

Water Quality Program

Clean Water State Revolving Fund (SRF)

Trends and Analysis



WASHINGTON STATE
DEPARTMENT OF
ECOLOGY

Clean Water SRF Cash Flow



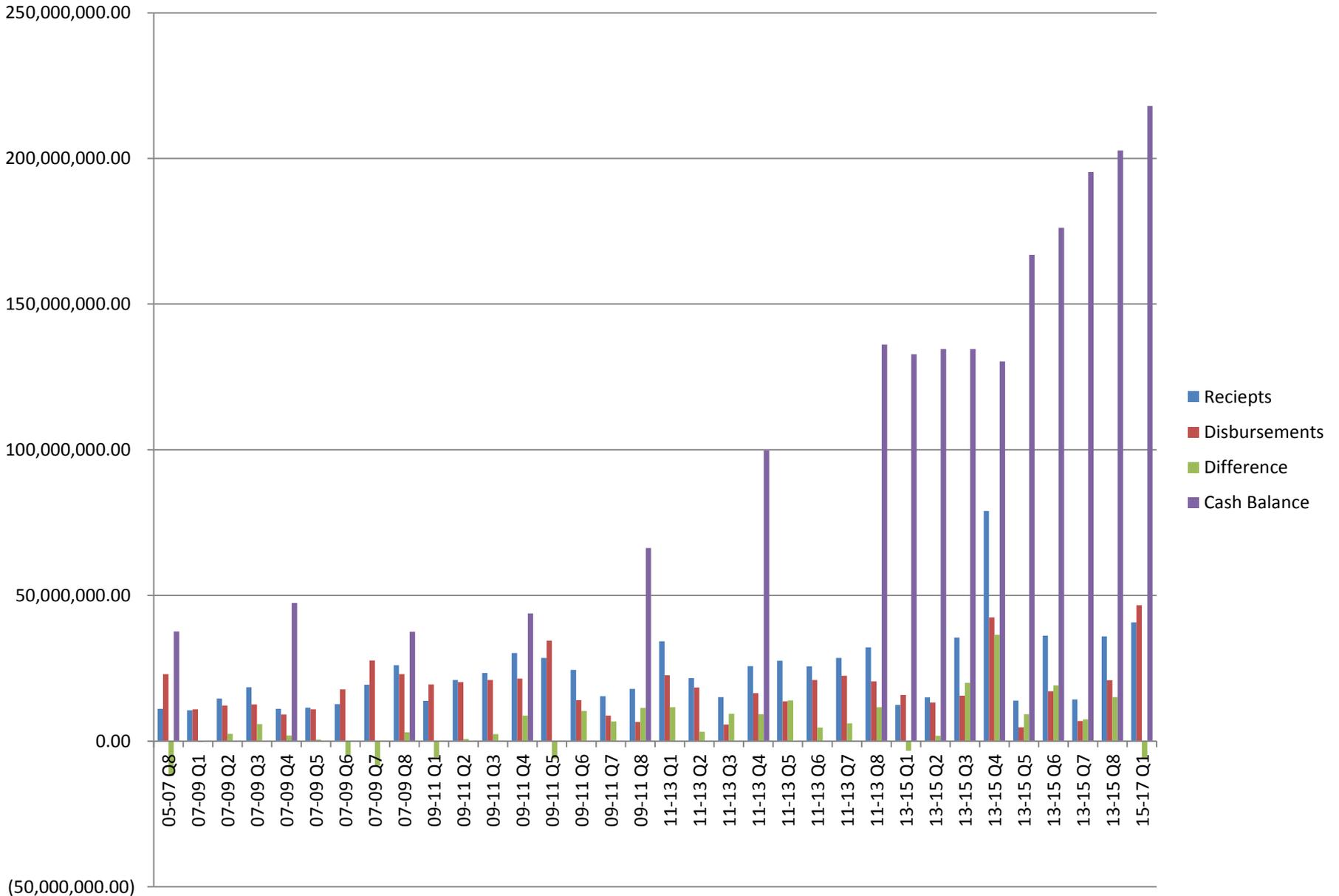
Wastewater

Nonpoint
source

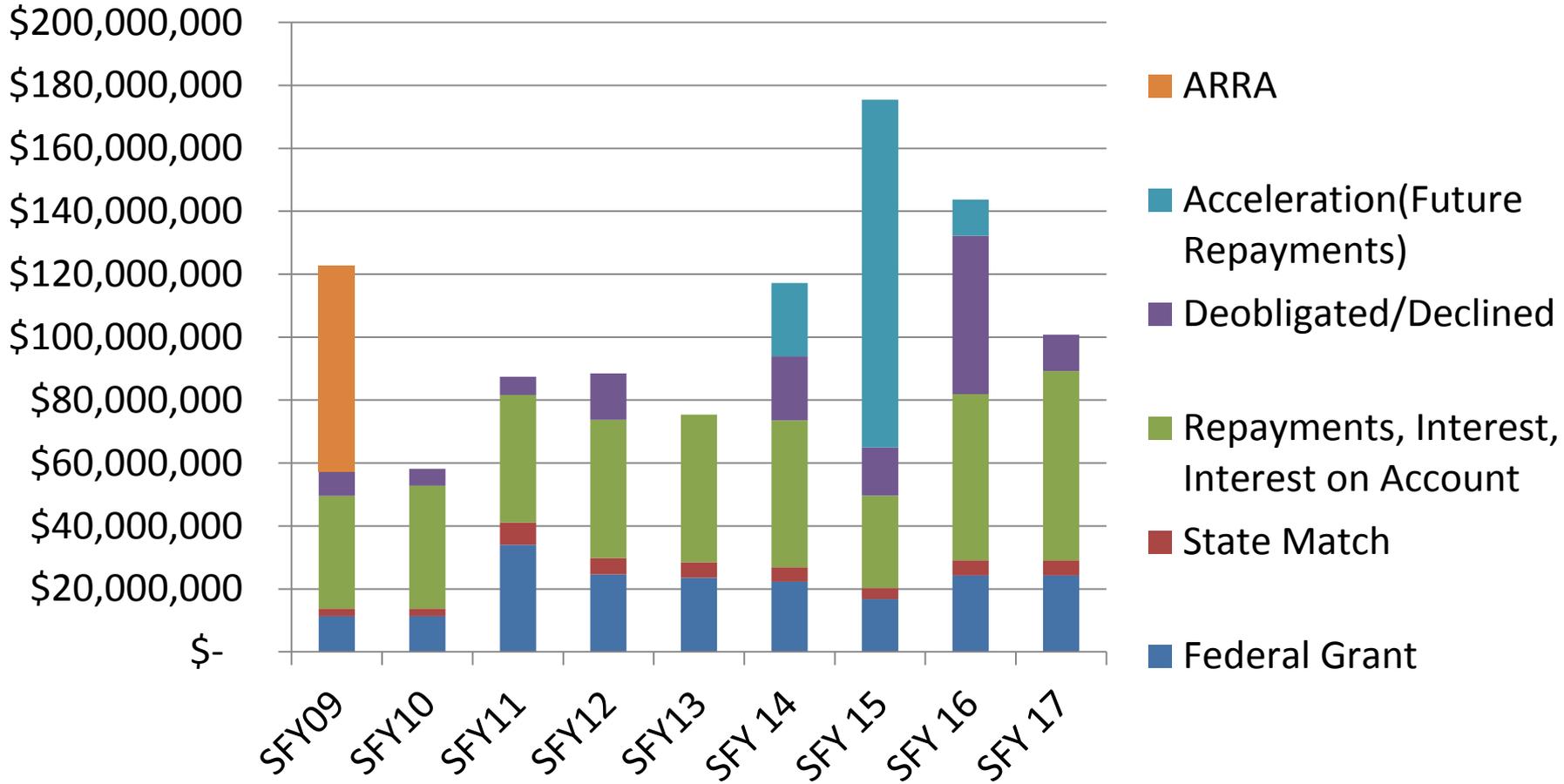
