

funding cycle
2006



Water Infrastructure
Finance Authority of Arizona



Arizona's Clean Water Revolving Fund Intended Use Plan

April 20, 2006

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Table of Contents

Executive Summary	i
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Intended Use Plan

Section 1: Lending Capacity	1
Section 2: Funding Sources and Uses	1
Section 3: Goals	2
Section 4: Method and Criteria for Distributing Arizona's CWRF.....	2
Section 5: Public Review and Comment.....	4
Section 6: Assurances	4

Exhibit A: 2006 Funding Cycle Priority List

Exhibit B: 2006 Funding Cycle Fundable Range for Design

Exhibit C: 2006 Funding Cycle Fundable Range for Construction

Exhibit D: Public Review and Comment

EXECUTIVE SUMMARY

The Water Infrastructure Finance Authority of Arizona (WIFA) Board of Directors is pleased to release **Arizona's Clean Water Revolving Fund (CWRP) Intended Use Plan (IUP) for the 2006 funding cycle**. The CWRP IUP describes WIFA's plan to utilize various sources of funds to finance water reclamation, wastewater, and related water quality infrastructure during the 2006 funding cycle from January 1, 2006 through December 31, 2006.

Included as *Exhibit A* of the CWRP IUP is the **2006 Priority List (PL)**. The PL shows communities seeking financial assistance from Arizona's CWRP. At the release of this report, communities throughout Arizona submitted **25 applications requesting \$258,153,598 in financial assistance**.

From January 1, 2006 through December 31, 2006, the WIFA Board of Directors will use the PL as a guide to allocate financial assistance from Arizona's CWRP to communities listed in the PL. Each board meeting, the WIFA Board of Directors may revise the PL and modify the fundable range for construction based on project readiness to proceed and other new information. WIFA staff will post the revised PL on the WIFA Web site (www.azwifa.gov). Overall, the financial assistance and related program activities by Arizona's CWRP support the national program goal of Clean and Safe Water and the national objective to protect and improve water quality (EPA IFMS PRC: 202B80E).

SECTION 1: LENDING CAPACITY

During the 2005 funding cycle, the lending capacity of Arizona's CWRP will depend on the:

1. Amount of state contributions to Arizona's CWRP;
2. Amount of federal contributions to Arizona's CWRP;
3. Financing structure needs of communities;
4. Interest rate on the CWRP financial assistance; and
5. WIFA's ability to partner with other funding sources to jointly-finance projects.\
6. Leveraging capability of fund.

The financial assistance and related program activities by Arizona's CWRP support the national objective to protect and improve water quality (EPA IFMS PRC: 202B80E).

SECTION 2: FUNDING SOURCES AND USES

Arizona's CWRP is capitalized by state contributions and by contributions appropriated by the U.S. Congress. Once capitalized, Arizona's CWRP provides, in perpetuity, financial assistance to communities throughout Arizona.

Through active portfolio and financial management, WIFA's lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.

During the 2006 funding cycle, Arizona's CWRP will rely on the funding outlined in **Table 1** to provide financial and technical assistance to communities and support WIFA's operations. Each of the intended uses of funding is more fully described after Table 1.

Table 1: Arizona CWRP Sources and Uses for 2006 Funding Cycle

	Federal Contributions	State Contributions*	WIFA Loan Accounts	Total
Funding Sources				
Financial Assistance Funds**	\$ -	\$ -	\$ 58,000,000	\$ 58,000,000
2006 Funds	\$ 6,156,000	\$ 1,231,200	\$ -	\$ 7,387,200
Total Funding Sources	\$ 6,156,000	\$ 1,231,200	\$ 58,000,000	\$ 65,387,200
Funding Uses				
Financial Assistance Loans	\$ 5,909,760	\$ 1,231,200	\$ 58,000,000	\$ 65,140,960
Administration	\$ 246,240	\$ -	\$ -	\$ 246,240
Total Funding Uses	\$ 6,156,000	\$ 1,231,200	\$ 58,000,000	\$ 65,387,200

* State match can be either WIFA bonds or state general fund monies.

