

## Clean Water Fund Memorandum (2016 – 006)

### Fiscal Sustainability Plan Requirements on Connecticut Clean Water Fund Projects

#### I. PURPOSE

- a. A Fiscal Sustainability Plan (FSP) is a document which identifies the full capital, operational, and maintenance costs of proposed wastewater infrastructure in a community or utility district. Preparation of a FSP is required for a project funded through the Connecticut Clean Water Fund (CWF).
- b. The goal of preparing a FSP is to ensure that recipients of CWF financial assistance are managing their physical assets in ways that promote long service life, avoid expensive catastrophic failures, and maximize the long-term financial self-sufficiency of the wastewater system. The FSP should be viewed as a “living document” that is regularly reviewed, revised, and expanded to include all assets under the control of the wastewater utility.

#### II. GOVERNING FEDERAL REQUIREMENTS TO PREPARE FISCAL SUSTAINABILITY PLANS

The *Water Resources Reform and Development Act (WRRDA) of 2014* made changes to the Section 603(d)(1)(E) of the *Federal Water Pollution Control Act*, as amended. This requirement is applicable to all CWF applications for construction because federal funds make up a portion of the CWF. The effective date of this requirement is October 1, 2014. All CWF loan recipients proposing to repair, replace, or expand their treatment works are required to develop and implement a FSP.

#### III. FISCAL SUSTAINABILITY PLAN REQUIREMENTS

A FSP shall contain the following:

- a. Inventory of critical assets. The FSP shall include an inventory of all critical assets located in the FSP planning area. In general, the FSP planning area covers the asset that is being upgraded. For example, for a water pollution control facility (WPCF) upgrade, the FSP covers the entire WPCF. For a pump station upgrade in the collection system, the FSP covers only the pump station subject to the upgrade. Exceptions to this requirement include 1) WPCF upgrades only for advanced wastewater treatment, such as a phosphorus removal system, and 2) new sanitary sewers into a municipality.
- b. Evaluation of the condition and performance of the assets. The plan shall include a system to evaluate the condition and performance of the asset. This system should consider the following asset characteristics: installation date, age, condition, service history, remaining useful life, importance to the protection of public health and/or water quality, importance to the operation of the system, and asset redundancy or lack thereof.
- c. Certification of water and energy conservation. The FSP shall contain a certification that the funding recipient has evaluated and will be implementing water and energy conservation

efforts as part of the FSP. An example of water conservation is the use of WPCF plant effluent for wastewater treatment plant systems that normally use potable water. Several examples of energy conservation include energy efficient blowers and diffuser technologies; utilization of renewable energy; improvements to pumping efficiency by properly sized pumps and the installation of variable frequency drives; improvements to heating, ventilation and air conditioning systems; and the use of supervisory control and data acquisition software to increase the efficiency of process monitoring and operational control.

- d. Capital Improvement Funding Plan (CIFP). The FSP shall contain a CIFP. The CIFP shall include a schedule for the maintenance, rehabilitation and/or replacement of assets and a plan for funding those activities.

#### **IV. CWF REQUIREMENTS FOR FISCAL SUSTAINABILITY CERTIFICATION**

Effective October 1, 2014, any Connecticut CWF municipal loan recipient proposing to repair, replace, or expand their treatment works is required to develop, implement, and self-certify a Fiscal Sustainability Plan (FSP) as part of its CWF Construction Application.

- a. FSP Certification Form submission deadline. A Connecticut CWF Fiscal Sustainability Plan Certification Form shall be submitted to the Department of Energy and Environmental (DEEP) prior to 90% of the project funding for construction is disbursed. See attached certification form.
- b. FSP document retention. A copy of the FSP shall be maintained at all times at the location specified on the FSP Certification Form and be available for review at the request of DEEP or the public.
- c. CWF eligibility. FSP are eligible for CWF participation. The engineering agreement for construction phase services may include the preparation of a FSP for the project and may receive a 20% grant, and a 2% interest rate loan on the remainder of the costs to prepare such plan.
- d. CWF agreement. The requirement to prepare a FSP will be incorporated into the CWF agreement between the municipal loan recipient and the state.