Stormwater

On-Site
Sewage

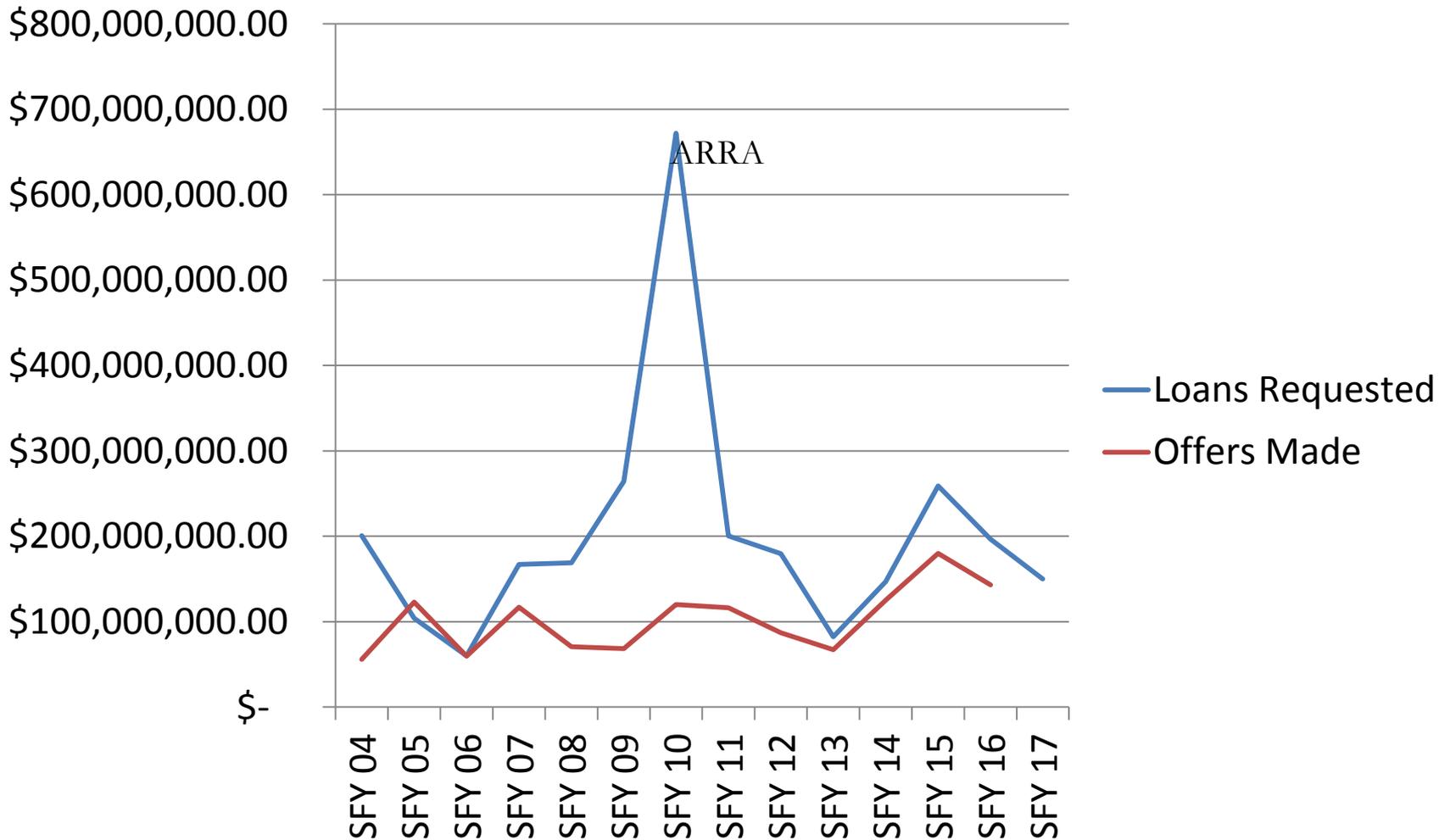
727 Cash Flow Between 05-07 to 13-15 Biennia



