



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
WATER

January 29, 1991

**SRF 91-12**

MEMORANDUM

SUBJECT: Regional Allocation of FY 1991 Extramural  
Funds for Task Orders to Support the  
State Revolving Fund Program

FROM: Stephen P. Allbee, Director /s/  
Planning and Analysis Division

TO: Municipal Construction Program Managers  
Regions I - X

On November 30, 1990, I sent you a memorandum regarding procedures for the submission of funding requests for State Revolving Fund (SRF) program development support in FY 1991 under the Temple, Barker & Sloane (TBS) level-of-effort contract. We received about 20 proposals for a total of almost \$300K. Please extend our appreciation to your staff for their cooperation in developing and submissions these proposals.

All of the submitted proposals merited serious consideration. Available funding in FY 1991 for this activity is \$125K. Consequently, the panel reviewing the proposals carefully balanced the need and potential benefits of the proposals, already available support materials, and other funding sources. In regard to the latter, we have separate contract funding to undertake additional SRF training in FY 1991. Therefore, proposals related to training will be considered as we develop this year's SRF training strategy. (We will soon contact you regarding additional input for strategy development.)

For you information, an attachment summarizes the Regional proposals submitted this year. also attached is the list of proposals selected for funding. In some cases, the funding amount recommended by the review panel is slightly different from the Regional request.

Funds have been obligated to the contract and the overall work assignment and work plan have been approved. Don Niehus will work with your staff to develop and review task orders. If your staff submitted a draft task order with your funding request, Don will provide your staff a markup indicating suggested changes to the task order. When submitting revised task orders, please also send a computer disk with the file in WordPerfect 5.0 format to facilitate further revision, if necessary.

If a draft task order was not previously submitted, your staff should prepare and submit a draft(s) to Don, if possible, by February 15, 1991. Because this contract expires at the end of the current fiscal year, all work must be completed by September 30, 1991. Therefore, it is important that we prepare task orders as soon as possible so that work can begin expeditiously.

If you or your staff has a question about the proposal review/selection or task order development, please contact Don at FTS 382-5802.

## Attachments

cc: SRF Coordinators  
Regions I - X  
Judy Volkerding, EPA Administrative Contract Specialist  
Deems Buell, TBS  
James Hanlon, MCD  
Elaine Greening, MCD  
Don Niehus, PAD

**REGIONAL TASK ORDER FUNDING REQUESTS  
STATE/REGIONAL SRF SUPPORT**

**FUNDING LINE -- FY 1991**

<u>Activity</u>	<u>Region</u>	<u>Amount</u>
Cash Flow/Leveraging Model	3, 6, 10	\$25,000 *
Support Annual Report Reviews	10	7,500
Support NY Annual Report Review	2	8,000
Support NJ Annual Report Review	2	7,000
Review CT/MA Financial Management	1	8,500
Evaluate Arizona Leveraging Options	9	12,000
Evaluate Hawaii Leveraging Options	9	12,500
Analysis of Montana Leveraging Options	8	12,500
Third Party Review of SD bond Issue	8	12,500
Evaluate Financial Aspects of Utah	8	11,000
Prepare Alaska SRF Marketing Materials	10	<u>8,500</u>
	<b>TOTAL</b>	<b>\$125,000</b>

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Funding Line

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Financial Capability/Management Seminar	6	6,500
Outlay Management Training	6	13,000
Basic SRF Training	7	6,500
Conduct Leveraging Conference II	10	30,000
Support Regional SRF Meeting	1	13,500
National Statistical Analysis	6	20,000

\* Additional funds to be provided. Region III will serve as lead Region; technical reviewers will include staff from Regions VI, VIII, and X and OMPC.

