
Appendix A

State Solicitation Materials and Sample Documentation

The

Loan Arranger



Winter 1998

Municipal Facilities Section - Environmental Assistance Division
Michigan Department of Environmental Quality **DEQ**

Pardon Our Dust

From off on the horizon comes a cloud of dust and the familiar expression, "Hi-ho, Silver!" We know *The Loan Arranger* has arrived. Please pardon the throwback to the days when baby boomers were truly babies, but we thought it appropriate to invoke memories of good deeds performed by the legendary masked man.

Our dust results from the changes made in the Municipal Facilities Section (MFS) to accommodate a new environmental financing program. The MFS has been working for over a year to build a low-interest financing program for drinking water projects, similar to the State Revolving Fund (SRF) for wastewater. This newsletter is a product of the changes that have been made. For the past several years, it was known as *The Digester*. Since this name is inherently linked to wastewater treatment, staff felt it would not be appropriate to carry it on once we began the Drinking Water Revolving Fund (DWRf).

Since we deal with silver, or at least the currency of the country, we started to laugh about the prospects of the cry "Hi-ho, Silver!" to those to whom we could offer financial assistance. From this, the evolution of the name *The Loan Arranger* was quick. It invoked memories of the legendary cowboy riding to the rescue of those who needed aid. That's what we do as well, both in the DWRf and the SRF. Our goal is to provide financial assistance to qualified applicants to help protect the health, vitality and safety of the environment and the citizens of Michigan.

The Loan Arranger will be expanded to encompass articles about the new DWRf, as well as continue to communicate issues relating to the SRF. Readership lists are being expanded to include community and non-

community water suppliers, and consultants who may not have been involved in the SRF. We will continue to publish three times a year, but you will likely see a few more pages because there is more to communicate.

We also would like to welcome into our partnership, the staff of the DEQ, Drinking Water and Radiological Protection Division (DWRPD), who are responsible for administering the Drinking Water Program in Michigan. The DWRPD staff come from the former Michigan Department of Public Health. They will be our partner in administering the DWRf and you will see articles specific to their activities in this and future issues.

We welcome your feedback and comments on the newsletter and hope that you find it informative. If you have suggestions for future articles or features, please address them to *The Loan Arranger* Editor, Municipal Facilities Section, at the address shown on the back.

We look forward to a long and productive run, but for now...we're back to the clouds of dust!

If you wish to make additions, deletions, or changes to *The Loan Arranger* mailing list, please call the Editor, Cindy Salmon, at 517-373-2161, or send your correct name and address to *The Loan Arranger*, Municipal Facilities Section, Environmental Assistance Division, Michigan Department of Environmental Quality, PO Box 30457, Lansing, MI 48909-7957.

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Michigan Department of Environmental Quality

Drinking Water Revolving Fund The Lightning Round

The "thud" heard at the offices of the Municipal Facilities Section on January 2 was the sound of project plans being dropped off in pursuit of Drinking Water Revolving Fund (DWRF) assistance in Fiscal Year 1998 (FY98). Project plans for 36 projects were submitted by public water suppliers, each with the hope of grabbing some portion of the \$75 million currently available in the DWRF. With only seven months remaining in FY98, applicants, their engineers, and bond counsels, as well as staff of the Department of Environmental Quality, Michigan Municipal Bond Authority, and Attorney General have their work cut out for them.

What happens now? The submitted plans have been screened. Those 25 plans that propose a legitimate DWRF project and whose contents are consistent with the requirements of Section 5405 of Michigan's Natural Resources and Environmental Protection Act, appear on the draft FY98 Project Priority List. A public hearing on this list and the state's FY98 Intended Use Plan will be held at 1:30 p.m. on Tuesday, March 17, 1998, in the G. Mennen Williams Building (formerly known as the Law Building) Auditorium. Project managers from the Municipal Facilities Section and staff of the Drinking Water and Radiological Protection Division have already begun working with the applicants for these projects toward planned DWRF loan closings in late June or late September of 1998. Project plan review and approval, development and approval of a revenue collection system, completion of design, and the receipt of construction bids are all tasks that must be completed prior to loan closing. The remainder of FY98 will be very busy!

For FY99, we hope to begin using a standard annual cycle for managing the DWRF program. Suppliers seeking loan assistance in FY99 must submit a final project plan on or before May 1, 1998. Projects in the fundable range of the FY99 Project Priority List will be able to close on their loans in one of four quarters; the end of December 1998, or the end of March, June, or September of 1999.

Department staff are currently working with a number of suppliers who intend to make May 1 submittals. Included are some water suppliers who submitted inadequate project plans on January 2. Suppliers and their engineers should be reminded to closely follow the Project Plan Preparation Guidance available from this office. Special attention should be paid to ensuring that alternatives are adequately evaluated and that public participation opportunities are sufficient. The final plan must contain a description of these opportunities. Project

officials should maintain close contact with their project manager from the Municipal Facilities Section throughout the project planning process. This will help to ensure that all necessary steps are taken in a timely manner. Questions about the Project Plan Preparation Guidance may be directed to the Municipal Facilities Section at 517-373-2161.

DWRF Set-Asides A New Way to do Business by Jim Cleland, DWRPD

The term "set-asides" originated with passage of the federal Safe Drinking Water Act in August 1996. Among state drinking water regulators and state revolving fund administrators across the nation, it has become an integral part of the vocabulary.

