



**COLORADO**  
Department of Local Affairs  
Division of Local Government

# AVAILABLE FINANCIAL ASSISTANCE FOR WATER AND WASTEWATER IMPROVEMENTS



# AVAILABLE FINANCIAL ASSISTANCE

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## **INTRODUCTION**

There are a number of potential sources of funds available to local governments and other community organizations to make needed improvements to water and wastewater systems. This publication details the commonly used sources of funding from federal and state governments for these needs. For more specific questions related to these funding sources, please contact the program managers listed at the end of the descriptions of each program, or the Department of Local Affairs Field Representatives listed at the end of the handout.

## **STATE REVOLVING FUND (WATER AND WASTEWATER INFRASTRUCTURE)**

The state revolving fund originated through the Safe Drinking Water Act and the Clean Water Act and is comprised of two separate funds: Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund. The State Revolving Fund also offers some grant assistance. Detailed information for both grants and loans can be found below.

Program website: <https://www.colorado.gov/pacific/cdphe/wq-low-interest-loans>

Program Contacts: DLG, Paul Young, (303) 864-7898, [paul.young@state.co.us](mailto:paul.young@state.co.us); WQCD, Bradley Monson, (303) 692-2286, [Bradley.monson@state.co.us](mailto:Bradley.monson@state.co.us); CWRPDA, Keith McLaughlin, (303) 830-1550 x1022 [kmclaughlin@cwrpda.com](mailto:kmclaughlin@cwrpda.com)

## **WATER POLLUTION CONTROL REVOLVING FUND (WPCRF)**

The Water Pollution Control Revolving Fund provides below market interest rate loan financing to governmental entities whose projects will correct water quality problems or qualify as eligible pollution control programs. The fund can be used to cover all eligible project costs with terms up to 30 years. The Disadvantaged Community program offers eligible communities, loans from the WPCRF with terms up to 30 years, reduced interest rates, and access to program grant funding. The fund is jointly administered by the Colorado Division of Local Government, the Water Quality Control Division, and the Colorado Water Resources and Power Development Authority.

## **DRINKING WATER REVOLVING FUND (DWRF)**

The Drinking Water Revolving Fund provides below market interest rate loan financing to governmental entities and private nonprofit water systems. The fund can be used to cover all eligible project costs with terms up to 20 years. The Disadvantaged Community program offers eligible communities, extended loan terms up to 30 years, reduced interest rates, and access to program grant funding. The fund is jointly administered by the Colorado Division of Local Government, the Water Quality Control Division, and the Colorado Water Resources and Power Development Authority.

## **DWRF AND WPCRF PLANNING GRANTS AND DESIGN/ENGINEERING GRANTS**

### **PLANNING GRANTS**

Planning grants are available to assist disadvantaged communities. Eligible systems must have populations under 10,000, qualify as disadvantaged, and must have completed a pre-

application meeting with program staff. The planning grant has a 20% match component with awards up to \$10,000. Planning grants are for those communities undertaking projects that are identified on the current year's project eligibility list or are being added to the subsequent year's list for either the Drinking Water Revolving Fund or the Water Pollution Control Revolving Fund. This funding may be used to complete required SRF documents such as the Project Needs Assessment (PNA), environmental review, and/or to form an improvement district to advance a system towards securing project construction funding. There will be only one grant awarded per project. If the entity does not seek construction funding through the State Revolving Fund, they may be requested to repay the planning grant or seek a waiver of the repayment requirement from the Colorado Water Resources and Power Development Authority Board.

### **DESIGN AND ENGINEERING GRANTS**

Design and engineering grants are available to assist disadvantaged communities that have an approved SRF Project Needs Assessment, for design and engineering related expenses. The design and engineering grant has a 20% match component. Design and engineering grants are for those disadvantaged communities committed to utilizing a State Revolving Fund loan and can be in an amount up to \$300,000 depending on project size and scope. The intent of the design and engineering grant is to help offset the costs of required submittals such as design drawings, design documents, preliminary effluent limits, site application, and plans and specifications. There will be only one grant awarded per project.

### **COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY: WATER REVENUE BONDS PROGRAM**

The Colorado Water Resources and Power Development Authority was created by the Colorado General Assembly to provide Colorado with a mechanism to finance water and wastewater projects that may not qualify or be interested in the SRF programs. The Authority can assist governmental entities by issuing revenue bonds, up to a maximum of \$500 million, and loaning the proceeds to the governmental entity while subsidizing the cost of issuance of up to \$250,000 per borrower, per project. Eligible projects include: storage reservoirs, water and wastewater treatment plants, distribution systems, water wells and pumping stations. Construction costs include design, engineering, costs of issuance, financing reserves, interest during construction, site acquisition, planning, environmental documentation, water rights, and mitigation costs.