**FY 1991 REGIONAL/STATE TASK ORDERS  
UNDER TBS LOE CONTRACT**

**Summary of Regional Proposals**

**REGION I**

**Task Title:** Review of Current Mechanisms for Implementing the Complex Financial Aspects of the Connecticut and Massachusetts State Revolving Fund (SRF) Programs

**Est. Hours:** 160

**Est. Cost:** \$13,500

**Description:** Purpose is to support the Region in reviewing current financial mechanisms for implementing the Connecticut and Massachusetts SRF programs. The results will support the Region in subsequent financial evaluations of each State's Annual Reports. This evaluation shall include the following types of financial issues: (1) tracing the flow of "Federal" funds, (2) mechanisms to address loan defaults, (3) separation of accounts within a complex SRF, (4) use of GO bonds for State match, (5) leveraged revenue bond use, and (6) use of Federal SRF to "buy" existing State loans.

**Task Title:** Provide Financial Expertise During a One-Day Meeting of New England State SRF Managers

**Est. Hours:** 90

**Est. Cost:** \$7,500

**Description:** The purpose of the task order is to provide support to the Region at a one-day meeting with the managers of SRF programs for the six States in Region I. The meeting will provide the States an opportunity to share experiences and discuss their programs. Many of the States are now beginning to think about the next steps in their programs evolution. The support will consist of (1) reviewing the State's proposed agenda for the meeting, (2) providing financial expertise in responding to questions and comments by the States, as well as participating in discussions that may arise during the meeting, and (3) providing follow-up advice as appropriate after the meeting.

**Region II**

**Task Title:** Support to Region in Reviewing New Jersey Annual Report

**Est. Hours:** 80

**Est. Cost:** \$7,000 (HQ estimate)

**Description:** As in FY 1990, the Region requests support in reviewing the financial aspects of the NJ Annual Report and similar financial support in conducting the Annual Review.

**Task Title:** Support to Region in Reviewing the New York Annual Report

**Est. Hours:** 100

**Est. Cost:** \$8,500 (HQ estimate)

**Description:** The Region requests contractor support to assess the adequacy of the State's accounting/financial systems. the Region also suggests that an evaluation and summary statement concerning the actual operation of the NY leveraging program might be nationally beneficial as an example for other State's to consider.

### **REGION III**

**Task Title:** Cash Flow Model

**Est. Hours:** 700

**Est. Cost:** \$60,000

**Description:** SRF implementation has created a need for more sophisticated and complex State cash flow planning. In particular, States that leverage their capitalization grants or borrow the match must be able to project cash receipts and disbursements accurately over many years or risk financial problems. States with unleveraged programs and appropriated matching funds also need a dynamic model to estimate cash flows under a variety of conditions and economic assumptions. the proposal was developed by State of Maryland. The model is expected to support State (1) analyses of various bond financing scenarios, (2) development of IUPs, (3) development of cash outlay projects, and (4) generation of alternative financing scenarios for unleveraged programs.

### **REGION IV**

No proposals received.

### **REGION V**

No proposals received.

### **REGION VI**

**Task Title:** Financial Capability/Management Seminar

**Est. Hours:** 75

**Est. Cost:** \$6,500 (HQ estimate)

**Description:** Similar to sessions held in FY 1990 for Region 10 and State of Arkansas. Use same presentation materials, but supplement with local case study. Seminar would be geared toward State financial management practices and development of recommendations for improving the financial management and analysis of financial statements. One seminar primarily oriented for New Mexico and Louisiana.

**Task Title:** Outlay Management Training

**Est. Hours:** 150

**Est. Cost:** \$13,000 (HQ estimate)

**Description:** States of Louisiana and Oklahoma requested training on outlay management procedures. The training would evaluate existing State outlay projections procedures (including project tracking, monitoring, and reporting) and development of recommendations for improved methodologies. The training should also include development of procedures to automate the outlay projection process. (Note: the Region's proposal incorrectly states that such training was developed last year for Regions 4 and 5. There were task orders for those Regions pertaining to development of outlay management procedures but: (1) neither task is yet completed and (2) neither included training materials.

