

STATE OF UTAH CWSRF
SUPPLEMENTAL INTENDED USE PLAN
Capitalization Grant Under the
American Recovery and Reinvestment Act of 2009

I. INTRODUCTION

This Intended Use Plan (IUP) accompanies the State of Utah's application for a \$20,649,900 capitalization grant for the Clean Water State Revolving Fund (CWSRF) program under the American Recovery and Reinvestment Act (ARRA) of 2009.

II. GOALS FOR AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

In addition to the goals outlined in the 2009 IUP, the State of Utah is committed to using the capitalization grant for which it is applying to provide assistance to wastewater and nonpoint source projects which will proceed quickly to construction, creating jobs and furthering the water quality objectives of the Clean Water Act. The State of Utah's goal is to enter into binding commitments for projects, which will proceed to construction or award of construction contracts by February 17, 2010.

The State of Utah recognizes that the goal of the ARRA is to expeditiously fund eligible projects that will simultaneously create jobs, promote economic recovery, and generate long-term benefits from infrastructure investment. In this grant, the State is being called upon to accomplish goals that may have not been priorities in its base SRF program. Some priorities and activities in the State of Utah's base program may not be attainable within the timeframes associated with the ARRA and, therefore, will be pursued using funds made available through the base CWSRF program.

III. SOURCES AND USES OF FUNDS

The State of Utah is applying for a capitalization grant in the amount of \$20,649,900. This represents the amount that the State is eligible to receive under the State's allocation from the supplemental appropriation enacted under the ARRA. Normally, the State is required to provide match in order to receive a capitalization grant. However, the State match requirement has been waived for the ARRA grant.

The following table (Table 1) summarizes the source and use of the capitalization grant for which the State is applying:

TABLE 1

Source	Amount
Capitalization Grant	\$20,649,900
Use	
Project Assistance Loans	
<i>Program Loans</i>	\$ 5,947,171
<i>Green Projects Loans</i>	\$ 3,964,781
Project Assistance Subsidization	\$ 9,911,952
Administration (4%)	\$ 825,996
Total	\$20,649,900

IV. CRITERIA AND METHODS FOR DISTRIBUTION OF FUNDS

a. Project List

Division of Water Quality staff conducted a number of outreach activities to insure communities and districts within Utah were aware of the potential stimulus funding opportunity under the Clean Water State Revolving Loan Fund Program (CWSRF). These activities occurred prior to and subsequent to the passage of the American Recovery and Reinvestment Act of 2009 (ARRA) and included:

- In-person meetings with city councils, sewer district boards and other eligible loan recipients;
- Coordination with the Utah League of Cities and Towns member survey to determine their water quality and wastewater infrastructure project needs;
- Regular updates to the Water Quality Board;
- Public presentations at conferences;
- Development of a website at: <http://www.waterquality.utah.gov/stimulus/>
- Mass postcard mailing and electronic ListServ notice to every elected official, city, town, services district, consulting engineer, environmental group, and other interested parties in the state.

Information provided during this outreach campaign included funds available; types of eligible projects; loan requirements such as NEPA, Buy American and Davis-Bacon wages; timeline requirements and need for "shovel ready" projects; SRF loan application and process.

As a result of this effort the CWSRF program has identified over \$200 million in eligible projects. The attached project list includes projects that have been assessed through the CWSRF prioritization process.

b. Additional Subsidization

The ARRA requires that not less than 50% of assistance provided is in the form of additional subsidies. In order to meet this requirement, the Water Quality Board will be considering an administrative rule change to allow the authorization of loans with principal forgiveness. Final adoption of the rule is anticipated by June 30, 2009.

Principal forgiveness will be recommended for wastewater or non-point source projects which are determined to be economically infeasible unless such assistance is provided.

The attached project list demonstrates that at least 50% of the available funding for projects will be provided via principal forgiveness. Any subsequent revision to this project list will likewise demonstrate that at least 50% of the available funding for projects will be provided via principal forgiveness.

c. Green Infrastructure

The ARRA requires that, to the extent that there are sufficient eligible applications, at least 20% of the funds be utilized for water or energy efficiency, green infrastructure, or other environmentally innovative activities. As part of the attached project list, the State of Utah demonstrates that 20% of the total assistance amount of \$20,649,900 will be used for projects or portions of projects meeting one of more of the specific objectives required by this provision.

d. Preference for Expeditious Activities

The ARRA requires priority be given to projects that will be ready to proceed to actual construction within 12 months of the date of enactment. In anticipation of compliance with this requirement, the State of Utah is consulting with all potential assistance recipients with projects on the project priority list in order to determine which projects can be started and completed expeditiously. After receiving a capitalization grant, the State will provide ARRA assistance to projects who qualify for this preference.

In addition, ARRA section 1602 requires that “recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50% of the funds for activities that can be initiated not later than 120 days after...enactment” of the Act.

e. Avoidance of Reallotment/Relationship to Base Program

In order to meet the requirements and deadlines of the ARRA for the expeditious and timely commitment and expenditure of funds, the State of Utah will regularly review the data reported to EPA on the progress of projects. The State will work to identify any issues with the timeliness of assistance recipients in respect to statutory deadlines specified in this IUP. The State of Utah intends to work with EPA to resolve any issues that are identified. The State will include conditions in its assistance agreements to ensure that assistance recipients make timely progress with respect to entering into contract and/or construction. If a recipient fails to maintain progress with these conditions, they will receive funding from other sources (i.e. other CWSRF monies, Utah Wastewater Loan Funds, etc.) so that ARRA funding can be provided for a project that is ready to proceed.

