



FISCAL SUSTAINABILITY PLAN REQUIREMENTS

As part of the Water Resources Reform and Development Act (WRRDA) of 2014, wastewater loan recipients are required to develop and implement a Fiscal Sustainability Plan (FSP). Although we encourage all loan recipients to complete an FSP, only wastewater loan recipients that submitted an application after October 1, 2014 must meet this requirement.

The FSP must contain the following minimum requirements:

1. An inventory of critical assets that are part of the treatment works project.
2. An evaluation of the condition and performance of those assets.
3. A certification that the loan recipient has evaluated and will implement water and energy conservation efforts as part of the plan.
4. A plan for maintaining, repairing, and replacing the assets and a plan for funding such activities.

If a loan recipient does not have an FSP in place, it is only necessary to create and implement one for the existing and proposed assets related to the funded project, not the entire system. The cost incurred to create an FSP for a loan recipient is an eligible SRF project cost and should be indicated in the Preliminary Engineering Report (PER) project cost estimates.

What if we already have an FSP?

Loan recipients who already have an FSP that meets the above requirements are required to self-certify that an FSP has been developed and is being implemented. The FSP Self-Certification Form is located on the SRF website. The loan recipient must complete the Self-Certification Form prior to SRF PER approval.

What if we don't have an FSP?

If a loan recipient does not have an FSP in place, it is necessary to create one for the existing and proposed assets related to the funded project, not the entire system. A more comprehensive FSP can be developed for the entire system over time as the system is repaired, replaced, or expanded. The requirement to develop an FSP is a condition in the loan agreement, and the loan recipient must complete and submit an FSP Certification Form prior to submitting its request for a final disbursement related to the primary project. The FSP Certification Form is located on the SRF website.

Will we be reimbursed for the cost to create a new FSP?

The cost incurred to create an FSP for a loan recipient is an eligible SRF project cost and should be indicated in the PER project cost estimates as well as sized into the loan.

Does this requirement apply to drinking water loan recipients?

No. But, we encourage drinking water loan recipients to complete an FSP.

What information do we need to demonstrate the "evaluation of the condition and performance of inventoried assets or asset groupings"?

The loan recipient should provide such information as an installation date, life expectancy, expected replacement costs, amount set aside annually for the maintenance/repair/replacement of each component (this list is not meant to be all-inclusive).

What should be expected to meet requirement No. 3 regarding water and energy conservation?

It is expected that the loan recipient will include a brief discussion of alternatives for the major project components in which water and energy conservation was considered. If these alternatives were selected, this should be discussed in the same section.

Do we need to include future capital projects as part of our FSP?

The FSP does not need to identify future capital projects, unless the future projects will be rehabilitating or replacing assets related to the funded project with a remaining service life of less than 20 years.

Should the FSP be included in the PER?

The actual FSP document should not be included in the PER but be a stand-alone document and kept on site at the loan recipient's office for inspection. However, in Chapter 7 of the PER, the loan recipient must identify the status of their FSP.

How will SRF verify that we have completed an FSP?

The loan recipient will complete and submit either an FSP Self-Certification Form or an FSP Certification Form in which they will certify they have developed and are implementing an FSP that meets the minimum requirements as set forth above. In addition, during SRF inspections the FSP may be viewed. FSP Certification Forms are located on the SRF website.

Where can I get more information about FSPs?

Look for CWSRF guidance on the SRF website. In addition, EPA has several resources available at no cost. See below for more resources.

More Resources: EPA's Sustainable Infrastructure webpage devoted to water and wastewater systems:

http://water.epa.gov/infrastructure/sustain/asset_management.cfm

- "Asset Management: A Best Practices Guide"
- "Building an Asset Management Team"
- "Asset Management: A Handbook for Small Public Water Systems - STEP Guide Series."

For more information, visit the SRF website at www.in.gov/ifa/srf. Contact Camille Meiners PE, SRF Technical Review Coordinator at (317) 234-3661 or cmeiners@ifa.in.gov, with any questions.