**Task Title:** National Statistical Analysis of SRF Program

**Est. Hours:** 235

**Est. Cost:** \$20,000

**Description:** State of Texas requested the preparation of a statistical report and analysis of the status of all SRFs. The report should include information concerning (1) the total number of projects assisted, (2) current construction dollar totals, (3) State match sources, (4) leveraging ratios, (5) capitalization grants funds, (6) sources of funds for administration, (7) bond ratings, (8) types of loan agreements, (9) consulting firms used, (10) types of assistance provided, (11) loan rates, (12) insurance premiums, (13) legislation synopses, (14) summary of application processes, (15) summary of priority systems, and (16) key contacts for financial administration and engineering information.

**Task Title:** Cash Flow Model (SEE REGION III)

**Est. Hours:**

**Est. Cost:**

**Description:**

**REGION VII**

**Task Title:** Basic SRF Training

**Est. Hours:** 80

**Est. Cost:** \$6,500 (HQ estimate)

**Description:** Based on State requests, the Region has identified a need to provide a basic two day workshop for State and Regional Office staff regarding the rules, requirements, and concepts of the SRF program. Only "key" staff have been able to participate in past training. Other SRF personnel also need to be better trained.

### **REGION VIII**

**Task Title:** Provide Third Party Review and Recommendations on the Proposed FY 1992 Bond Issue to Raise Match for the South Dakota State Water Pollution Control Revolving Fund

**Est. Hours:** 200

**Est. Cost:** \$18,500

**Description:** The purpose of the task order to support the State of South Dakota in analyzing and approving the public debt to raise State match for capitalization grants in FYs 1992 - 1994. SD was the first State to raise match from a bond issue. Because there was no previous experience, the State bore extra costs for insurance and legal expenses. As it plans a follow-on bond issue, the State wants to avoid past mistakes. Although the State will likely use the same financial advisors and bond counsel as before, it believes that a third party review on the likely viability and effectiveness of the bond issue could lead to greater financial efficiency. If appropriate, the contractor would propose alternative financing arrangements.

**Task Title:** Analyze the Water Pollution Control Needs of the State of Montana and the Structure of Its State Revolving Fund. Recommend Appropriate Forms of Leverage, If Any.

**Est. Hours:** 180

**Est. Cost:** \$16,500

**Description:** The purpose of the task order is to support the State of Montana in determining the need to leverage its SRF and, if so, the most appropriate structure for leveraging. The State is looking at its long term capital needs and whether leveraging its fund is necessary and appropriate to meet these needs.

**Task Title:** Analyze the State of Utah's Water Pollution Control Loan Programs and Determine If Any Advantages May be Realized by Capitalization Via Sale of the Portfolios

**Est. Hours:** 150

**Est. Cost:** \$13,500

**Description:** The purpose of the task order is to analyze the water pollution control needs of the State of Utah and the cash flows of the Utah SRF and previously existing State loan portfolios to determine if any advantages can be realized by remarketing the loans and utilizing the proceeds for other wastewater projects. The analysis would include considerations of the interrelationships between the two loan programs. The contractor will review (1) the State's needs data, (2) the quality of the loan portfolios in both loan programs, (3) the timing of cash flows, and (4) survey current public finance conditions. Based on these analyses, the contractor will identify, evaluate, and make recommendations regarding fund recapitalization.

## **REGION IX**

**Task Title:** Assist Hawaii Consider Options for Leveraging SRF Funds

**Est. Hours:** 135

**Est. Cost:** \$12,000 (HQ estimate)

**Description:** The State of Hawaii has large needs for wastewater facilities to meet expected growth as well as to upgrade existing facilities to secondary treatment levels. Projected SRF funding is significantly lower than identified needs. The purpose of the task order is to support the State in evaluating options for leveraging. The contractor will support the State review an evaluate alternative leveraging options within the context of the proposed Hawaii SRF program and broader legal and financing considerations in the State.

