



# Funding Water/Wastewater Infrastructure Projects

Presented by GMS, Inc., Consulting Engineers  
and Spencer Fane

# Overview of Workshop

- Learn about the agencies that fund water and wastewater projects
- Learn about grant and loan opportunities
- How to ensure your entity can obtain funding in light of TABOR
- Show examples of typical funding scenarios

# Who We Are

- GMS, Inc. Consulting Engineers has been serving Colorado since 1978
- Primarily work with rural communities
- Since our inception, GMS has been obtaining and administering funding for our clients. 80% of our projects have multiple funding sources
- Service oriented design firm with relationships with communities and funding agencies
- Spencer Fane LLP has represented special districts throughout Colorado for more than 40 years.
- We provide legal representation to local communities as general counsel, bond counsel and special counsel.
- Our attorneys assist community representatives and consultants regarding funding sources, loan transactions and TABOR.

# Project Preplanning

- Eligibility Survey
- Preliminary Engineering Report
- TABOR implications



# Funding Partners for Water and Wastewater Projects



**COLORADO**  
Department of Public  
Health & Environment



**COLORADO**  
Department of Local Affairs



— BUREAU OF —  
RECLAMATION



Committed to the future of rural communities.



**COLORADO**  
Colorado Water  
Conservation Board

Department of Natural Resources

# State Revolving Fund



- Water Pollution Control Revolving Fund (WPCRF)
- Drinking Water Revolving Fund (DWRF)
- Facilitating the Bipartisan Infrastructure Law (BIL) monies

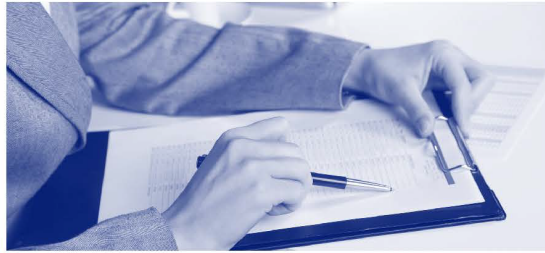




# State Revolving Fund Grants



- Planning Grants
- Design and Engineering Grants – only for Disadvantaged Communities
- Principal Forgiveness

