ECOS Survey Results:
Post ARRA CWA and SDWA Infrastructure Needs
December 8, 2009

The Environmental Council of the States (ECOS), with the cooperation of the Association of State and Interstate Water Pollution Administrators and the Council of Infrastructure Financing Authorities, surveyed the states and territories during late November/early December 2009 regarding the remaining need for Clean Water Act and Safe Drinking Water Act projects, post-ARRA and post-2010 SRF. The survey was conducted in response to discussions about the role of water infrastructure in a second jobs bill, should one occur. Twenty-eight states/territories responded.

States were asked to provide the number of remaining CWA and SDWA projects, and the dollar amount needed for them. Some states limited the response to those projects already on the Intended Use Plan, some expanded it to other known needs, and a few provided long-range data. Due to some of these differences we did not total the results, but it is easy to see they are significant. For this reason, ECOS and its partners encourage Congress to include water infrastructure financing in any future jobs legislation that might be considered.

We also asked the states if they could commit funds in 90 days, or if 270 days might be preferable. Finally, we asked if the definition for "under contract" were expanded to include "preparation of design" would that assist in committing funds more quickly. The results show that most states are prepared for a 270-day commitment of funds, but that a 90-day commitment would be more difficult.

If there are additional questions, please contact:

Steve Brown
Executive Director
Environmental Council of the States
202-624-3667
sbrown@sso.org

Questions Asked

1. What is the number of remaining CWA and SDWA infrastructure needs in your state, after 2010 SRF and ARRA funds have been applied?

#CWA projects	Approximate dollar value
#SDWA projects	Approximate dollar value

2. What impediments, if any, would there be to getting contracts awarded within 90 days? (this means by 90 days after a bill is signed by the President your state would have a project awarded to an eligible entity, who would also have contractors on contract and ready to begin work – assume all current requirements

such as an Intended Use Plan update, Davis-Bacon, Buy American, and a portion of Green Infrastructure projects remain in place)

3. Same question as #2, but 270 days?

4. How much would it help to meet the 90-day requirement as listed above if an award was in place for "preparation of design and engineering specifications" within 90 days, and the actual construction work to be "under contract" six months after that?

Results

Needs for new infrastructure funding continues
(see Appendix for state-by-state list)

There are billions of dollars of current water and wastewater infrastructure needs, with some ready-to-go and some needing design and specifications work first. With the first round of ARRA, most states had a large number of projects waiting on the Intended Use Plan (IUP) that were able to be developed and implemented within a year.

Some states limited their list to projects currently on the Intended Use Plan (IUP) while others responded more broadly to include projects not on the IUP but which were known to need funding. A few states listed longer term needs as well.

Impediments to having contracts in place in 90 days

ECOS' understanding was that Congress might be interested in a 90-day commitment for additional water funding. All but one state indicated this would not be possible, due to the process requirements not only of SRF, but the processes that must be followed by federal, state, and local governments as public funds are committed and expended. The one state that said this could be done has three projects ready to go. Other states have many more, and some of these are still in need of design work.

For example, some state regulations stipulate that communities cannot commit to funding designs without having first obtained funding commitments for construction. Funding must include money and time for both design and construction. Designs for large projects take from six to nine months, or longer.

States also do not have the staffing resources to process a significant increase in the number of projects within 90 days. Many states are coping with layoffs, furloughs and hiring freezes, and the technical expertise needed to process SRF funds cannot quickly be taught to other state staff.

Other obstacles to a 90-day implementation include:

A. Updating the IUPs. In order to maximize the number of new jobs created, states need to place new projects on the IUP-this in itself takes time. With

proper public notification, this will likely take 60 days – longer if boards must meet to approve them after public comment. Neither SRF program would know which communities would apply for this funding until the public comment period is complete.

B. The green reserve. For some states this could be a challenge, both for the CWSRF and DWSRF programs. The limited number of projects in the CWSRF program that remain ready to proceed within 6 to 9 months may not meet the green reserve requirement as implemented by EPA. Plans would have to be modified, or additional applicants with green components found.
C. Environmental reviews. Many states cited state law requirements that any state action (e.g., design approval) be preceded by a NEPA-like state environmental review. This requirement would add 45 to 60 days to many projects due to the public notification process alone.
D. Bond resolution timing. After bids are opened and the loan amount is established, there is normally a 30-day minimum public comment period requirement for adoption of bond resolutions. This means that assistance agreements are not normally executed until at least approximately 40 days after bid opening. This requirement is additive to the prior and subsequent items therefore cumulatively impacting the 90 day limit.
E. Buy American. If a waiver is required, the waiver process itself may take 4 to 6 weeks.
F. The EPA grant award process could be an impediment to awarding contracts in 90 days. The public review and comment requirements alone take over 30 days.