** During the funding cycle, WIFA may sell water quality revenue bonds of which the proceeds will used to increase WIFA's lending capacity

The sources and uses for the 2006 funding cycle shown in Table 1 are based on the FY 2006 federal and state budgets. The federal appropriation for the CWRP in 2006 is \$900 million of which .684 percent is available to WIFA.

Financial Assistance: \$65,387,200

WIFA will provide cash funded loans for financial assistance.

Administration: \$264,000

WIFA intends to use four percent (4%) of the 2006 federal contributions to offset the costs of administering Arizona's CWRP and assist communities to conceive, develop, expedite, construct, and finance technically sound and sustainable water reclamation, wastewater and related water quality infrastructure.

SECTION 3: GOALS

WIFA adopts an annual strategic plan listing goals, ongoing objectives, and annual objectives. The goals listed below are taken directly from the WIFA 2005-2006 Strategic Plan. For additional detail on goals, ongoing objectives and annual objectives, please request a copy of the 2005-2006 WIFA Strategic Plan from WIFA's Communications Director, (602) 364-1314.

Goal 1: Award WIFA's resources in accordance with the needs of Arizona's citizens.

Goal 2: Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.

Goal 3: Facilitate access to and efficiently deliver financial and technical assistance.

Goal 4: Coordinate with other funding sources, technical resources, and regulatory authorities, and private sector legal and financial counterparts.

Goal 5: Actively pursue a leadership role in water infrastructure finance.

Goal 6: Efficiently administer WIFA within a positive work environment.

Goal 7: Facilitate and encourage board of directors' involvement in WIFA.

SECTION 4: METHOD AND CRITERIA FOR DISTRIBUTING ARIZONA'S CWRP

Lending Capacity for 2006 Funding Cycle – If there are insufficient projects ready to proceed during the 2006 funding cycle, WIFA will apply funds to the FY 2007 funding cycle project priority list. If additional funding becomes available during the fiscal year, WIFA will expand the fundable range of the 2006 funding cycle project priority list.

Each board meeting, the WIFA Board of Directors may update the CWRP PL, fundable range for design and fundable range for construction based on project readiness to proceed, refined project cost estimates, availability of other funding sources, and other new information affecting the expansion and contraction of the PL and fundable ranges. The WIFA Board of Directors will adopt the updated CWRP PL and

fundable ranges at public meetings and will distribute the updates to all CWRF PL applicants and other interested parties via WIFA's Web site.

Priority List, Exhibit A – On Thursday, Nov. 3, 2005, WIFA staff convened a scoring committee including members from the Arizona Department of Environmental Quality, Arizona Department of Water Resources, Arizona Corporation Commission and U.S. Department of Agriculture Rural Development. The committee scored and ranked priority list applications submitted by communities pursuant to WIFA's CWRF award criteria. All eligible applications received appear on the 2006 funding cycle priority list.

Fundable Range for Design, Exhibit B – Includes the highest ranking applicants ready to receive design assistance during the funding cycle.

Fundable Range for Construction, Exhibit C – Includes the highest ranking applicants ready to receive construction assistance.

Market Loan Rate – The WIFA Board of Directors has established a target interest rate ranging between 70 percent and 100 percent of tax-exempt interest rates. The WIFA Board of Directors will set interest rates/subsidies on individual loans pursuant to the:

- ✓ Priority of the project;
- ✓ Local fiscal capacity of the area served by the system requesting assistance; and,
- ✓ Lending capacity of Arizona's CWRF.

Local fiscal capacity will be measured by the area's median household income, user rates and charges, and the community's outstanding debt.

Binding Commitments – The WIFA Board of Directors will allocate financial assistance in accordance with CWRF funds available, the CWRF PL, financial assistance requested, a community's financial capacity, and project readiness to proceed.

Once on the CWRF PL, an applicant will submit a project finance application to request financial assistance. WIFA staff will review the project finance application, analyze the applicant's legal, technical, managerial, and financial capability, and provide recommendations to the WIFA Board of Directors. If the WIFA Board of Directors approves an applicant's financial assistance request, WIFA staff will prepare and circulate financial assistance documents to evidence the binding commitment in accordance with applicable federal requirements.