The State understands that the U.S. Environmental Protection Agency may deobligate grant funds from States that fail to meet requirements on use of ARRA funds. If the State is eligible for additional funds made available by a reallotment of ARRA funds, the State will provide EPA with a list of projects from its project priority list that are immediately prepared to proceed to construction.

f. Loan Terms and Fees

The Utah CWSRF program will offer the following loan terms:

- Interest Rate – The current interest rate offered in the ongoing program is 3%. However, an interest rate of 0% may be offered as an incentive for assistance recipients that meet ARRA deadlines.
- Repayment Term – The loan term may be up to 20 years. Extended financing terms of up to 30 years are available to hardship communities.
- Loan Origination Fee – An amount equal to 0.5% of the principal loan amount. The fee will be due at loan closing and is used to help meet program operating expenses.

V. PUBLIC REVIEW AND COMMENT

In compliance with the requirement in Section 606(c) of the Clean Water Act, the State of Utah will post this Intended Use Plan in draft form beginning on April 9, 2009 at www.waterquality.utah.gov/stimulus/.

The State will provide notice of the availability of this IUP to the public by announcements in newspapers and a general mailing. The State of Utah will request that all comments be submitted by the end of the 30-day public comment period.

VI. ASSURANCES

The State of Utah has assured compliance with the State/EPA Operating Agreement, including Section XVI, Scope and Roles. In addition, the State has developed specific implementation rules of those assurances in the Utah Administrative Code, R-317-102, Utah Wastewater State Revolving Fund (SRF) Program.

**Stimulus Funds
Financial Projections**

American Recovery and Reinvestment Act of 2009 (ARRA) Funds	ARRA Project Amount	"Green" Infra.	Grant*	Balance (Loan)
EPA CWSRF Award Amount (less 604(b), EPA 1%, UT 4%)	19,823,904	3,964,781	9,911,952	9,911,952
<i>ARRA Project Funds Available</i>	19,823,904	3,964,781	9,911,952	9,911,952

ARRA Obligations (closed loans)
(none at this time)

<i>Total ARRA Funds Committed</i>	-	-	-	-
Uncommitted Stimulus Funds Balance	19,823,904	3,964,781	9,911,952	9,911,952

Funding Recipient	Project Description	Unsewered Community	Financial Need (Inability to Self-Fund)	General Public Health Need	"Green" Project	Primarily Serves Existing Residents	NEPA	Bond	CP	Award	Local Share Including Land	Project Cost	Total Award	"Green" Infrastructure (Categorical & Business Case)	Grant (Principal Forgiveness)	Loan
TIER I ARRA Authorizations - ARRA funds reserved through September 15, 2009 for these projects																
MG	Duchesne	pump station	N	Y	60	N	Y				-	1,197,000	(1,197,000)	-	-	(1,197,000)
JM	Stockton	community-wide sewer	Y	Y	45	Y	Y				240,000	11,004,000	(10,764,000)	(2,808,240)	(8,787,000)	(1,977,000)
SA	"Green" project reserve	lagoon/land app rehab	na	na	na	Y	na				-	4,000,000	(4,000,000)	(4,000,000)	(1,100,000)	(2,900,000)
<i>Tier I ARRA Funds Authorized, Not Closed</i>													(15,961,000)	(6,808,240)	(9,887,000)	(6,074,000)
Projected Ending Tier I ARRA Funds Balance													3,862,904	(2,843,459)	24,952	3,837,952
TIER II ARRA Authorizations - authorized subject to availability of funds with priority given for readiness to proceed as determined on September 15, 2009																
LN	Kearns	backyard sewer laterals	N	N	40	N	Y				18,000,000	23,025,000	(5,025,000)	-	-	(5,025,000)
JM	Orem	WWTP upgrade	N	N	40	Y	Y				200,000	12,089,000	(11,889,000)	(2,830,000)	-	(11,889,000)
BW	Parowan	land app	N	Y	40	Y	N				-	371,000	(371,000)	(75,420)	-	(371,000)
JM	Price	sewer rehab	N	Y	10	N	Y				-	1,729,000	(1,729,000)			(1,729,000)
JC	Roosevelt	lagoon/land app rehab	N	Y	40	Y	Y				-	2,882,000	(2,882,000)	(2,882,000)	(1,441,000)	(1,441,000)
JM	Salt Lake City	digester covers	N	N	40	Y	Y				20,140,000	27,060,000	(6,920,000)	(6,920,000)	-	(6,920,000)
<i>Tier II ARRA Funds Authorized, Not Closed</i>													(28,816,000)	(12,707,420)	(1,441,000)	(27,375,000)
Projected Ending ARRA Funds Balance													(24,953,096)	(15,550,879)	(1,416,048)	(23,537,048)
Total ARRA Authorizations:													(44,777,000)			