

Application Guidance

Clean Water State Revolving Fund (CWSRF)

Illinois River Basin – 1.5% (0.50% interest rate and 1% fee) for Illinois River Basin projects addressing water quality concerns related to the Illinois River for a lending rate of 1.5% maximum of 30 years or the life of the project, whichever is less.

Buffalo River Watershed – 1.5% (0.50% interest and 1% fee) for Buffalo River Watershed projects addressing water quality concerns related to the Buffalo River for a lending rate of 1.5% for a maximum of 30 years or the life of the project, whichever is less.

Regionalization – 1.5% (0.50% interest and 1% fee) for Regionalization projects addressing water quality concerns for a lending rate of 1.5% for a maximum of 30 years or the life of the project, whichever is less.

Regionalization is the physical interconnection and consolidation of two or more systems including the transfer of all assets to a single system. At least one of the systems must be a small public water/sewer system servicing 10,000 or fewer customers. In cases where a regional solution is clearly feasible but is not pursued, those systems should not expect to receive priority for government-subsidized funding. Small systems may maintain their independence, but their users must be willing to pay for it. Conversely, when a system is pursuing a regional alternative that has large capital costs but will provide a better long-term solution, that project will be given priority for funding incentives. As a result, special lending rates and potential additional subsidization have been incorporated for regionalization projects that are specifically designed to regionalize one or more small systems.

Cybersecurity -Reduction of leading rate (up to 0.50%) for eligible cybersecurity component(s) of a publicly owned, centralized wastewater treatment project, savings not to exceed the cost of the cybersecurity component(s).

The Clean Water State Revolving Fund can provide financial assistance to publicly owned treatment works a for cybersecurity measures, including:

- Conducting Assessments
- Developing Improvement Plans and Emergency Response Strategies
- Installation of Cyber-related infrastructure (including technology upgrades)

CWSRF EPA guidance for information on eligibilities: <https://www.epa.gov/cwsrf/supporting-cybersecurity-measures-clean-water-state-revolving-fund>

Recommend including cybersecurity as a component of a traditional infrastructure project. The application process for cybersecurity is the same, and with the same below market rates.

Emerging contaminants (BIL-EC) – Projects eligible under BIL-EC project funding 0% (0% interest and 0% fee)

Equivalency Projects - Borrowers with large projects, \$10 million minimum ANRC funding, who choose to apply for equivalency (implement all federal requirements) for a project, and are approved, will receive a reduction in the standard interest rate by 1%, the fee rate remaining the same.

Sponsored Projects under CWSRF - CWSRF has an increasing focus on nonpoint source funding which may be funded through loans using standard rates and terms. The mechanisms Arkansas is implementing to increase this type of utilization of the fund is through Sponsorship Funding. Sponsorship Funding pairs a traditional publicly owned treatment works (POTW) project with a nontraditional one, usually a nonpoint source (NPS) project. Sponsorship Funding helps to address repayment issues for NPS projects, allowing critical water quality projects to move forward.

A municipality receives a reduced rate loan as compensation for also undertaking (i.e., sponsoring) a nontraditional project. Under this program the reduced rate will provide cost savings in the amount of the sponsored project, while maintaining the original repayment amount for the traditional project cost, allowing for NPS projects to be implemented at no cost to the municipality. Please contact Debby Dickson if you have questions about sponsorship funding.

Eligible CWSRF sponsorship projects are defined as a project to protect, conserve, or restore natural resources. The following project types are categorically considered eligible for CWSRF funding:

- Wetland restoration process
- Floodplain/stream restoration
- River corridor easement
- Woody buffer plantings

Drinking Water State Revolving Fund (DWSRF)

Regionalization – 1.5% (0.50% interest and 1% fee) for Regionalization projects addressing water quality concerns for a lending rate of 1.5% for a maximum of 30 years or the life of the project, whichever is less.

Regionalization is the physical interconnection and consolidation of two or more systems including the transfer of all assets to a single system. At least one of the systems must be a small public water/sewer system, a system servicing 10,000 or fewer customers. In cases where a regional solution is clearly feasible but is not pursued, those systems should not expect to receive priority for government-subsidized funding. Small systems may maintain their independence, but their users must be willing to pay for it. Conversely, when a system is pursuing a regional alternative that has large capital costs but will provide a better long-term solution, that project will be given priority for funding incentives. As a result, special lending rates and additional subsidization (where applicable) have been incorporated for regionalization projects that are specifically designed to regionalize one or more small systems.

Cybersecurity -Reduction of leading rate (up to 0.50%) for eligible cybersecurity component(s) of a publicly owned water system improvement project, savings not to exceed the cost of the cybersecurity component(s).

The Drinking Water State Revolving Fund can provide financial assistance to publicly owned water systems for cybersecurity measures, including:

- Conducting Assessments
- Developing Improvement Plans and Emergency Response Strategies
- Installation of Cyber-related infrastructure (including technology upgrades)

DWSRF EPA guidance available for information on eligibilities:

<https://www.epa.gov/dwsrf/supporting-cybersecurity-measures-dwsrf>

Lead Service Line Inventory or Replacement - 0% (0% interest and 0% fee) for Lead Service Line inventory or replacement projects. This rate is for a lead service line replacement (LSLR) project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. Any project funded with DWSRF involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source.

Equivalency Projects - Borrowers with large projects, \$10 million minimum ANRC funding, who choose to apply for equivalency (implement all federal requirements) for a project, and are approved, will receive a reduction in the standard interest rate by 1%, the fee rate remaining the same.