

The American Recovery and Reinvestment Act of 2009 (ARRA)



New Opportunities & Challenges for the Clean
Water State Revolving Fund (CWSRF) and Drinking
Water State Revolving Fund (DWSRF) Programs

April 15, 2009

Congress Placing Great Trust & Confidence in the SRF Programs

□ Our solid history of success

- Effective leveraging of Federal investment
- Financial integrity
- State leadership
- Building infrastructure that delivers long-term environmental, public health and economic benefits

Congress Placing Great Trust & Confidence in the SRF Programs

- **We are being given a new challenge**
 - Rapid assistance to “ready to construct” projects
 - Create/Preserve jobs
 - Provide additional subsidy to assist those impacted by recession

SRF Provisions of ARRA

- Focus & Objectives Differ from Base SRF Program
 - Key objective is to preserve and create jobs and promote economic recovery
 - Priority for projects ready to start construction within 120 days
 - Within 1 year of enactment, all funds must be committed to projects under construction or having awarded contracts for construction

ARRA Temporarily Creates a Distinct “Program” Within the Base SRF Program

BASE SRF PROGRAM

ARRA “program”

- Some base program provisions
- +Special ARRA provisions

SRF ARRA Appropriation

- CWSRF Nationally \$4 billion
- DWSRF Nationally \$2 billion

- CWSRF Nevada \$19.2 million
- DWSRF Nevada \$19.2 million

Key Perspective

- ❑ ARRA appropriations are IN ADDITION TO base SRF program appropriations
- ❑ ARRA is not focused on building the corpus of the funds
- ❑ ARRA is focused on quickly delivering assistance to “ready to go” projects
 - Job creation and preservation
 - Additional subsidy (MINIMUM of 50% of cap grant)

New Requirements

- Iron and Steel
 - All of the iron, steel, and manufactured goods used in a project must be produced in the United States.
 - Administrator of EPA may waive this requirement if :
 - Inconsistent with the public interest
 - Sufficient and reasonably available quantities, of satisfactory quality are not produced in the US
 - Use of US manufactured products will increase project cost by >25%
 - Must apply consistent with international trade agreements.

New Requirements

□ **Davis Bacon:**

- Davis-Bacon Act wage rules apply to all assistance agreements made in whole or in part with funds appropriated by the ARRA.
- Department of Labor provides prevailing wage rates and instructions for reporting.

Timeline

- Accelerated Contracts or Construction
 - ARRA: EPA “shall reallocate funds... that are not under contract or construction” by 2/17/10
 - NDEP will monitor project progress
 - If progress not adequate to meet 2/17/10 construction contract date, NDEP will terminate agreement and reallocate funds

Additional Subsidization

- ARRA requires that each State use not less than 50 percent of its capitalization grants for additional subsidization “in the form of” principal forgiveness, negative interest loans, or grants
- ARRA encourages the States to target additional subsidization based on community affordability

Additional Subsidization - Nevada

- Nevada will target communities that meet Nevada's DWSRF definition of "disadvantaged"
- Local MHI 80% of state MHI
- Principal Forgiveness
- Small local match – determined by what community can afford to contribute

Green Project Reserve

“To the extent there are sufficiently eligible project applications, not less than 20 percent of the funds appropriated herein for the Revolving Funds shall be for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities”

Green Project Reserve

- EPA directed states to prioritize projects that achieve highest intent of the Act
- Nevada priorities are:
 - generate clean energy
 - conservation projects with multiple environmental benefits
- Nevada interest rate: 0%

Progress to Date

- Solicited for “shovel ready” projects in December 2008
- Response to solicitation huge:
 - 53 CWSRF Projects totaling nearly \$1 billion
 - 85 DWSRF Projects totaling \$574 million
- Draft Priority Lists and Intended Use Plan made available for public comment
- EPA grant award anticipated 4/17/09:
 - CWSRF \$19.2 million
 - DWSRF \$19.5 million

Next Steps

- After receiving comment, Priority Lists and Intended Use Plans will be finalized
- Board for Financing Water Projects meeting to approve DWSRF Priority List 4/20/09
- Projects that are ready to go will be funded first
- Move down the priority list until all funds have been obligated
- Enter into construction contract by 2/17/10
- Mandatory Waste, Fraud and Abuse training for ARRA recipients.