Funds Available



Demand for Funds

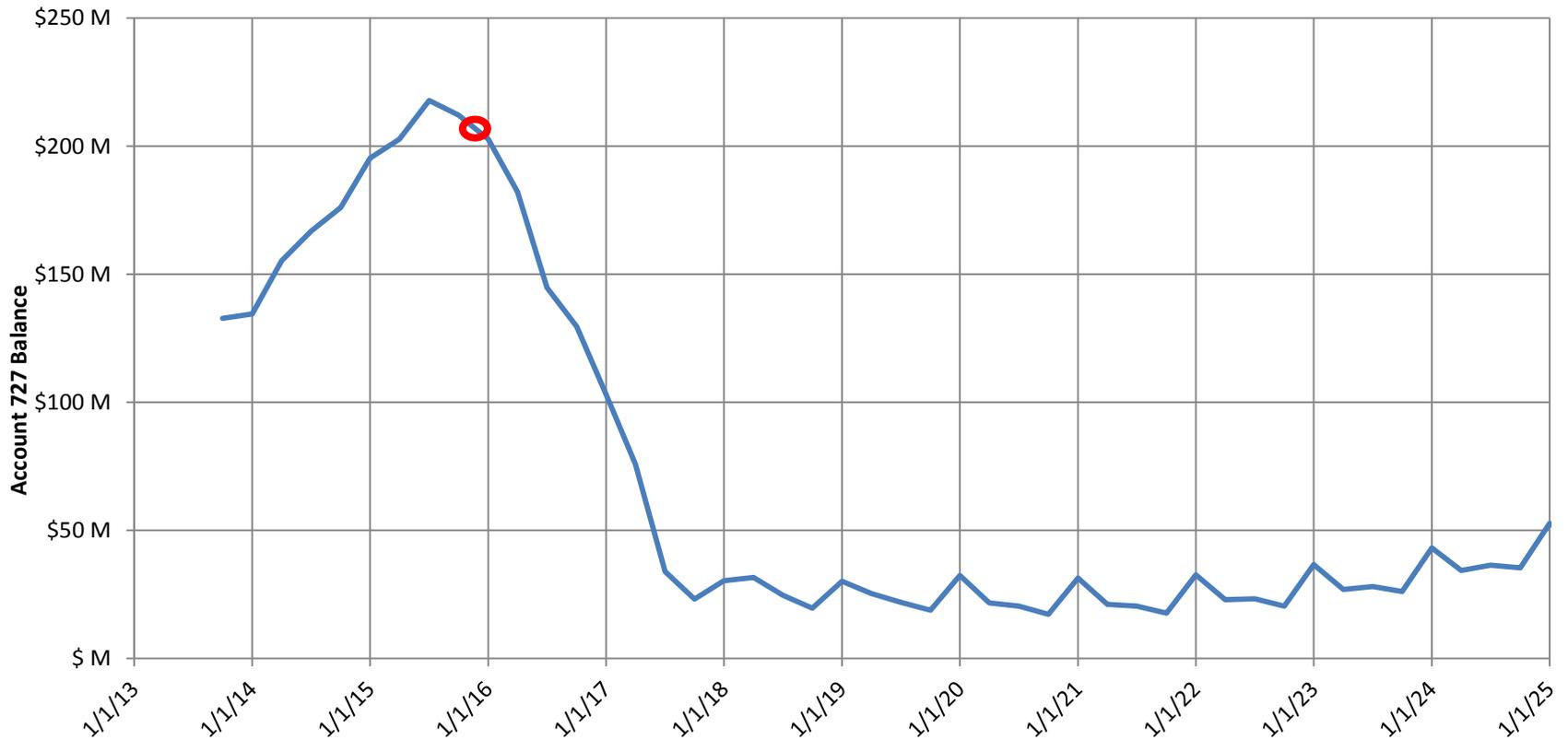


Cash Flow Assumptions

- Federal Cap grant reduced by 25% each year and no more cap grant by SFY19
- Continue to offer \$95M annually
- All loans are 20 year at base interest rate
- Quarterly disbursements based on past loan performance.
 - 34.4% by year 1
 - 81.3% by year 2
 - 100% by year 3
 - Year 4 no activity
 - Year 5 repayment begins

Summary of Cash Flow Projections

SRF Balance



Summary

- Our goal is to reduce our cash balance down to a range of \$30-\$40M.
- Based on existing loan commitments, we should reach this cash balance in 2018.
- We will be tracking closely and adjust accordingly.

30 Year loans?

- CWA amended in 2014 to allow 30 year loans
- Would need to change WAC and RCW
- Should WA offer 30 year loans?
- Should we only offer 30 year loans to Hardship borrowers?
- What is the long term impact on the revolving fund?