SECTION 5: PUBLIC REVIEW AND COMMENT

WIFA solicited public review and comment on the draft **2006 CWRF IUP and PL** according to the following schedule of activities:

- November 9, 2005 Distribution and Web posting of the draft CWRF IUP and PL to all interested parties.
- November 29, 2005 Public Hearing – 1110 West Washington, Room #145, Phoenix, Arizona 85007 at 1 p.m.
- November 29, 2005 Deadline for public comments on the draft CWRF IUP and PL.
- December 21, 2005 The WIFA Board of Directors adopts the final CWRF IUP and PL.
- January 1, 2006 Final CWRF IUP and PL become effective. Distribution and Web posting of Final CWRF IUP and PL.

SECTION 6: ASSURANCES

Files and Records Retention – WIFA will receive and review project documents from financial assistance applicants. These documents will be filed in official project files maintained by WIFA. The project files and other CWRF records will be made available in accordance with the Arizona public records law.

WIFA will retain the official project files and other CWRF files in accordance with 40 CFR Part 31.

Expeditious and Timely Expenditures – In accordance with 40 CFR 35-3135 (d), WIFA will expend CWRF funds in a timely and expeditious manner.

First Use of Funds – In accordance with 40 CFR 35-3135 (e), WIFA has satisfied all applicable first use requirements.

Environmental Review Requirements – In accordance with 40 CFR 35-3140, WIFA will continue to conduct environmental reviews pursuant to applicable federal and state statutes and rules.

Exhibit A:

2006 Fund Cycle Priority List

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2006 Funding Cycle – Priority List for Clean Water Revolving Fund
April 20, 2006

Rank	Applicant	Population	Project Title	Project #	Requested	Rate Index
1	Fawn Brook Domestic Wastewater District	350	Sewering Project	028 2006	\$ 2,500,000	70%
2	Yuma County	5,000	Avenue B/C Colonia Sewer Collection & Conveyance System	007 2006	\$ 5,000,000	70%
3	Town of Clarkdale	2,150	Water Reclamation Facility Upgrades	027 2006	\$ 1,500,000	70%
4	Town of Chino Valley	4,137	Chino Meadow Sewer Project	029 2006	\$ 1,580,000	70%
5	City of Kingman	14,000	System Upgrade	001 2006	\$ 9,000,000	70%
6	Pima County Wastewater Management Dept.	933,000	Roger Road WWTP: Rehabilitation	019 2006	\$ 20,000,000	75%
7	City of Williams	3,000	Wastewater Treatment Plant Upgrades	024 2006	\$ 6,050,000	75%
8	City of Holbrook	5,100	Retention Pond Expansion	005 2006	\$ 300,000	70%
9	Pima County Wastewater Management Dept.	933,000	Ina Road Central Plant and Electrical Upgrade	011 2006	\$ 12,000,000	75%
10	Delta City Improvement District	1,000	Wastewater Connections	021 2006	\$ 250,000	70%
11	Pima County Wastewater Management Dept.	933,000	Ina Road WPCF: Denitrification	013 2006	\$ 17,000,000	75%
12	Pima County Wastewater Management Dept.	933,000	New Marana WWTP Expansion	014 2006	\$ 11,464,612	75%
13	Pima County Wastewater Management Dept.	933,000	Marana Regional Airport Sewer Connection	015 2006	\$ 2,800,000	75%
14	Pinetop-Lakeside Sanitary District	16,100	Pinetop CC Vista Sewer Improvement District	032 2006	\$ 285,000	75%
15	Pinetop-Lakeside Sanitary District	16,100	Richardson Lane Sewer Improvement District	033 2006	\$ 347,000	75%
16	City of Tucson	690,000	Irvington Landfill Closure	022 2006	\$ 700,000	80%
17	Fort McDowell Yavapai Nation	1,000	North Area Sewer System	030 2006	\$ 7,250,000	85%
18	City of Peoria	119,000	Butler Drive Water Reclamation Facility	002 2006	\$ 57,500,136	80%
19	City of Tucson	690,000	Los Reales Landfill Groundwater Remediation	023 2006	\$ 300,000	80%
20	City of Holbrook	5,100	Hill Sewer Expansion Project	004 2006	\$ 1,400,000	75%
21	Pima County Wastewater Management Dept.	933,000	Ina Road WPCF: Laboratory and Office Building	012 2006	\$ 9,000,000	80%
22	Town of Oro Valley	47,000	Reclaimed Water System Phase II	003 2006	\$ 13,800,000	80%
23	Pima County Wastewater Management Dept.	933,000	Mount Lemmon Sewage System	017 2006	\$ 7,200,000	80%
24	Fort McDowell Yavapai Nation	1,000	Wastewater Screen and Evaporation Pond	031 2006	\$ 500,000	80%
25	Pima County Wastewater Management Dept.	933,000	Tanque Verde Interceptor - Craycroft to Tucson Country Club	020 2006	\$ 8,520,000	80%
26	Pinetop-Lakeside Sanitary District	16,000	Jacques Marsh Expansion	026 2006	\$ 350,000	75%
27	Pima County Wastewater Management Dept.	933,000	Roger Road WWTP to Ina Road WPCF: Plant Interconnect	018 2006	\$ 23,000,000	85%
28	Pima County Wastewater Management Dept.	933,000	Miscellaneous Water Reclamation Facilities	010 2006	\$ 4,000,000	85%
29	Pima County Wastewater Management Dept.	933,000	Miscellaneous Conveyance System Rehabilitation and Repair	016 2006	\$ 15,000,000	85%
30	Town of Cave Creek	3,500	Phase I Sewer Project: Land Acquisition and Design	025 2006	\$ 7,000,000	90%
31	City of Holbrook	5,100	Heavy Industrial Park Infrastructure	006 2006	\$ 958,750	80%
32	Pima County Wastewater Management Dept.	667,000	Arivaca Junction WWTF Sewer Extension	008 2006	\$ 422,600	85%
33	Pima County Wastewater Management Dept.	933,000	Santa Cruz Interceptor: Prince to Franklin	009 2006	\$ 25,487,500	85%