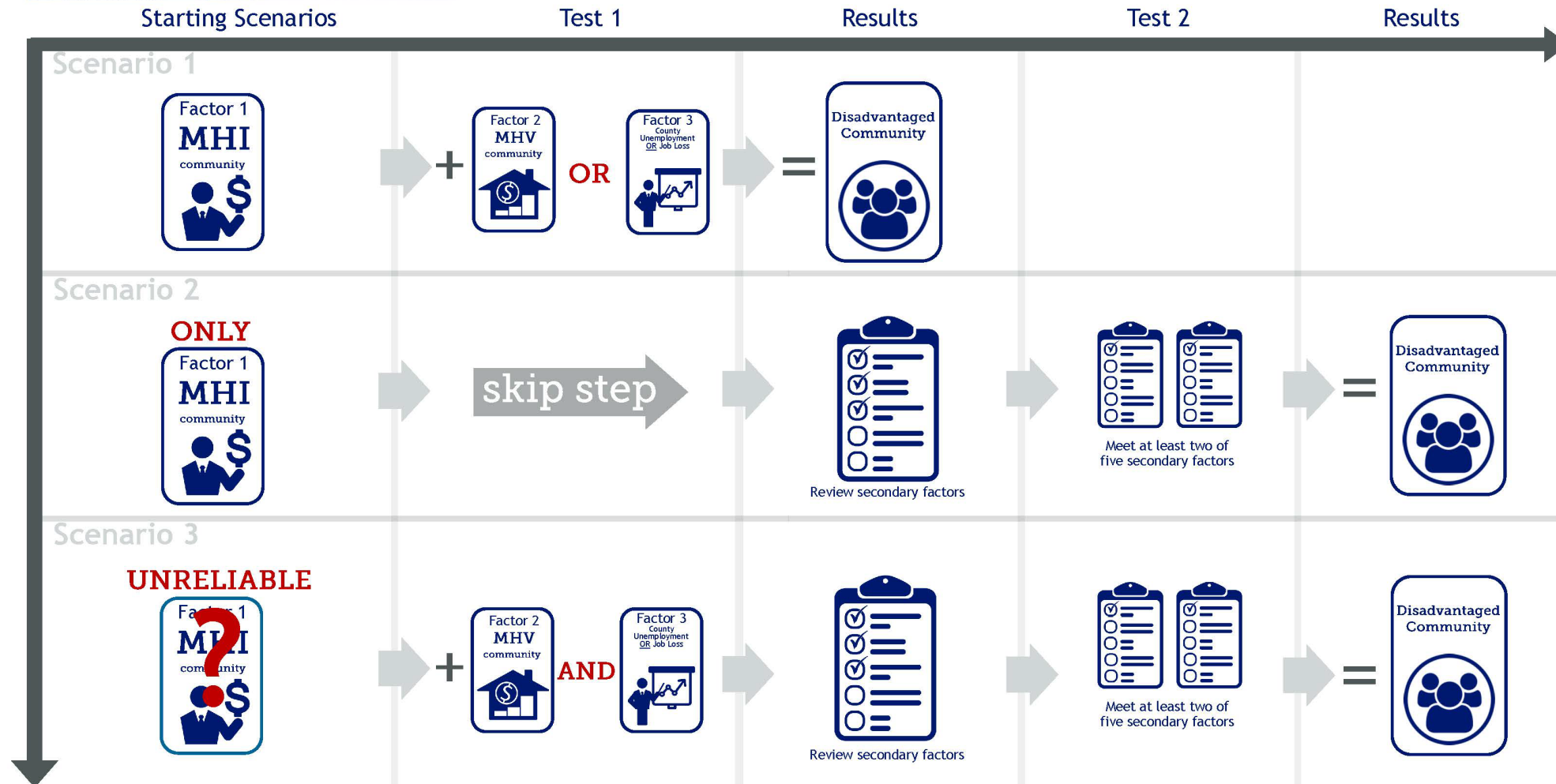


# Testing for DAC

## Starting scenarios

### Determining disadvantaged communities

Tests have been created to help determine which communities fall within the disadvantaged community definition, and are thereby eligible for additional resources during the life of their loan. Applicants are put through the test sequence to determine their category. Communities begin in one of the scenario positions, and move forward through the factors until status is determined.





# Bipartisan Infrastructure Law (BIL)

- Facilitated through the State Revolving Fund program

3 areas

1. Lead service water line replacement – 50% grant
  2. Emergent Contaminants – PFAS, manganese, etc. – 100% grant
  3. Supplemental State Revolving Fund – 50% grant
    - a. 10 new criteria of which at least 3 criteria must be met for Drinking Water projects
    - b. Only Disadvantaged Communities qualify for clean water (ww/stormwater)
- New requirements-Build America, Buy America

# Department of Local Affairs



- Community Development Block Grant
- Energy Mineral Impact Assistance Fund – Planning Grants
- Energy Mineral Impact Assistance Fund – Construction