Program Contact: Keith McLaughlin, (303) 830-1550 x1022, [kmclaughlin@cwrpda.com](mailto:kmclaughlin@cwrpda.com).

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

CDBG is a state administered, federally-funded program that funds public facility improvements and infrastructure projects. Grants are provided to "non-entitlement" municipalities and counties for projects which principally benefit low and moderate income (LMI) persons. Districts and private entities (such as nonprofit water companies or homeowners associations) are eligible if sponsored by a municipality or county.

Eligible activities include infrastructure, public facilities improvements, and property acquisition and rehabilitation. All activities must meet at least one of three national

objectives: benefit to low and moderate income persons, prevention or elimination of slum and blight, or address an urgent need.

Ineligible activities include buildings for the general conduct of government, general government expenses, income payments, operating/maintenance, and repairs. Business loans are also available for improvements on businesses' private property.

Program Contact: Department of Local Affairs Field Team (see last page).

### **ENERGY & MINERAL IMPACT ASSISTANCE GRANT/LOAN PROGRAM**

The largest distribution of funds by the State Energy and Mineral Impact Assistance Program occurs in the form of discretionary grants for basic infrastructure and community development projects. Loans are available, with a fixed interest rate of 5%, for domestic treated water and sewer projects only.

The purpose of the Energy and Mineral Impact Assistance Program is to assist political subdivisions that are socially and/or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels. Funds come from the state severance tax on energy and mineral production and from a portion of the state's share of royalties paid to the federal government for mining and drilling of minerals and mineral fuels on federally-owned land. The program was created by the legislature in 1977.

The department is assisted by a twelve-member Energy and Mineral Impact Assistance Advisory Committee, which meets several times each year, to consider applications for grants and low-interest loans. Seven members are appointed by the Governor to four-year terms, while the remaining five are state department executive directors or their designees. Final funding decisions are made by the department's executive director.

Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions and state agencies. The kinds of projects that are funded include - but are not limited to - water and sewer improvements, road improvements, construction/improvements to recreation centers, senior centers and other public facilities, fire protection buildings and equipment, and local government planning.

The program includes categorizing grants into Tier I and Tier II and clarifying evaluation criteria, including match requirements.

Program Contact: Department of Local Affairs Field Team (see last page)

Program website: <https://www.colorado.gov/pacific/dola/energymineral-impact-assistance-fund-eiaf>

### **CWCB WATER EFFICIENCY GRANT PROGRAM**

The Colorado General Assembly under Senate Bill 07-008, expanded a mechanism for the Colorado Water Conservation Board (CWCB) through its Office of Water Conservation and

Drought Planning to provide financial assistance to water providers and qualifying agencies in the State of Colorado that are seeking to perform or promote more meaningful water efficiency. The specific uses of the grant monies are as follows: To develop a water efficiency plan; implement the water efficiency programs and measures specified in their water efficiency plans; for public and private agencies, whose primary purpose is to promote the benefits of water resource efficiency, the money may be used to provide education and outreach aimed at demonstrating the benefits of water efficiency; and to develop drought mitigation plans identified as sufficient by the CWCB. Applications will be accepted throughout the year with awards made to eligible and qualified organizations that meet the requirements of the grant program.

Grant information is provided on the CWCB Website:

<http://cwcb.state.co.us/LoansGrants/water-efficiency-grants/Pages/main.aspx>

Program Contact: Ben Wade, (303) 866-3441 x3238 or [ben.wade@state.co.us](mailto:ben.wade@state.co.us)

#### **CWCB WATER SUPPLY RESERVE FUND**

This program provides resources to implement projects and methods for meeting the state's water consumptive and non-consumptive needs. The program can grant money for a broad range of eligible activities including: construction of infrastructure (storage, pipelines, river improvements, etc.), feasibility studies, studies of human and environmental needs, and technical assistance for permitting or environmental compliance. Both statewide and individual basin accounts are established for projects that promote collaboration and cooperation, facilitate water activity implementation, meet water management goals and objectives, and identified water needs, and address issues of statewide value. In 2009, the Water Supply Reserve Account Program was reauthorized in perpetuity by SB 09-106. It is authorized to receive up to \$10,000,000 per year from the Severance Tax Trust Fund, subject to available funding.