Exhibit B:

2006 Fund Cycle Fundable Range for Design

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2006 Funding Cycle – Fundable Range for Design Financial Assistance
April 20, 2006

No borrowers requested design assistance for their projects as of the date of this report.

Exhibit C:

2006 Fund Cycle Fundable Range for Construction

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2006 Funding Cycle -- Fundable Range for Construction Financial Assistance
April 20, 2006

Fundable Range	Rank	Applicant	Project Title	Project #	Amount Requested
1	4	Pima County Wastewater Management Dept.	Roger Road WWTP: Rehabilitation	2006 19	\$20,000,000
2	5	Pima County Wastewater Management Dept.	Ina Road Central Plant and Electrical Upgrade	2006 11	\$12,000,000
3	7	Pima County Wastewater Management Dept.	Ina Road WPCF: Denitrification	2006 13	\$17,000,000
4	8	Pima County Wastewater Management Dept.	New Marana WWTP Expansion	2006 14	\$11,464,612
5	9	Pima County Wastewater Management Dept.	Marana Regional Airport Sewer Connection	2006 15	\$2,800,000
6	10	City of Tucson	Irvington Landfill Closure	2006 22	\$700,000

Exhibit D:

Public Review and Comment Summary

Arizona's Clean Water Revolving Fund

Exhibit D
2006 Funding Cycle – Public Review and Comment
April 20, 2006

Public comment was conducted November 9, 2005 thru November 29, 2005. The public review and written comment period was advertised November 16th, 17th, and 18th in Arizona's three major newspapers.

A public hearing was held in Phoenix on Tuesday, November 29, 2005 at the Arizona Department of Environmental Quality, 1110 W. Washington Street, Room 145, Phoenix, AZ 85007 from 10:00 a.m. to 12:00 p.m. No public comment was received at the hearing.

No public comments were submitted during the public comment period.

On Tuesday, November 29, 2005, WIFA staff made several technical corrections to the narrative section of the IUP.

The final TA IUP and PPLs were adopted by the Board on December 21, 2005 and became effective on January 1, 2006.