

Water Development Fund
Preliminary Proposal for Discussion

1. An Arizona Rural Water Development Fund (Development Fund) shall be established and administered by Water Infrastructure Finance Authority. The Development Fund would be separate and distinct from the existing WIFA funding sources (i.e. Clean Water Revolving Fund, Drinking Water Revolving Fund and Technical Assistance Fund).
2. The WIFA Board would be modified for the administration of the Development Fund as follows (*italics*):
 - a. *The director of water resources, or the director's representative, who serves as chairman on matters of the Water Resources Development Fund.*
 - b. *The director of environmental quality, or the director's representative, who serves as chairman on matters of the Clean Water Revolving Fund, Drinking Water Revolving Fund and Technical Assistance Fund.*
 - c. The director of the department of commerce or the director's representative.
 - d. The state treasurer or the treasurer's representative.
 - e. One member appointed by the governor to represent municipalities with populations of fifty thousand persons or more according to the most recent United States decennial census.
 - f. One member appointed by the governor to represent municipalities with populations of less than fifty thousand persons from a county with a population of less than five hundred thousand persons according to the most recent United States decennial census.
 - g. One member appointed by the governor to represent counties with populations of five hundred thousand persons or more according to the most recent United States decennial census.
 - h. *One member appointed by the governor to represent counties with populations of less than five hundred thousand persons or more according to the most recent United States decennial census.*

- i. One member appointed by the governor to represent sanitary districts in counties with populations of less than five hundred thousand persons according to the most recent United States decennial census.
 - j. The chairman of the Arizona corporation commission or the chairman's representative.
 - k. One member appointed by the governor from a public water system that serves five hundred persons or more.
 - l. One member appointed by the governor from a public water system that serves fewer than five hundred persons.
 - m. One member appointed by the governor to represent Indian tribes.
 - n. The department of environmental quality shall provide clerical support and office and meeting space to the board.
3. The fund should be primarily a revolving loan fund. Grants of limited size may be offered in certain cases. The criteria for issuing a grant will be set by statute and rule.
4. All municipal providers, private water companies, domestic water improvement district, irrigation districts that supply domestic water, and pilot districts are eligible to apply for a loan or a grant.
5. A Priority List based on ranking criteria would be used to determine the distribution of funds. The ranking criteria shall include consideration of:
 - a. Legal capability – ability to enter into long-term financial arrangements.
 - b. Financial capability – demonstration of revenue sources to pay for loans.
 - c. Technical capability – ability to construct, operate and maintain project
 - d. Managerial and institutional capability – ability to manage the financial, institutional and administrative functions of the project.
 - e. Environmental capability – ability to meet NEPA and ADEQ requirements.
 - f. Permits and other regulatory capabilities – Must be in process or completed.
 - g. Priority Value Determination – a ranking process shall be determined by rule that includes consideration of:
 - i. Existing Conditions - including, but not limited to, the relative need to obtain water for existing and near-term water demands, long-term water supply conditions, mitigation of impacts on vested water rights, existing conservation and water management programs and length of time on the priority list.
 - ii. Project benefits – including, but not limited to, conservation benefits, adequacy water requirements for growth, renewable or

augmented water supplies to provide sustainable water resources for health, welfare, environment and the economy, regional project benefits.

- h. Financial Ability Needs Assessment – a ranking process shall be determined by rule that includes consideration of:
 - i. Need for financing assistance – higher ranking based on need.
 - ii. Comparison of water use rates, fees and other qualifying charges to median household income – higher relative rates and fees increases ranking.
 - iii. Cost effectiveness of proposed project.
- i. Readiness to proceed – an applicant may be bypassed in the priority list if it is not ready to proceed.
- 6. Grants for technical assistance and planning may be granted under the same criteria as the WIFA Board now grants technical assistance funding. Criteria for ranking the applicants would be established by rule based on need and willingness to cost share. The proposed project technical assistance should assist the system to achieve technical capability, managerial and institutional capability, or financial capability. The proposed project technical assistance should facilitate the design, construction, acquisition, improvement, or consolidation of a drinking water or wastewater system.