30 Year Loans

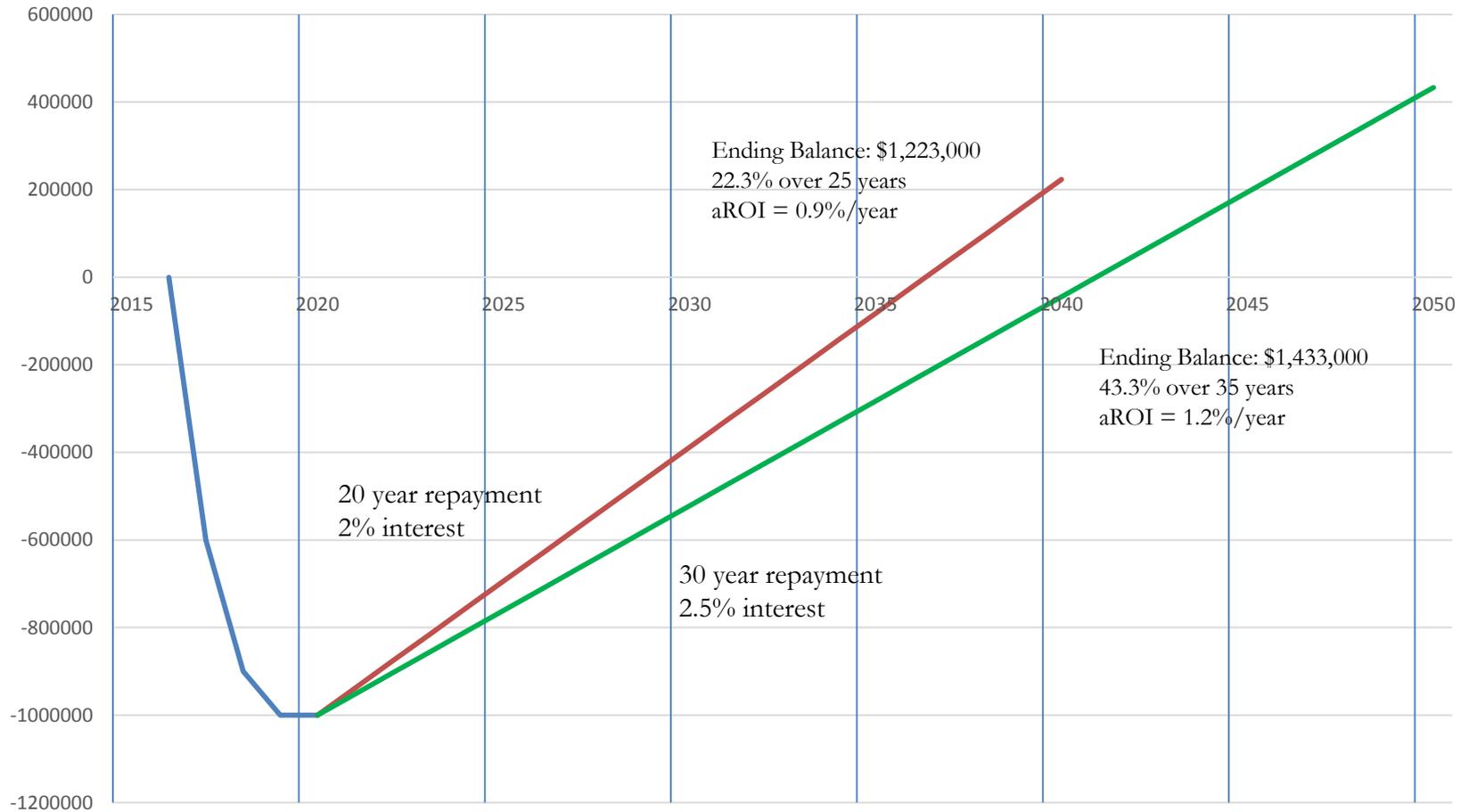
Pros

- Another tool to make projects more affordable.
- Can earn slightly more interest. (30 year bond rates v. 20 year bond rates)

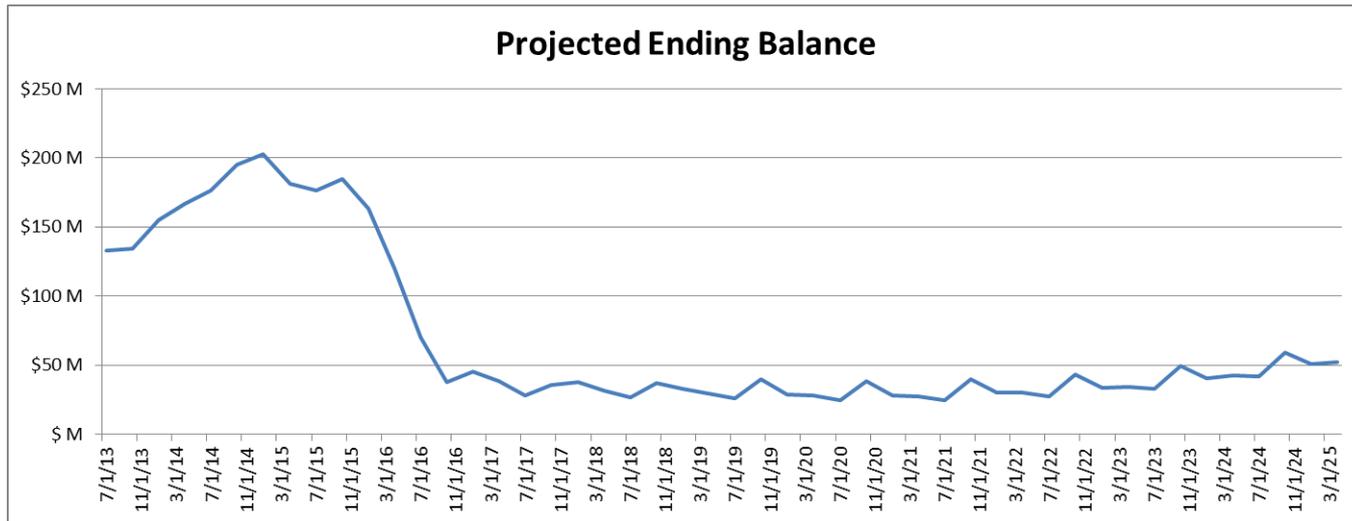
Cons

- Impact on long term fund sustainability.
- Possible Difficulty of changing the Statute.

