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

Department of Natural Resources

Division of Environmental Quality

Financial Assistance Center

Clean Water Section
- For ARPA: 7
- For BIL: 11

Drinking Water Unit
- 14

Accounting Section
- 7

Planners
- 2

Admin Support Professionals
- 2
DWSRF and CWSRF Application to Award

Plan and Apply for SRF Funding → Environmental & Cultural Review → Financial Capability Review → Engineering Design → Solicit Bids for Construction → Close on SRF Loan → Execute Contracts and Begin Construction
### 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.**

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Action</th>
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<tbody>
<tr>
<td>3 MONTHS</td>
<td>Apply for SRF Funding by March 1</td>
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<tr>
<td>4 MONTHS</td>
<td>Environmental and Cultural Review</td>
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<tr>
<td>4-10 MONTHS</td>
<td>Financial Capability Review</td>
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<tr>
<td>4-10 MONTHS</td>
<td>Engineering Design**</td>
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<tr>
<td>2 MONTHS</td>
<td>Solicit Bids</td>
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<tr>
<td>1 MONTH</td>
<td>Close on SRF Loan</td>
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<tr>
<td>1 MONTH</td>
<td>Execute Contract(s) and Begin Construction</td>
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** 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.

** 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

** 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

** Borrower solicits bids with specifications that comply with applicable SRF federal requirements

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

** Borrower draws loan funds for invoiced expenses throughout the life of the project
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 reviews and scores projects, prepares draft IUP and routes for management approval

- **JULY**
  - DNR puts draft IUP committing loans and grants on public comment

- **SEPT**
  - DNR staff make IUP revisions based on public comments

- **OCT**
  - Final IUPs presented for Commission approval

- IUPs amended each quarter with additional loans
IUP Listing is a Commitment

- 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

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

• Three possible determinations
  o Categorical Exclusion
  o Finding of No Significant Impact/Environmental Assessment
  o Record of Decision

• Acceptance of environmental reviews from other agencies is allowed
  o When there is joint funding (ex. SRF with CDBG)
  o Department will confirm review meets our regulations
  o Department will either concur with review or notify borrower we must complete an additional 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:
  o Bond authorization
  o A dedicated repayment source
  o 110 percent Debt Service Coverage
  o Complete the Due Diligence Questionnaire
Reviewed by DNR and EIERA:

- 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

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

• Plans reviewed by SRF engineer

• Specifications reviewed by SRF engineer and SRF coordinator
Bidding and 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

• SRF loan and grants awarded after construction bid is 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