# CDPHE Grants



- Water Quality Improvement Fund
- Small Communities Grant

# Colorado Water Conservation Board



**COLORADO**

Colorado Water  
Conservation Board

Department of Natural Resources

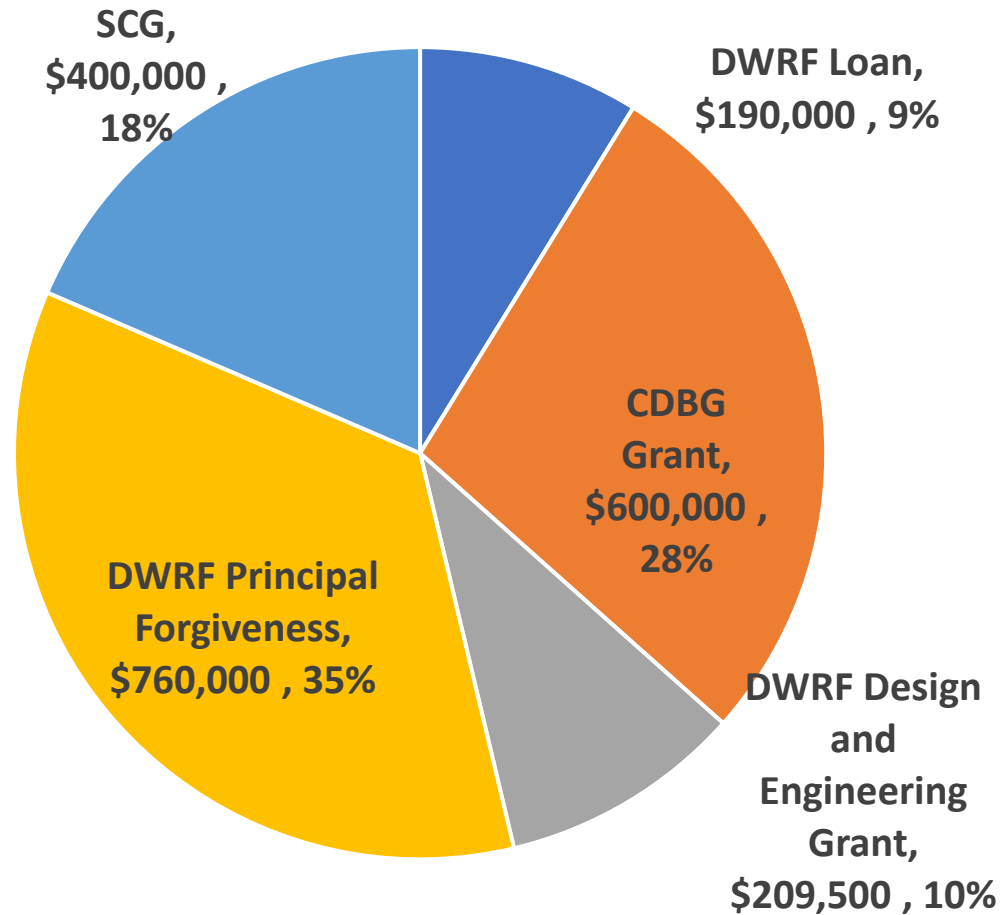
- Water Project Loan Program
- Colorado Water Plan Grants
- Water Supply Reserve Fund - Basin Roundtable Grants
- Technical Assistance Program
- Local Capacity Grant Program

# Example Project: Water System Improvements

- Total Project Cost: \$2,159,500 to include water distribution system replacement and water storage modifications
- Community of 600 residents
- Qualifies for Design and Engineering Grant
- Qualifies for Community Development Block Grant



# Example Project: Water System Improvements



- 9% funded locally through the loan
- Received loan principal forgiveness
- Leveraged funding from DOLA and CDPHE covering 91% of project



# Federal Grant Sources

- WaterSMART Small Scale Water Efficiency Program
- WaterSMART Water Efficiency Program
- Congressional Directed Spending
- Environmental Protection Agency (EPA)



# Advantages of various programs



# TABOR Implications

TABOR is a provision in the Colorado constitution that prohibits governmental entities from incurring multiple fiscal year financial obligations without voter approval, and also imposes tax, debt, revenue, and spending limitations.

# Voter Approval

- Any new tax
- Tax rate increase
- Mill levy above prior year
- Valuation for assessment increase for a property class
- Extension of an expiring tax
- Tax policy change directly causing a net tax revenue gain



# Enterprise

An “enterprise” is expressly excluded from TABOR requirements and is defined as:

- A government-owned business;

- Authorized to issue its own revenue bonds; and

- Receiving less than 10% of annual revenue in grants from all Colorado state and local governments combined.

Enterprise created by resolution adopted by Board or Council.

Governing body of municipality acts as Board of enterprise. Lending agencies will want to see separate accounting for enterprise.