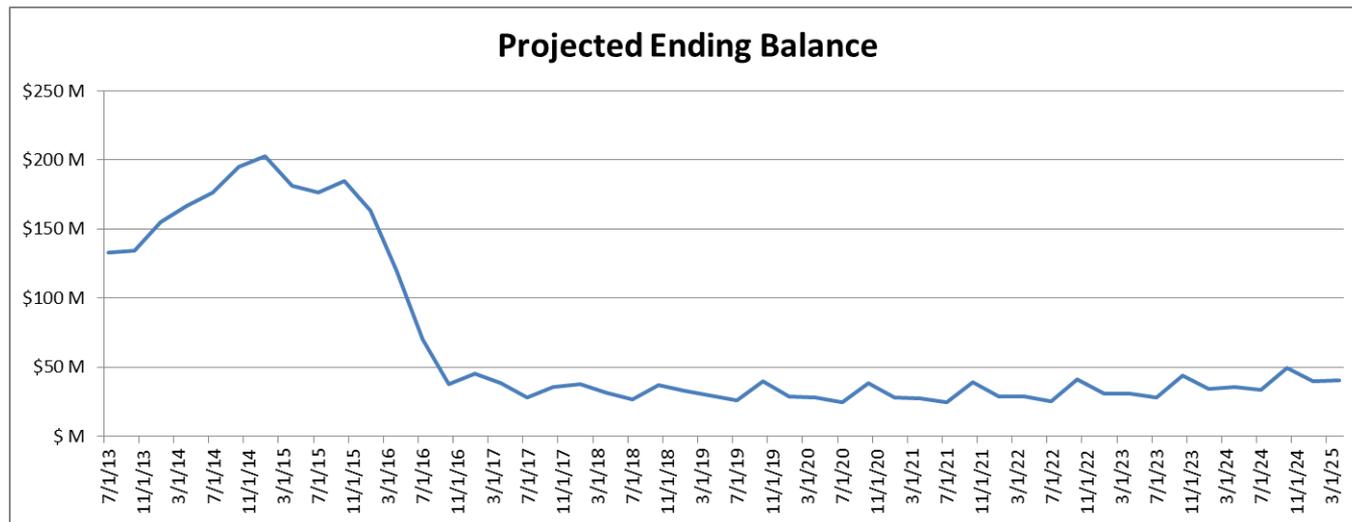
20 years vs. 30 years



Cash balance if NO 30 year loans



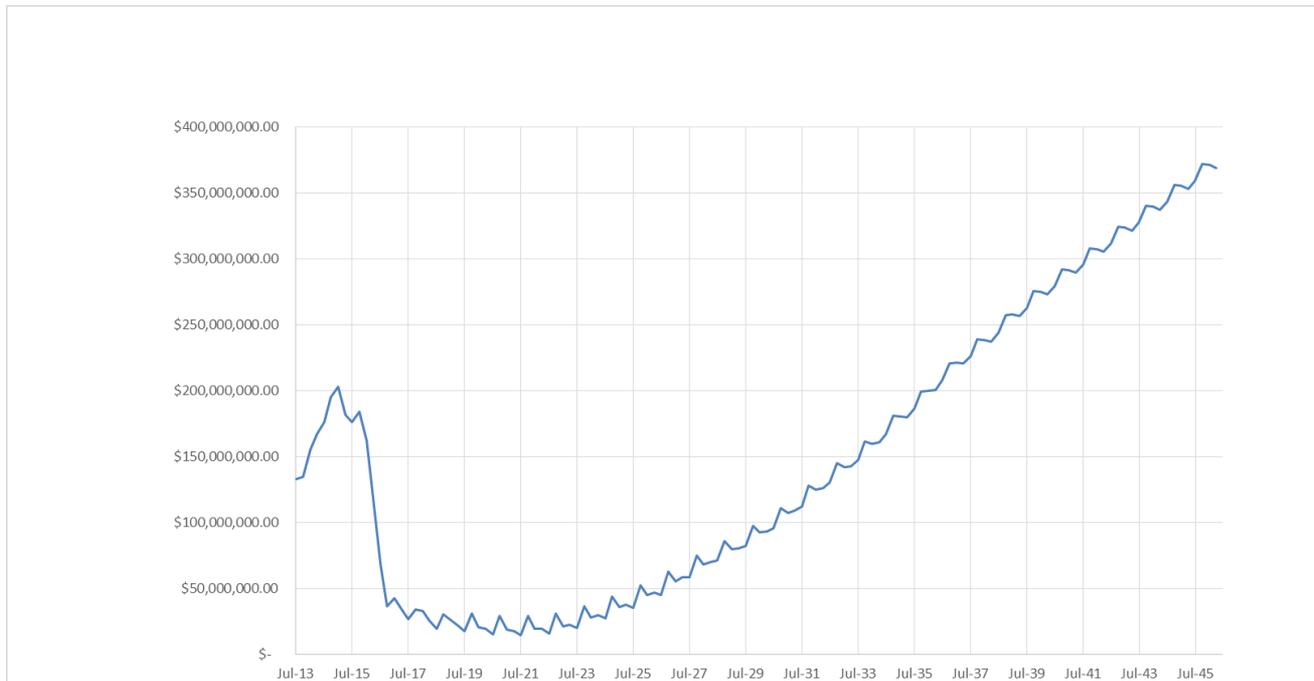
Cash balance if 100% 30 year loans



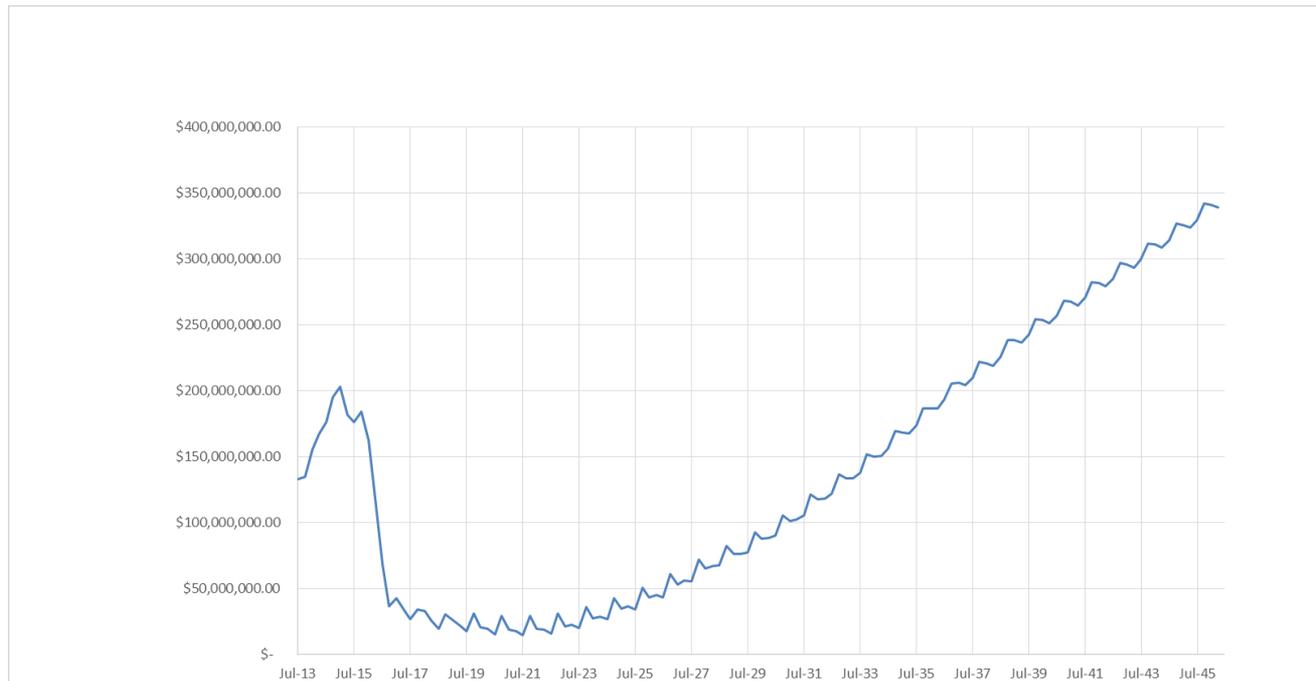
We need a longer time horizon

- The impacts of offering 100% 30 year loans are minimal in the next decade.
 - (> \$7M total over 10 years)
- The real impact of 30 year loans won't be felt in the fund balance for 30-40 years into the future.
- We need to look far into the future.