Detailed is available on the Water Conservation Board's website at:

<http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Pages/main.aspx>

Program Contact: Craig Godbout, (303) 866-3441 x3210 or [craig.godbout@state.co.us](mailto:craig.godbout@state.co.us)

#### **CWCB WATER PROJECT LOAN PROGRAM**

The Water Project Loan Program was established in 1971 to provide low interest loans for raw water resource projects. Eligible borrowers have received over \$400 million in loans for planning, engineering and construction from the CWCB. Eligible projects involve the collection, storage and transmission of raw water supplies. Examples include new or the rehabilitation of: reservoirs, ditches/canals, pipelines, groundwater wells, water rights purchases, and flood control facilities. A loan feasibility study is required, which must include preliminary engineering by a professional engineer to help select the best alternative and determine project costs. Typical thirty year loan interest rates range from 2.0% to 3.0% for municipal borrowers, and 1.5% to 2.0% for agricultural borrowers. There is a 1% loan service charge that can be financed into the loan. Applications for loans less than \$10 million are accepted throughout the year, and are approved at the bi-monthly CWCB meetings (allow five months for loan approval and loan contracting). Loan requests in excess of \$10 million are due August 1st and are considered once a year at the November CWCB meeting, with funds

available the following July (if authorized by State Legislature and with executed loan contract).

More information is available on the CWCB website at:

<http://cwcb.state.co.us/LoansGrants/water-project-loan-program/Pages/main.aspx>

Program Contact: Anna Mauss, CWCB, 303-866-3441 x3224, [anna.mauss@state.co.us](mailto:anna.mauss@state.co.us)

#### **ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) PUBLIC WORKS AND DEVELOPMENT FACILITIES PROGRAM**

Federal grants are provided to help distressed communities attract new industry, encourage business expansion, diversify their economies, and generate long-term, private sector jobs. Among the types of projects funded are broadband infrastructure; water and sewer facilities primarily serving industry and commerce; access roads to industrial sites or parks; and business incubator buildings. Proposed projects must be located within an EDA eligible area. Eligibility is based on low per capita income (PCI) or high unemployment. Eligibility can also be based on various measures of special economic need. Projects must be consistent with an approved Comprehensive Economic Development Strategy (CEDS). An applicant may be a state, political subdivision of a state, Indian tribe, special-purpose unit of government, or public or private nonprofit organization.

EDA Point of Contact: Trent Thompson, EDA (303) 844-5452 or [tthompson@eda.gov](mailto:tthompson@eda.gov).

Program website: <https://www.eda.gov/resources/economic-development-directory/states/co.htm>

#### **USDA RURAL DEVELOPMENT (RD)**

Rural Development (RD) awards long term, low interest loans and grants to rural communities (population of 50,000 or less) for construction and replacement of water, wastewater, storm sewer and solid waste facilities. Eligible communities include municipalities, non-profits (such as homeowners associations) and Federally Recognized Tribes. Communities can receive a loan and grant combination, with percentages based median incomes, health hazard elimination and annual debt service charges to keep user costs reasonable.

- **Project planning grants** up to \$30,000 are also available for low-income rural communities. The income for the service area cannot exceed \$52,720 and the percentage of grant funds per project is based on population of the service area.
- **The Solid Waste Management Grant Program** can assist rural communities with technical assistance and/or training related to the management and reduction of solid fill to improve water quality. Funds may be used for construction, engineering, interest payments during construction, essential equipment, site acquisition, legal fees, water rights, etc.

Rural Development can work with private lenders with guaranteed loans to provide affordable rates and terms to those communities that qualify borrowers to improve access to clean, reliable water and waste disposal systems for individuals and businesses in rural areas.

Program information can be found here: <https://www.rd.usda.gov/contact-us/state-offices/co>



Program Contact: April Dahlager, Community Program Director, 720-544-2926, [april.dahlager@co.usda.gov](mailto:april.dahlager@co.usda.gov)

#### **NATIONAL RURAL WATER ASSOCIATION (NRWA)**

National Rural Water Association's Revolving Loan Program, RLP, established under a grant from USDA Rural Utilities Services, USDA/RUS, may provide financing to eligible utilities for pre-development costs associated with your proposed water and wastewater projects and may also be used with existing water/wastewater systems and the short term costs incurred for replacement equipment, small scale extension of services or other small capital projects that are not a part of your regular operations and maintenance. Systems applying must be public entities. This includes municipalities, counties, special purpose districts, Native American Tribes and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits. Loan amounts may not exceed \$100,000 or 75% of the total project cost whichever is less. Applicants will be given credit for documented project cost prior to receiving the RLF loan. Loans will be made at the lower of the poverty or market interest rate as published by RUS, with a minimum of 3% at the time of closing. Maximum term of the loan cannot exceed 10 years. Colorado Rural Water Association Circuit Riders will come to your community and will help complete the required paper work.

