



WIFA



2007

Clean Water Intended Use Plan

Inside

Intended Use Plan	
Section 1: Introduction	1
Section 2: Funding Sources and Uses	1
Section 3: Goals	2
Section 4: Method and Criteria for Distributing Arizona's CWRP	3 & 4
Section 5: Public Review and Comment	5
Section 6: Assurances	5

EXECUTIVE SUMMARY

The Water Infrastructure Finance Authority of Arizona (WIFA) Board of Directors is pleased to release **Arizona's Clean Water Revolving Fund (CWRF) Intended Use Plan (IUP) for the 2007 funding cycle**. The CWRF IUP describes WIFA's plan to utilize various sources of funds to finance water reclamation, wastewater, and related water quality infrastructure during the 2007 funding cycle from January 1, 2007 through December 31, 2007.

Included as *Exhibit A* of the CWRF IUP is the **2007 Priority List (PL)**. The PL shows communities seeking financial assistance from Arizona's CWRF. At the release of this report, communities throughout Arizona submitted **7 applications requesting \$82,903,653 in financial assistance**.

From January 1, 2007 through December 31, 2007, the WIFA Board of Directors will use the PL as a guide to allocate financial assistance from Arizona's CWRF 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 CWRF 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 2007 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 2007 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 on the next page.

Table 1: Arizona CWRP Sources & Uses for 2007 Funding Cycle

	Federal Contributions	State Contributions*	WIFA Loan Accounts	Total
Funding Sources				
Financial Assistance Funds**	\$ -	\$ -	\$ 34,185,483	\$ 34,185,483
2006 Funds	\$ 5,874,300	\$ 1,174,860	\$ -	\$ 7,049,160
Total Funding Sources	\$ 5,874,300	\$ 1,174,860	\$ 34,185,483	\$ 41,234,643
Funding Uses				
Financial Assistance Loans	\$ 5,639,328	\$ 1,174,860	\$ 34,185,483	\$ 40,999,671
Administration	\$ 234,972	\$ -	\$ -	\$ 234,972
Total Funding Uses	\$ 5,874,300	\$ 1,174,860	\$ 34,185,483	\$ 41,234,643

* 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 2007 funding cycle shown in Table 1 are based on the FY 2007 federal and state budgets. The federal appropriation for the CWRP in 2007 is \$886,759,000 million of which .684 percent is available to WIFA.

Financial Assistance: \$40,999,671

WIFA will provide cash funded loans for financial assistance.

Administration: \$234,972

WIFA intends to use four percent (4%) of the 2007 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 2006-2007 Strategic Plan. For additional detail on goals, ongoing objectives and annual objectives, please request a copy of the 2006-2007 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 2007 Funding Cycle – If there are insufficient projects ready to proceed during the 2007 funding cycle, WIFA will apply funds to the fiscal year 2008 funding cycle project priority list. If additional funding becomes available during the fiscal year, WIFA will expand the fundable range of the 2007 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 CWRP PL applicants and other interested parties via WIFA's Web site.

Priority List, Exhibit A – On Wednesday, Oct. 25, 2006, WIFA staff convened a scoring committee including members from the Arizona Department of Environmental Quality, Arizona Small Utilities Association, Rural Community Assistance Corporation, 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 CWRP award criteria. All eligible applications received appear on the 2007 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 % and 95 % 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 CWRP.

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 CWRP funds available, the CWRP PL, financial assistance requested, a community's financial capacity, and project readiness to proceed.

Once on the CWRP 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 **2007 CWRP IUP and PL** according to the following schedule of activities:

November 9, 2006 Distribution and Web posting of the draft CWRP IUP and PL to all interested parties.

November 20, 2006 Public Hearing – 1110 West Washington, Room #130, Phoenix, Arizona 85007 at 1 p.m.

- November 20, 2006 Deadline for public comments on the draft CWRP IUP and PPL.
- December 20, 2006 The WIFA Board of Directors adopts the final CWRP IUP and PPL.
- January 1, 2007 Final CWRP IUP and PPL become effective. Distribution and Web posting of Final CWRP IUP and PPL.

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 CWRP records will be made available in accordance with the Arizona public records law.

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

Expeditious and Timely Expenditures – In accordance with 40 CFR 35-3135 (d), WIFA will expend CWRP 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:

2007 Fund Cycle Priority List

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2007 Funding Cycle -- Priority List for Clean Water Revolving Fund
February 23, 2007

Rank	Applicant	Population	Project Title	Project #	Amount Requested	Subsidy Rate Index	Funding Cycle
1	City of Nogales, AZ	20,833	City of Nogales/IBWC WWTP Upgrade and Expansion	004 2007	\$ 10,000,000	70%	2007
2	Lake Havasu City	10,305	Lake Havasu City Wastewater System Expansion	002 2007	\$ 61,808,653	70%	2007
3	Fawn Brook DWID	350	District Sewering Project	006 2007	\$ 1,345,000	75%	2007
4	Ash Fork Sanitary District	650	Wastewater Collection and Treatment Facilities	003 2007	\$ 2,100,000	75%	2007
5	Yavapai-Apache Nation	2,000	Tunli and Clarkdale Wastewater Infrastructure	008 2007	\$ 2,210,560	70%	2007
6	Town of Chino Valley	10,000	Chino Valley Waste Water Expansion Project	012 2007	\$ 2,350,000	75%	2007
7	Town of Sahuarita	8,537	Wastewater Capacity Upgrades	009 2007	\$ 20,000,000	85%	2007
8	Town of Taylor	3,003	Taylor Wastewater Treatment Facility Expansion	005 2007	\$ 1,000,000	80%	2007
9	City of Safford	7,200	Safford Sewer collection reconfiguration	011 2007	\$ 1,800,000	75%	2007
10	Town of Oro Valley	47,000	Reclaimed Water System Phase 2	007 2007	\$ 6,000,000	80%	2007
11	Pinetop-Lakeside Sanitary District	7,000	Richardson Lane - Paradise Pines Sewer Improvement District	001 2007	\$ 650,000	85%	2007
12	City of Prescott, AZ	40,770	2007 CIP Wastewater System Improvement Projects	013 2007	\$ 4,633,000	85%	2007
13	City of San Luis	23,000	San Luis Main Wastewater Plant Expansion	010 2007	\$ 18,000,000	80%	2007

