, and monitors post issuance compliance.

Missouri SRF Programs management



DWSRF and CWSRF Application to Award



What to Expect from the State Revolving Fund Process

This chart shows the typical time needed to complete major State Revolving Fund (SRF) project milestones. This is not a complete listing of every action and submittal associated with an SRF project, however these phases are the most important steps and most likely to impact time and cost.

Typical borrowers can close on the SRF loan within 15-22 months of application submittal.

3 MONTHS

**Apply for SRF Funding
by March 1**

- Borrower submits application with acceptable debt instrument and engineering report
- DNR commits funds for applications submitted to DNR by March 1 with (a) Engineering Report/Facility Plan, and (b) Documentation of bond authorization by including project in the annual SRF draft IUP in June. The plan must be approved by Commission in October

4 MONTHS

**Environmental and
Cultural Review**

- Borrower requests environmental and cultural clearances, and submits Environmental Impact Document or Categorical Exclusion justification to DNR
- DNR issues a Finding of No Significant Impact or Categorical Exclusion

4-10 MONTHS

Financial Capability Review

- Borrower completes and submits Due Diligence Questionnaire with financial history disclosures to DNR for approval
- Borrower prepares and submits proposed user rate to DNR for approval

4-10 MONTHS

Engineering Design**

- Borrower prepares and submits Plans & Specifications and (Clean Water SRF only) Construction Permit Application
- DNR reviews, approves design, and issues construction permit or approval (if appropriate)

2 MONTHS

Solicit Bids

- Borrower solicits bids with specifications that comply with applicable SRF federal requirements
- Borrower submits Recommendation of Award to DNR for concurrence

1 MONTH

Close on SRF Loan

- Borrower and DNR execute loan agreement, typically DNR purchase of municipal debt obligations

1 MONTH

**Execute Contract(s)
and Begin Construction**

- Borrower draws loan funds for invoiced expenses throughout the life of the project

** Engineering design may occur *after* loan closing for design build projects; design build project loans may close as soon as the guaranteed maximum price is established.

SRF Projects from Listing to Closing

- DNR Project Coordinator and Engineer assigned to provide assistance and support project advancement
- Kick off meeting scheduled to discuss project and a binder with the SRF checklist and necessary guidance/templates
- Project schedule prepared by DNR and updated as needed
- Checklist updated and shared frequently with the borrower, indicating all steps needed to satisfy environmental, technical and financial review before the loan is closed

Applications – IUP Cycle

Clean Water and Drinking Water SRF application deadline



MARCH 1

DNR puts draft IUP committing loans and grants on public comment



JULY

DNR staff make IUP revisions based on public comments



SEPT

OCT

Final IUPs presented for Commission approval



DNR reviews and scores projects, prepares draft IUP and routes for management approval



IUPs amended each quarter with additional loans



IUP Listing is a Commitment

Plan and
Apply for
SRF Funding

- IUP listing indicates:
 - DNR believes the project is eligible, and
 - plans to fund it if the applicant completes all needed steps
- IUP contains two Project Lists:
 - **Fundable List** – projects are ready-to-proceed with an engineering report and bond authorization
 - **Planning List**– projects lack a engineering report, bond authorization or both

Application Scoring

- Engineers and coordinators review applications for eligibility.
- DNR Project Coordinators review applications for completeness, and manually score
 - CWSRF - 21 criteria
 - DWSRF - 26 criteria
- All eligible projects can typically be funded, priority scoring determines ranking for available additional subsidization

Environmental & Cultural Review Clearance Letter Requests

Environmental &
Cultural
Review

- Applicant submits project information to each of those listed below, and request clearance:
 - U.S. Army Corps of Engineers
 - U.S. Fish and Wildlife
 - Missouri Office of Administration – Federal Assistance Clearinghouse
 - Department of Conservation
 - Department of Natural Resources Missouri Geological Survey
 - Department of Natural Resources Division of State Parks
 - Department of Natural Resources Office of Historical Preservation
 - Indian Tribes
 - Tribal Historic Preservation Officers

Environmental Review

Environmental Determination

Environmental &
Cultural
Review

- Three possible determinations
 - Categorical Exclusion
 - Finding of No Significant Impact/Environmental Assessment
 - Record of Decision
- Acceptance of environmental reviews from other agencies is allowed
 - When there is joint funding (ex. SRF with CDBG)
 - Department will confirm review meets our regulations
 - Department will either concur with review or notify borrower we must complete an additional review

Financial Capability Review

Financial Capability Review

- About SRF “Loans” – The SRF program purchases the municipality’s debt obligation rather than providing a collateral-based loan.
- In order to be fundable the borrower must have:
 - Bond authorization
 - A dedicated repayment source
 - 110 percent Debt Service Coverage
 - Complete the Due Diligence Questionnaire

Financial Due Diligence Questionnaire

Financial
Capability
Review

Reviewed by DNR and EI ERA:

- Fiscal year financial statements (3-5 years)
- Outstanding debt
- Project budget
- Repayment source analysis, including revenue trends
- Future operating cost projection
- Rate studies
- Bond documentation
- Rates must produce adequate revenues for:
 - Debt service
 - Operation and maintenance;
 - Reserve account for replacement
- Account for revenues generated by the system, debt service, and expenditures for operation and maintenance



Plans and Specifications

DWSRF

Engineering
Design

- After environmental determination is issued and facility plan comments are addressed, applicant submits:
 - Construction permit application
 - Plans and specifications
 - Summary of design
 - Plans reviewed by SRF engineer
 - Specifications reviewed by SRF engineer and SRF coordinator

Plans and Specifications CWSRF

Engineering
Design

- After environmental determination is issued and facility plan has been approved, applicant submits:
 - Construction permit application
 - Operating permit modification application (if necessary)
 - Plans and specifications
 - Summary of design
- Plans reviewed by SRF engineer
- Specifications reviewed by SRF engineer and SRF coordinator

Bidding and Construction

Solicit Bids
for
Construction

- Bid solicitation by applicant may move forward after Department approval of plans and specifications and Due Diligence Questionnaire
- SRF Bid Specifications Packet contains important SRF components if applicable:
 - Davis Bacon requirements
 - Department of Labor and Industrial Relations
 - American Iron and Steel
 - Build America, Buy America
- Applicant must advertise for at least 30 days
- Applicant opens bids and uses tabulation spreadsheet
- Applicant submits bid documents for Department review and concurrence on recommendation of award

Construction Financing

Close on
SRF Loan

- SRF loan and grants awarded after construction bid opened.
 - Exception--design build projects.
- Program operates on reimbursement basis. Borrower submits invoices up to once per month, payment is made within 10 days.
- Borrower responsible for:
 - ✓ Ineligible project costs
 - ✓ Costs that exceed the financed amount