Program Contact: Gloria Yok 580-252-0629 [gloria@nrwa.org](mailto:gloria@nrwa.org)

Program website: <https://nrwa.org/initiatives/revolving-loan-fund/>

#### **RURAL COMMUNITY ASSISTANCE CORPORATION LOAN FUND (RCAC)**

Rural Community Assistance Corporation's (RCAC) Environmental Infrastructure Loan Program helps create, improve or expand the supply of safe drinking water and waste disposal systems/facilities that serve low and moderate-income communities in the West, including Colorado. RCAC's loan programs provide the early funds small communities need to determine feasibility and pay pre-development costs prior to receiving state and/or federal program funding. RCAC may also provide long-term loans when system improvements are needed and there is a lack of priority for obtaining funds through state or federal programs. Eligible applicants are non-profit organizations, public agencies, and tribal governments. Projects must be located in rural areas with populations of 50,000 or less. Community size is limited to 10,000 for long-term USDA guaranteed loans and short-term loans for which USDA is the long-term lender. Short-term loans for up to three years with an interest rate of 5.50% are available for: Feasibility studies such as preliminary engineering and environmental reports for up to \$50,000; predevelopment loans for such items as engineering, legal and bond counsel for up to \$250,000; and construction loans for up to \$2,000,000 are available. An intermediate term loan of up to 20 years with an interest rate of 5.00% is available for environmental infrastructure loans. Long-term loans for up to \$5,000,000 are available so long as the project meets the requirements of the USDA Rural Utilities Service Water and Waste Disposal Guaranteed loan program. The interest rate for these loans is set at the time of loan closing.

Program Website: <https://www.rcac.org/environmental/water-wastewater-services/>

Program Contact: Darryl English, (435) 649-0515; [denglish@rcac.org](mailto:denglish@rcac.org)



### **PRIVATE ACTIVITY BONDS (PAB)**

Tax-exempt private activity bond (PAB) allocations are available to municipalities, counties and other issuing authorities. These entities can issue bonds for a project so that it can be financed with a loan with interest exempt from federal income taxation. Privately owned water, sewer, and certain waste disposal facilities are eligible for this funding. Local governments with populations greater than 19,048 receive a direct allocation. Local governments that do not receive a direct allocation, or that need additional allocation, may apply to the Department of Local Affairs for an allocation from the statewide balance.

More information is available at the following website:

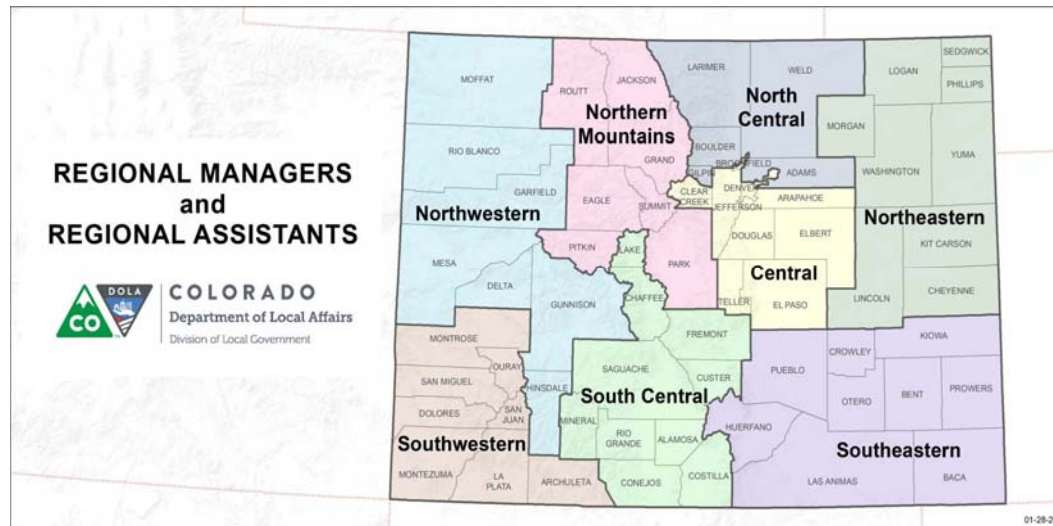
<https://www.colorado.gov/pacific/dola/private-activity-bonds>

Program Contact: Ann Watts, Colorado Division of Housing, (303) 864-7820,  
[ann.watts@state.co.us](mailto:ann.watts@state.co.us)

### **SMALL COMMUNITY WATER INFRASTRUCTURE EXCHANGE (SCWIE)**

The Small Community Water Infrastructure Exchange (SCWIE) is a network of water funding officials. Under the auspices of the Council of Infrastructure Financing Authorities (CIFA), a group of public and non-profit environmental funding and technical assistance officials have come together to create SCWIE. Although this is not a funding program, they have posted on their website, the names, telephone numbers and e-mail addresses for all the key small community contacts in each state.

Program website: <http://www.scwie.org/>



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Grande, Saguache