# Loan Process

- General counsel and bond counsel will review loan documents
- Lender may require rate increases if system revenues are pledged
- If the borrowing entity has existing debt, it may be required to confirm its ability to pay the existing debt and any new debt being acquired (parity certificate or coverage certificate)
- Counsel may be asked to provide opinion letters regarding the municipality's or enterprise's proper execution, issuance and delivery of the loan documents and compliance with TABOR

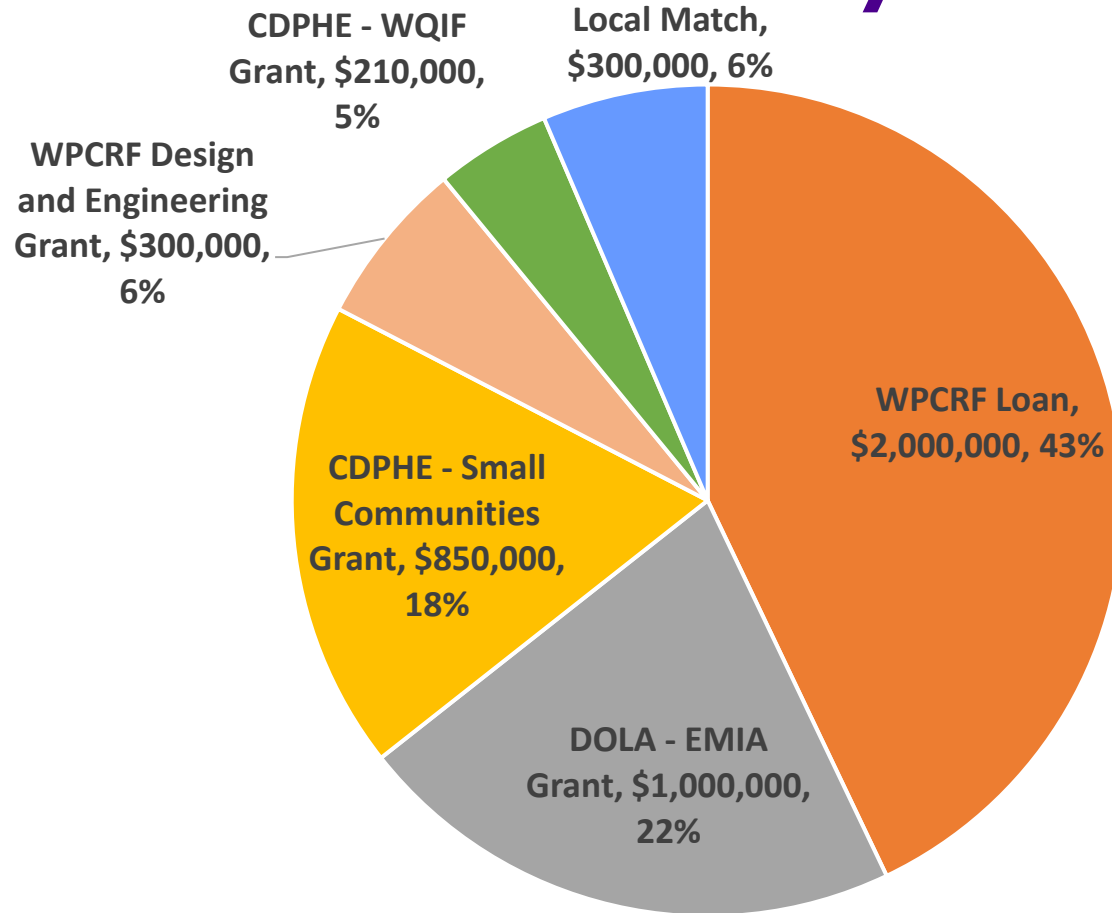


# Example Project: New Wastewater Treatment Facility

- Total Project Cost: \$4,660,000
- New WWTF required to meet new discharge permit
- Disadvantaged Community



# Example Project: New Wastewater Treatment Facility



- 43% funded locally
- Leveraged funding from DOLA and CDPHE covering 57% of project

# Conclusion

- Great funding agencies that work with communities
- Projects begin with a Preliminary Engineering Report and the Eligibility Survey-**DUE JUNE 30th**
- Each project is unique
  - Financial Status of Community
  - State of Finances of entity
  - Type of Project
  - Cost of Project
- Leveraging funding and appropriate phasing is key to a financially successful project

# Questions?

## Contact information:

Dannah Koeniger, P.E.  
GMS, Inc., Consulting Engineers  
dmkoeniger@gmsengr.com  
719-475-2935

Lisa Mayers, Attorney at Law  
Spencer Fane LLP  
lmayers@spencerfane.com  
303-839-3993



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