Note - All loans will be cash funded.

Exhibit B:

2007 Fund Cycle Fundable Range for Design

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2007 Funding Cycle – Fundable Range for Design Financial Assistance
January 2, 2007

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

Exhibit C:

2007 Fund Cycle Fundable Range for Construction

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2007 Funding Cycle -- Fundable Range for Construction Financial Assistance
February 23, 2007

Fundable					Amount	Subsidy
Range	Rank	Applicant	Project Title	Project #	Requested	Rate Index
1	2	Lake Havasu City	Lake Havasu City Wastewater System Expansion	002 2007	\$ 61,808,653	70%
2	1	City of Nogales, AZ	City of Nogales/IBWC WWTP Upgrade and Expansion	004 2007	\$ 10,000,000	70%
3	3	Fawn Brook DWID	District Sewering Project	006 2007	\$ 1,345,000	75%
4	5	Yavapai-Apache Nation	Tunli and Clarkdale Wastewater Infrastructure	008 2007	\$ 2,210,560	70%
5	6	Town of Chino Valley	Chino Valley Waste Water Expansion Project	012 2007	\$ 2,350,000	75%
6	8	Town of Taylor	Taylor Wastewater Treatment Facility Expansion	005 2007	\$ 1,000,000	80%
7	9	City of Safford	Safford Sewer collection reconfiguration	011 2007	\$ 1,800,000	75%
8	10	Town of Oro Valley	Reclaimed Water System Phase 2	007 2007	\$ 6,000,000	80%
9	13	City of San Luis	San Luis Main Wastewater Plant Expansion	010 2007	\$ 18,000,000	80%

Note - All loans will be cash funded.

Exhibit D:

Public Review and Comment Summary

Arizona's Clean Water Revolving Fund

Exhibit D
2007 Funding Cycle – Public Review and Comment; Technical Changes
January 2, 2007

SECTION 1: SUMMARY OF COMMENTS FROM PUBLIC HEARING AND PUBLIC MEETINGS

A public hearing was conducted in Phoenix at 1110 W. Washington Street, Room 130 from 1:00 p.m. to 2:00 p.m. Monday, November 20, 2006.

No members of the public were present.

Public comment was conducted on November 9, 2006 thru November 20, 2006. The public review and written comment period was advertised on November 16th, 17th, and 18th in Arizona's three major newspapers.

No written comments were submitted during the public comment period.

SECTION 2: SUMMARY OF CHANGES TO THE DRAFT CWRF INTENDED USE PLAN

No changes were made to the *Draft* CWRF Intended Use Plan.

SECTION 3: SUMMARY OF CHANGES TO THE DRAFT CWRF PRIORITY LIST

The following is a list of applications submitted after publication of the Draft Priority List during the public review and comment period:

Application #	Applicant	Amount Requesting
CW-006-2007	Fawn Brook DWID	\$ 1,345,000
CW-007-2007	Town of Oro Valley	\$ 6,000,000

Fawn Brook Domestic Wastewater Improvement District – Ref#: CW-006-2007

Adjustment: Project scored and ranked #3 on the CWRF Priority List.

Justification for adjustment: Fawn Brook was on the 2006 CWRF Priority List, ranked #2 with a 70% subsidy rate index, and had submitted their Project Finance Application in October for consideration at the December Board meeting. During the Due Diligence it was discovered that the Special Assessment process was going to be delayed beyond December. Fawn Brook submitted their new application after the publication of the draft Funding Cycle 2007 Priority List. Since the WIFA Board of Directors will approve a final Priority List at a public meeting on December 20, 2006, WIFA Staff included the application for Board review and approval.

Town of Oro Valley – Ref#: CW-007-2007

Adjustment: Project scored and ranked #6 on the CWRF Priority List.

Justification for adjustment: Town of Oro Valley was on the 2006 CWRP Priority List, ranked #26 with an 80% subsidy rate index. The Town intended to submit their completed Project Finance Application for consideration at the December Board meeting, but because of the Town Council's wish to review the application, they are now anticipating bring their project before the WIFA Board in February. The Town of Oro Valley submitted their new application after the publication of the draft Funding Cycle 2007 Priority List. Since the WIFA Board of Directors will approve a final Priority List at a public meeting on December 20, 2006, WIFA Staff included the application for Board review and approval.

Based on the additional applications submitted during the public review and comment period, Funding Cycle 2007 CWRP Priority List Rankings were adjusted. Copies of written comments (correspondence) are available upon request.

This concludes the Responsiveness Summary.