

## **2018 PRE-APPLICATION INVITATION NH CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM**

NHDES is now accepting **pre-applications for the 2018 Clean Water State Revolving Fund (CWSRF)** for wastewater, stormwater and nonpoint source projects. CWSRF funding is available for water pollution control, watershed protection and restoration, and estuary management projects that contribute to the protection of public health and water quality.

**Deadline** for CWSRF pre-applications is **Friday, June 15<sup>th</sup> at 4:00 PM.**

CWSRF Pre-application: [http://des.nh.gov/organization/divisions/water/wweb/documents/srf\\_preapp.doc](http://des.nh.gov/organization/divisions/water/wweb/documents/srf_preapp.doc)

### **ADDITIONAL SUBSIDY (Principal Forgiveness)**

NH CWSRF plans to offer the maximum allowable additional subsidy for projects funded from the 2018 CWSRF Project Priority List in the form of principal forgiveness. Principal forgiveness awards are generally a percentage of loan disbursements at the time of the initial principal and interest repayment, unless otherwise noted. Principal forgiveness is available to governmental loan recipients based on affordability score and other special initiatives described below.

#### **Affordability:**

Provided sufficient subsidy is available, NHDES plans to offer the percentage of principal forgiveness for wastewater and stormwater/nonpoint source projects awarded for 2017 projects (5%, 10% or 15%). Once 2018 pre-applications and all 2017 loan applications are received, NHDES will be able to determine the percentages available for 2018 projects. This process includes consideration of the number and dollar amount of pre-applications from the various communities in NH, and is based on affordability criteria including sewer user charge rates, median household income, population and unemployment data.

Affordability principal forgiveness will not be awarded in addition to the Planning and Asset Management incentives described below.

#### **Planning, 100% up to \$75,000:**

NH CWSRF will award loan recipients 100% principal forgiveness, up to \$75,000, for wastewater and/or stormwater planning evaluations.

Planning evaluations should address wastewater and/or stormwater conveyance and treatment needs and consider solutions that promote energy efficiency, water conservation and flood resiliency to the extent possible. Project scope of work should follow the template for Basis of Design Reports outlined in [Env-Wq 707](#). at Planning efforts included in a final design project may also be eligible, typically through 30% design, such as a preliminary engineering or value engineering report.

The process to receive the principal forgiveness will include NHDES approval of eligible scope of work and disbursement tracking. Prior to or during review of the full loan application, applicants will submit scope of work proposals related to planning evaluations to the Wastewater Engineering Bureau Design Review Section for approval. Upon receipt of approval, the Grants Management Section will include the principal forgiveness in the loan agreement for processing and assist with disbursement tracking.

Affordability principal forgiveness will not be awarded in addition to the Planning incentive described above.

**Asset Management, 100% up to \$30,000:**

NH CWSRF will award loan recipients 100% principal forgiveness, up to \$30,000, for wastewater and/or stormwater asset management projects. Approved asset management implementation is sufficient to satisfy the CWSRF Fiscal Sustainability Plan (FSP) requirement. The asset management implementation requirements incorporate additional assets as well as additional core elements of asset management. Loan recipients who take advantage of the asset management principal forgiveness will develop a more comprehensive and useful tool than by fulfilling the FSP requirement.

Work scopes for asset management projects must be pre-approved by NHDES and meet the minimum requirements of the guidance document available at:

<https://www.des.nh.gov/organization/divisions/water/dwgb/asset-management/documents/cwsrf-am-guide.pdf>.

Additional asset management principal forgiveness may be available based on the size and complexity of the loan recipient's wastewater infrastructure.

Affordability principal forgiveness will not be awarded in addition to the Asset Management incentive described above.

**Energy Audits, up to \$20,000 (no loan required):**

For the past few years, loan recipients have received 100% principal forgiveness, up to \$20,000, for the completion of pre-approved comprehensive process energy audits for wastewater treatment facilities and pumping stations. To simplify this process, NHDES will contract directly for the services to provide energy audits for both wastewater treatment facilities and pumping stations. Loan agreements will not be required to receive up to \$20,000 for energy audits and related expenses.

**Septage Receiving Facilities, 20% up to \$200,000:**

NH CWSRF will award loan recipients 20% principal forgiveness, up to \$200,000, on disbursements for approved project components related to septage receiving facilities.

Up to \$1,000,000 in septage receiving facility project expenditures may be approved for 20% principal forgiveness. NH CWSRF will award loan recipients principal forgiveness for disbursements above \$1,000,000 in accordance with the Affordability section above. For disbursements outside the approved septage receiving facility scope, NH CWSRF will award loan recipients principal forgiveness in accordance with the Affordability section above.

The process to receive the principal forgiveness will include NHDES approval of eligible project components and disbursement tracking. Prior to or during review of the full loan application, applicants will submit a list of project components related to septage receiving facilities to the Wastewater Engineering Bureau Design Review Section for approval. Upon receipt of approval, the Grants Management Section will include the principal forgiveness in the loan agreement for processing and assist with disbursement tracking.