Better results with 270 days

State agencies understand that Congress is seeking to preserve and create jobs to stimulate the economy and we are eager to assist in that effort. ARRA gave the states one-year to commit funds, and we are hoping to reduce that time to 270 days, since 90 days does not seem feasible.

All but one of the responding states said that efficient delivery of program financing, based on sound planning/design processes, logically dictates a need for a longer period of time, one year or more; therefore 270 days is more reasonable than 90. Most states indicated a higher likelihood of success if a 270 day window was provided.

18 of 26 responding states said this would be or might be a helpful extension.

Expanded definition of “under contract” to include “projects in design”:

In its survey of the states, ECOS proposed a modification to the definition of what qualifies for having projects “under contract” to now include those with design and engineering studies begun. In the ARRA process, EPA defined “under contract” to mean

that the local government had committed 100% of its award funds to construction firms that had “broken ground” by February 17, 2010.

ECOS asked states how much benefit there would be to modify that approach to include “‘preparation of design and engineering specifications’ within 90 days, and the actual construction work to be ‘under contract’ six months after that.” The logic was that planning and design also creates/preserves jobs, and leads to construction shortly after plans are completed.

However, 11 of 26 responding states said this modified definition would be or might be helpful in utilizing new funds within a 90 day schedule.

In one state’s perspective: this definitional modification would be problematic because the quality of the design work that would be submitted within 90 days could be uncertain and, therefore, may not be protective of public health or safety. Quality designs frequently take a good deal of time more than 90 days. For example, a very small treatment plant may take 6 to 9 months to design and a larger one may take well over a year. This assumes that the engineering contract is already in place.

Appendix

Alaska

#CWA projects: 16 (disadvantaged)
38 (including non-disadvantaged)

Approximate dollar value: $8.4 Million (disadvantaged)
$95.1 (including on-disadvantaged)

#SDWA projects: 18 (disadvantaged)
55 (including non-disadvantaged)

Approximate dollar value: $13.3 Million (disadvantaged)
$93.7 (including on-disadvantaged)

Colorado

The State of Colorado 2010 Water Pollution Control Revolving Fund (WPCRF) Intended Use Plan, Project Eligibility List (Appendix B) identifies 524 Clean Water Projects with an estimated dollar amount of $2,446,924,049. Currently the 2009 WPCRF prioritized for funding 7 direct loans in the amount of $10,889,000 and 2 leveraged loans in the amount of $65,594,472. In addition Colorado has funded 12 ARRA wastewater projects totaling approximately $30 million.

The 2010 WPCRF Fundable List (Appendix C) identifies 180 projects totaling $1.2 billion that have indicated they would like to begin construction in 2010.

-The State of Colorado 2010 Drinking Water Revolving Fund (DWRF) Intended Use Plan, Project Eligibility List (Appendix B) identifies 503 Drinking Water Projects with an estimated dollar amount of $1,876,748,699. Currently the 2009 DWRF prioritized for funding 17direct loans totaling $30,176,467. In addition Colorado has funded 22 ARRA drinking water projects totaling approximately $32 million.

-The 2010 DWRF Priority/Fundable List (Appendix C) identifies 50 projects totaling $141 million as well as an additional 77 projects identified on the Project Eligibility List (Appendix B) totaling $395.5 million have indicated they would like to begin construction in 2010.

Florida

#CWA projects	$550 million
#SDWA projects	$152 million

Georgia

Approx 100 CWA project = approx $188million

Approx 53 SDWA projects=approx $56 million

Idaho
93 CWA projects Approximate dollar value = $450.2m
86 SDWA projects Approximate dollar value = $182.7m

Iowa
#CWA projects 90 Approximate dollar value: $533 million
#SDWA projects 44 Approximate dollar value: $163 million

Kentucky
The number of clean water projects remaining after allocating our 2010 cap grant and the ARRA funds is 460; their approximate value is $1.4 Billion.

The number of drinking water projects remaining after allocating our 2010 cap grant and the ARRA funds is 304 with an approximate value of $0.700 Billion.

Nevada
#CWA projects 50 Approximate dollar value $986 million
#SDWA projects 85 Approximate dollar value $574 million

Maine
#CWA projects: 133 Approximate dollar value: $122,091,369
#SDWA projects 60 Approximate dollar value $45 million – This is based upon actual requests for 2010 funding. The actual need is likely much larger.

