



CWC Approves AMCA Member SRF Amortization Schedule Variance Request, August 2016

At its July 13 meeting, the CWC approved a request from the City of St. Joseph for a variance from State Revolving Fund (SRF) regulations that require funding recipients to fully amortize debt obligations within 20 years. The City requested that future SRF loan funding be considered for an amortization term of 30 years, consistent with recent changes to the federal SRF regulations. Revisions are already underway to 10 CSR 20-4.041(9)(A), Direct Loan Program, that, if adopted, would allow the CWSRF program to extend the amortization schedules to qualified recipients to up to 30 years.

DNR staff explained that other CWSRF applicants are likely similarly situated to the City regarding affordability of implementing capital improvements. Rather than addressing individual variance applications for each of these applicants, DNR recommended a variance for *all* eligible CWSRF applicants to be put in place until either the rulemaking process is completed for 10 CSR 20-4.041 with this amortization change, or until October 31, 2017, whichever comes first. That recommendation was unanimously approved by the Commission.

AMCA submitted comments in support for the variance request on July 11, explaining that 30 year loan repayment schedules facilitate lower annual debt payments to help keep user rates more affordable. In addition, our comments urged DNR to expeditiously work to revise 10 CSR 20-4.041(9)(A) to allow 30-year loan terms so that variances would not be necessary.

Lastly, AMCA members should be aware that DNR intends to develop a policy regarding amortization schedules that extend beyond 20 years, including applicant eligibility and the financial terms. The policy will be incorporated in whole or by reference in future CWSRF Intended Use Plans.