**Brown Grease Receiving Facilities, 50% up to \$300,000:**

NH CWSRF will award loan recipients 50% principal forgiveness, up to \$300,000, on disbursements for approved project components related to brown grease receiving facilities.

Up to \$600,000 in brown grease receiving facility project expenditures may be approved for 50% principal forgiveness. NH CWSRF will award loan recipients principal forgiveness for brown grease receiving facility disbursements above \$600,000 in accordance with the Affordability section above. For disbursements outside the approved brown grease receiving facility scope, NH CWSRF will award loan recipients principal forgiveness in accordance with the Affordability section above.

The process to receive the principal forgiveness will include NHDES approval of eligible project components and disbursement tracking. Prior to or during review of the full loan application, applicants will submit a list of project components related to brown grease receiving facilities to the Wastewater Engineering Bureau Design Review Section for approval. Upon receipt of approval, the Grants Management Section will include the principal forgiveness in the loan agreement for processing and assist with disbursement tracking.

**Comprehensive Energy Audit Measure Implementation, 50% up to \$200,000:**

NH CWSRF will award loan recipients 50% principal forgiveness, up to \$200,000, on disbursements for project components that implement recommendations from a comprehensive energy audit conducted within the past three years.

Up to \$400,000 in energy conservation project expenditures may be approved for 50% principal forgiveness. NH CWSRF will award loan recipients principal forgiveness for energy conservation disbursements above \$400,000 in accordance with the Affordability Criteria described above. For disbursements outside the approved energy conservation scope, NH CWSRF will award loan recipients principal forgiveness in accordance with the Affordability section above.

Loan recipients must apply for electric and gas utility incentives to qualify for the NH CWSRF principal forgiveness. CWSRF principal forgiveness will be calculated on the total project cost (project cost prior to incentives from the electric or gas utility). CWSRF principal forgiveness may be reduced if the combination of the two incentives brings the cost of the project to the loan recipient to less than \$0.

The process to receive the principal forgiveness will include NHDES approval of eligible components and disbursement tracking. Prior to or during review of the full loan application, applicants will submit a list of project components related to the implementation of comprehensive energy audit measures to the Wastewater Engineering Bureau Planning, Protection and Assistance Section for approval. Upon receipt of approval, the Grants Management Section will include the principal forgiveness in the loan agreement for processing and assist with disbursement tracking.

**Interim Financing:**

The CWSRF endeavors to distribute principal forgiveness throughout the state. Because principal forgiveness reduces or negates grant funds from the US Department of Agriculture (USDA) Rural Development grant/loan financing awards, CWSRF loan recipients will not be granted principal forgiveness for such projects. New Hampshire will continue assisting communities, via interim financing, to accomplish the necessary spending level to qualify for Rural Development grant/loan financing. Offers of principal forgiveness herein will be available until any USDA Rural Development grant/loan financing awards are committed to the project.

New Hampshire may adjust the percentage and/or amount of additional subsidy allocated to any project in order to meet Capitalization Grant requirements and/or CWSRF goals.

**LOAN INTEREST RATES (effective until August 2, 2018)**

Fixed interest rate charges during the loan repayment period are determined at the time of the supplemental loan agreement, after project completion, based on the established CWSRF market rate and the repayment period selected by the loan recipient.

The CWSRF market rate is based on the 11 G.O. Bond Index. Interest rates are established on the date of the public hearing and reviewed and revised as specified in the CWSRF Administrative Rules (Env-Wq 500). Effective August 3, 2017, CWSRF loan interest rates are as follows:

5-year term	2.0000%
10-year term	2.0000%
15-year term	2.2725%
20-year term	2.4240%
30-year term*	2.4240%

\*Loan recipients may be granted a 30-year repayment term if the useful life of the funded asset is at least 30 years, as determined by the State.

**REMINDERS:**

**LOAN APPLICATIONS**

**2017 loan applications** are due **June 30, 2018**. For projects that did not yet go forward, be sure to submit **new** pre-applications so those projects can be considered for this year’s financial incentive package.

**PUBLIC HEARING**

*August 2nd SRF Public Hearing* - An annual public hearing on the 2018 Draft Intended Use Plan (IUP) and Project Priority List (PPL) for both the Drinking Water State Revolving Fund (DWSRF) and CWSRF programs. The IUP and PPL describe how NHDES intends to use the available SRF funds. The hearing will be held at NHDES. Stay tuned for more information.

**SRF WORKSHOP**

*October 16th SRF Workshop* – This workshop will provide information about funding projects through the CWSRF, DWSRF and Drinking Water Groundwater Trust Fund (DWGTF) programs. The workshop will include an overview of the programs, specifics on eligibility requirements, loan conditions and application procedures. The workshop will be held at NHDES. Stay tuned for more information.

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