Maryland
Clean Water Funding. Maryland received 495 applications for CW FFY 2009 SRF funding. We partially or totally funded 16 projects, leaving 481 unfunded projects with a total project cost of approximately $2.5 billion.
Drinking Water Funding. Maryland received 221 applications for DW FFY 2009 SRF funding. We partially or totally funded 7 projects, leaving 214 unfunded projects with a total project cost of approximately $0.6 billion.

Massachusetts
#CWA projects and #SDWA projects Approximate dollar value for both = $2.1b in financing requests for 2010; with a 20-yr need of $15 billion.

Michigan
#CWA projects - 37 Approximate dollar value - $167 million
#SDWA projects - 30 Approximate dollar value - $116 million

Minnesota

	Clean Water	Drinking Water
Est. Projects That Could Construct In Calendar 2010	226,406,416	122,008,486
Unencumbered ARRA Funds	-	7,858,689
Estimated 2010 Cap Grant	37,449,000	22,776,000
Remaining 2010 Needs	188,957,416	91,373,797

Montana

#CWA projects: 18 Approximate dollar value: $47,000,000

#SDWA projects: 5 Approximate dollar value: $15,088,000

Nebraska

#CWA projects	283	Approximate dollar value	$254 million
90 days	10		$33 million
270 days	25		$112 million
90/270 days	18		$60 million
#SDWA projects	260	Approximate dollar value	$425 million
90 days	25		$25 million
270 days	60		$90 million
90/270 days	40		$40 million

New Hampshire

Clean Water Act (CWA) 700 projects $1,500,000,000 ($1.5 billion)

Safe Drinking Water Act (SDWA) 700 projects $700,000,000

New York

New York State Clean Water SRF

20 Year infrastructure needs - $30+ billion

Federal Fiscal Year 2010 Intended Use Plan Multi Year Funding List = $13 billion/1,116 projects

Federal Fiscal Year 2010 Intended Use Plan Annual Readiness List = $6 billion/619 projects

2010 CWSRF Funding currently available = $740 million

Unfunded 2010 projects = $5.26 billion

Stimulus 2 Potential Funding Scenarios:

090 Days Fully Executed Construction Docs - $200 to $300 million

270 Days Fully Executed Construction Docs - $500 to $600 million

365 Days Fully Executed Construction Docs - $1 billion to $1.25 billion

New York State Drinking Water SRF 20 Year Infrastructure Needs - $30+ billion

Federal Fiscal Year 2010 Intended Use Plan Multi Year Funding List = $6.3 Billion/1,638 projects FFY 2010 IUP Readiness List = $3.7 billion/636 Projects

2010 DWSRF Funding Available = $169 million

Unfunded Projects = $3.5 billion

Oklahoma
#CWA projects Approximate dollar value $2.5 billion
#SDWA projects Approximate dollar value $1.5billion

Oregon
#CWA projects: 133 Approximate dollar value: $479,640,235
#SDWA: approx. 90 projects based on last LOI results Approximate $ value: $160m

Pennsylvania
#CWA projects -- About 40 projects Approximate dollar value $110 million
#SDWA projects -- About 15 projects Approximate dollar value $45 million

Puerto Rico
75 CWA projects = $670 million
19 SDWA projects = $365 million

South Carolina
#CWA projects 141 Approximate dollar value $408 million
#SDWA projects 65 Approximate dollar value $140 million

South Dakota
With the ARRA funds, 2010 SRF allocations, and the August 2009 issuance of $55 million in leveraged Bond Anticipation Notes, South Dakota does not anticipate any remaining SRF funding needs in FFY 2010.

Texas
CWA projects Approximate dollar value = $2,800,200,818
SDWA projects Approximate dollar value = $3,188,654,140

Utah
#CWA projects: 3 Approximate dollar value: $20 million

Virginia
#CWA projects Approximate dollar value $1,100,000,000 ($1.1 Billion)

Washington

#SDWA projects 63 Approximate dollar value $406 million

Wisconsin

- There are 118 Clean Water projects with an approximate dollar value of $353,585,172 for which we have applications, plans and specifications but have

not yet funded. In addition, there is an estimated 316 Clean Water projects totaling $739 million in which a municipality submitted an intent to apply (ITA) but did not submit a formal application.

- There are 61 Drinking Water projects with an approximate dollar value of $84,895,597 for which we have applications, plans and specifications but have not yet funded. In addition, there is an estimated 180 Drinking Water projects totaling $468.1 million in which a municipality submitted an intent to apply (ITA) but did not submit a formal application.