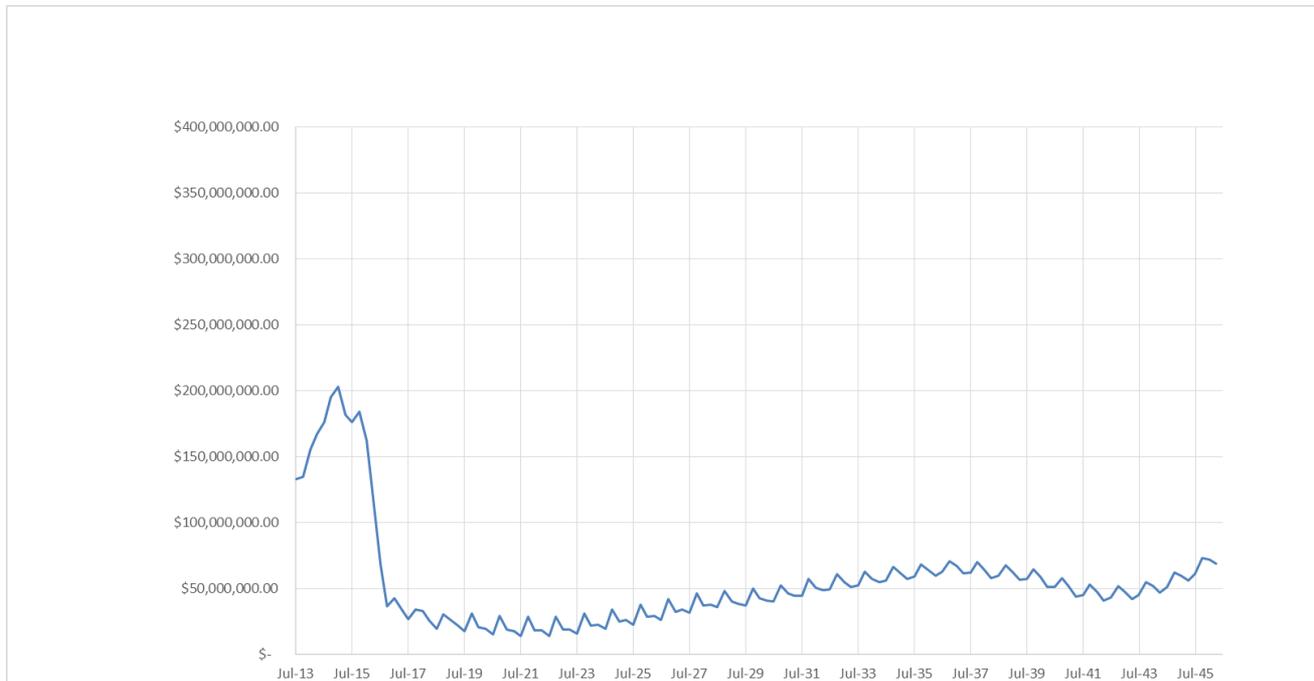
Long Term view 100% 20 year loans



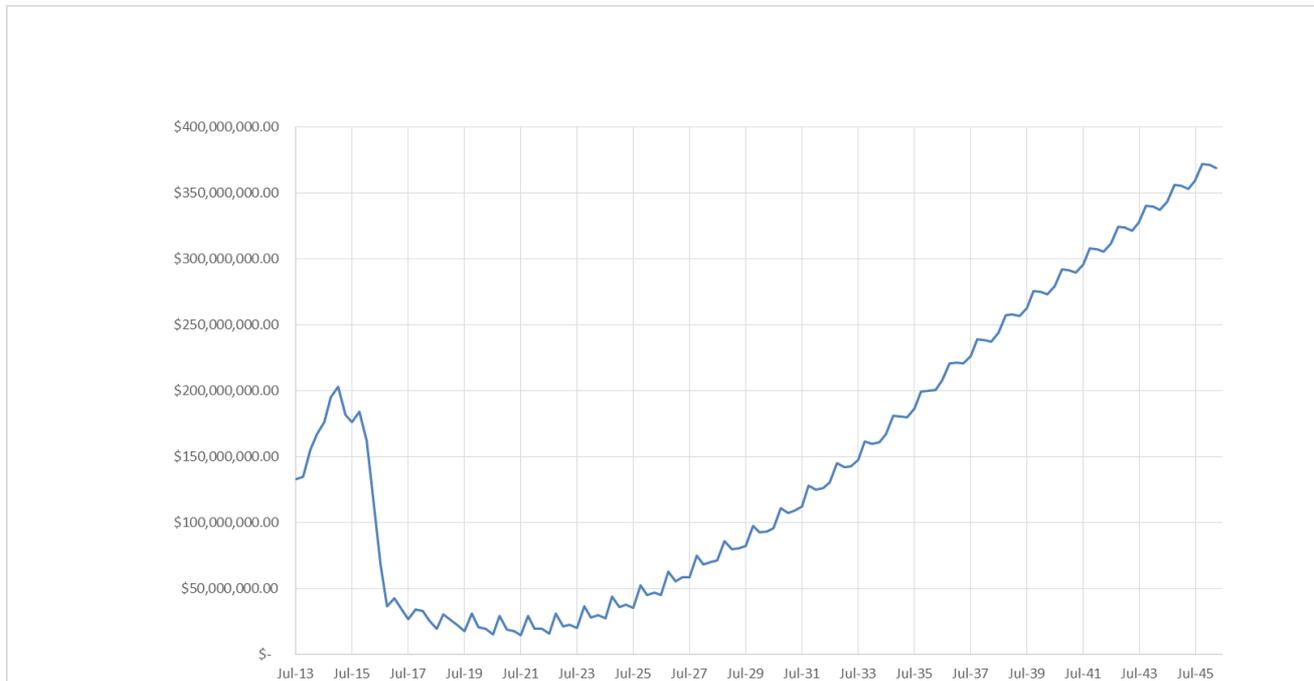
Long Term view 10% 30 year loans.



Long Term view 100% 30 year loans



Long Term view 100% 20 year loans



Long Term Impacts

- 100% 30 year loans have unacceptable impacts.
- 10% 30 year loans would have an impact on perpetuity.
- Compare this loss to the value of an additional financing tool.