#### **V. ALTERNATE ASSET MANAGEMENT PLAN APPROACH:**

As an alternate, any CWF municipal loan recipient may elect to develop and implement a system wide or sector based (collection, pumping, treatment, etc.) Asset Management Plan. An Asset Management Plan would serve as a substitute for a project specific FSP. This approach is recommended when multiple projects are anticipated in a phased improvement schedule. A system wide Asset Management Plan is often used by a Water Pollution Control Authority (WPCA) or WPCF for justifying infrastructure repairs, adopting rate increases, and establishing infrastructure sinking funds.

- a. Asset Management Plan requirements. If the alternate approach is selected, then the Asset Management Plan must meet all the requirements of a FSP, also follow Environmental Protection Agency (EPA) guidelines for Asset Management Plans and be filed with DEEP's Municipal Water Pollution Control Section. Once filed with DEEP, the Asset Management

Plan will serve as meeting the FSP requirements for all subprojects specifically contained in the plan.

- b. CWF eligibility. An asset management plan is eligible for a 55% planning grant, with the remainder utility self-funded.
- c. Asset Management Plan submission deadline. The Asset Management Plan must be filed with DEEP prior to entering into any CWF construction agreement for a project identified in the plan.

## VI. DEFINITIONS

CIFP: Capital Improvement Funding Plan

CWF: Connecticut Clean Water Fund

DEEP: Connecticut Department of Energy and Environmental Protection

EPA: Environmental Protection Agency

FSP: Fiscal Sustainability Plan

WPCA: Water Pollution Control Authority

WPCF: Water Pollution Control Facility

WRRDA: Water Resources Reform and Development Act

## VII. ADDITIONAL INFORMATION

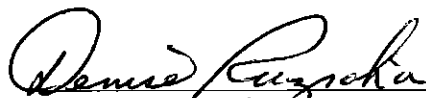
Additional guidance on FSP requirements, developing FSP plans, or system wide asset management plans may be found at the following web links:

<https://www.epa.gov/sustainable-water-infrastructure/asset-management>

<https://www.epa.gov/dwcapacity/information-check-program-small-systems-cupss-asset-management-tool>

<http://simple.werf.org/Pages/Weblinks>

July 7, 2016  
Date

  
Denise Ruzicka, Director  
Planning & Standards Division  
Bureau of Water Protection & Land Reuse

Attachment: Connecticut Clean Water Fund Fiscal Sustainability Plan Certification Form



**Connecticut Department of  
Energy & Environmental Protection**  
Bureau of Water Protection & Land Reuse  
Planning & Standards Division

## **Connecticut Clean Water Fund (CWF) Fiscal Sustainability Plan (FSP) Certification Form**

### **Part I: Project Information**

CWF Project #: \_\_\_\_\_

Brief CWF Project Description:

### **Part II: Certification**

"I have personally examined and I am familiar with the contents of the FSP and all attachments thereto, and I certify that a copy of this certification has been submitted to the municipality and written approval has been received. I certify based on reasonable investigation, including my inquiry of those individuals responsible for obtaining the information, the information in the FSP is true, accurate and complete to the best of my knowledge and belief.

I certify that the municipality has developed and implemented an FSP which meets the requirements of Section 603(d)(1)(E)(i) of the Water Resources Reform and Development Act (WRRDA) of 2014. The FSP includes an inventory of critical assets, an evaluation of the condition and performance of inventoried assets, a plan for maintaining, repairing, and as necessary, replacing the treatment works, and a plan for funding such activities. I further certify that the municipality has evaluated and will be implementing water and energy conservation efforts as part of the FSP.

I understand that a false statement made in the submitted information may be punishable as a criminal offense, in accordance with section 22a-6 of the General Statutes, pursuant to section 53a-157b of the General Statutes, and in accordance with any other applicable statute."

Signature of Authorized Representative

Date

Printed Name of Authorized Representative

Title

The Connecticut Department of Energy & Environmental Protection (DEEP) and the Environmental Protection Agency (EPA) reserve the right to inspect the FSP, at any time, in order to determine compliance. The FSP is available for review at the following location:

Location of FSP Document Available for Inspection: \_\_\_\_\_

Name of FSP Contact: \_\_\_\_\_ Title: \_\_\_\_\_

FSP Contact Phone Number: \_\_\_\_\_