**Task Title:** Review the Financial and Program Aspects of the Leverage Approach Developed by the State of Arizona and Support the State in Assessing the Financial Capability of Potential Recipients

**Est. Hours:** 120

**Est. Cost:** \$11,000 (HQ estimate)

**Description:** Several issues remain in Arizona regarding initiation of its program, notwithstanding award of its initial capitalization grant: (1) resolution of eligibility of Indian Tribes to receive loan assistance, (2) sale of bonds for State match and leveraging, (3) analysis of projects and the financial capability of applicants, (4) assessment of proposed financial package, and (5) coordination of program development. The purpose of the task order is the support of Region and State in reviewing the proposed Arizona leveraging program, including an analysis of projects and applicants' financial capability and program aspects that may hamper implementation and long term fund viability.



## **REGION X**

**Task Title:** Provide Financial Expertise Support to Region Related to Reviewing SRF Annual Reports

**Est. Hours:** 90

**Est. Cost:** \$7,500

**Description:** The purpose of the task order is to provide contractor support to the Region in reviewing the financial statements during the Annual Reviews.

**Task Title:** Prepare SRF Marketing Materials for State of Alaska

**Est. Hours:** 100

**Est. Cost:** \$8,500

**Description:** The purpose of the task order is to provide support to the State of Alaska in the preparation of an SRF marketing brochure and related materials for use in promoting the SRF to Alaskan communities.

**Task Title:** Prepare Analytical Model for Conducting Long Range Financial Projections

**Est. Hours:** 250

**Est. Cost:** \$21,250

**Description:** As SRF programs mature, the process of managing cash flows will become increasingly complex. A cash flow model would be a useful tool for improving SRF cash management, particularly for programs that issue bonds for match or leverage. The product of the task order would be a software model and supporting documentation (SEE REGION III)

**Task Title:** Conduct Conference on Leveraging II

**Est. Hours:** 300

**Est. Cost:** \$30,000

**Description:** The purpose of the task order is to conduct a national conference on leveraging which would build on materials and topics included in the series of Financial Management/Leveraging Workshops held in FY 1990. Major emphasis would be on the factors that lead States to choose to leverage and the leveraging approach selected. Breakout sessions and panels could help to accommodate the various levels of expertise and needs of the attendees.

**Task Title:** Prepare Leveraging Model

**Est. Hours:** 200

**Est. Cost:** \$17,000

**Description:** The purpose of the task order is the design of an analytical (i.e., software) model for States to use in evaluating potential leveraging approaches. The model would incorporate needs estimates and the timing of those needs in evaluating leveraging options. The task order also includes preparation of supporting documentation. (Training related to use of the model could be included as part of the proposed national conference on leveraging.)

**SUMMARY OF REGIONAL FUNDING REQUESTS  
FY 1991**

Region I

Review CT/MA Financial Management	\$13,500
Support Regional SRF Meeting	7,500

Region II

Support NJ Annual Report Review	7,000
Support NY Annual Report Review	8,500

Region III

Development of Cash Flow Model	60,000
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Region IV/V

None

Region VI

Financial Capability/Management Seminar	6,500
Outlay Management Training	13,000
National Statistical Analysis of SRF Program	20,000
Cash Flow Model	(same as RO 3)

Region VII

Basic SRF Training	6,500
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Region VIII

Third Party Review of SD Bond Issue	18,500
Analysis of Montana Leveraging Options	16,500
Evaluate Financial Aspects of Utah Loan Program	13,500

Region IX

Evaluate Hawaii Leveraging Options	12,000
Evaluate Arizona Leveraging Options	11,000

Region X

Support Annual Report Review	7,500
Prepare Alaska SRF Marketing Materials	8,500
Prepare Financial Projections Model	21,250
Conduct Leveraging Conference II	30,000
Prepare Leveraging Model	17,000
<b>TOTAL REQUESTS</b>	<b>\$298,250</b>