There are two types of set-asides; national set-asides administered by the U.S. Environmental Protection Agency, and state set-asides administered by each state with a Drinking Water Revolving Fund (DWRF). Set-asides are used to meet the objectives of Congress and the states in the administration of a comprehensive drinking water program. By funding program needs through set-asides, Congress meets the Unfunded Mandates Act and allows states flexibility in funding programs with the highest priority for their specific needs.

It should be obvious that setting aside any funds from the appropriation for a DWRF will erode the assets of the fund and provide less money for waterworks construction projects. However, Congress has included several new mandates in the reauthorized Safe Drinking Water Act, and is relying on set-asides to fund them. If states fail to meet the new mandates, they are penalized by either suffering a 20-40 percent loss of DWRF grant funds, or loss of federal grant funds dedicated to the state Public Water Supply Supervision Program.

This creates competition (and conflict) in the use of the same appropriated money, but it does allow states to apply funds to areas of greatest need. For example, of the eleven allowable state set-asides in the Safe Drinking Water Act, Michigan is using only three in FY97 and six in FY98.

State set-asides can be up to 31 percent of the total federal grant awarded. Michigan is proposing to use approximately 15 percent of the money for set-asides, and much of the money will be returned to local government and public water suppliers.

Each year that Michigan applies for federal grant funds, an Intended Use Plan must be prepared and a public hearing held on both the money intended for construction

projects, and the money proposed to be set aside. In addition, the state holds stakeholder meetings in advance of the Intended Use Plan to receive public input on the proposed set-asides, a process which was included in 1997 PA 26, the statute which created the DWRP in Michigan by adding Part 54, Safe Drinking Water Assistance to 1994 PA 451.

Michigan is proposing some important new programs using set-asides to improve public water supplies and drinking water quality. Source water protection is a primary theme and three separate set-asides will be used in this area. The state, through contracts with local health departments and Michigan State University, will be assessing each public water supply source for vulnerability to contamination. The information and maps generated will be used by the state, local health departments, and the public for siting new public and private wells and setting priorities for water resource protection activities. The state will initiate efforts to address the problems of abandoned wells. Improperly abandoned wells provide a direct avenue for the migration of surface contaminants into the aquifers used for drinking water. The state is also proposing a matching grant program to public water suppliers who are performing Wellhead Protection Program activities under the voluntary state program. These efforts will provide long term benefits by focusing resources on source protection and pollution prevention.

Other set-asides will be used for direct technical assistance to public water suppliers for water system operation and management. A new program will focus on the technical, financial, and managerial capacity of public water supplies to assure long-term compliance with all national drinking water standards. The state operator certification and training program will be expanded and improved, especially for small public water supplies.

The new provisions of the Safe Drinking Water Act, including the new money to construct water system improvements, should have dramatic impacts upon the quality of drinking water in Michigan and in the nation in future years. More information will be published in future issues of the Loan Arranger.

The Drinking Water and Radiological Protection Division will assume primary responsibility for administering the set-asides, and welcomes your participation and input. Please call 517-335-9218 if you have any questions.

DWRP Publications

Since Governor John Engler signed Acts 26 and 27 into law establishing the new Drinking Water Revolving Fund (DWRP) program, a number of documents have been developed to assist applicants in meeting program

requirements. Please review the following list and contact the Municipal Facilities Section if you wish to receive any of these materials.

DWRP Brochure: This brochure provides an introduction to the DWRP program. It includes the program history and purpose, as well as information regarding qualifying water suppliers and types of projects. Basic information regarding the process of applying for and receiving a loan is also provided.

Project Plan Preparation Guidance: This guidance is intended to assist water suppliers in fulfilling the project planning requirements of the DWRP program. A final project plan must include all applicable elements identified in Part 54 (Safe Drinking Water Assistance) of Michigan's Natural Resources and Environmental Protection Act (1994 PA 451) MCL 324.5401-324.5418. This document provides guidance regarding those project planning requirements. It also stresses the uniqueness of every project and the importance of contacting this office early in the process for assistance in identifying applicable planning requirements. It was published in September 1997.

Three supplementary planning handouts are also available upon request: Regional Planning Agency Addresses, National Natural Landmarks in Michigan, and Michigan's Natural and Wild & Scenic Rivers. The Project Plan Preparation Guidance directs applicants to request any of these items if needed to complete the project plan.

Finally, three additional handouts pertaining to federal project planning crosscutters and state requirements are available upon request: a list of crosscutters and the applicable statutes, the environmental contacts list, and a document detailing federal requirements related to project planning.

Eligibility Guidance: This guidance provides information on the eligibility of project costs for DWRP financing. Both general and specific eligibility criteria are provided. Such criteria are necessary to ensure consistency of program decisions regarding eligible costs to include in DWRP loans. This guidance was published in February 1998. The document will be modified in the future, as new eligibility questions are addressed.

Disadvantaged Community Guidance: The intent of this guidance is to provide water suppliers with information regarding the "disadvantaged community" provisions of the DWRP program. It expands upon the statutory provisions contained in Part 54, 1994 PA 451. The guidance may be used to assist applicants in assessing whether they qualify as a disadvantaged community. This document became available in February 1998.

Application: The first step in applying for DWRF assistance is preparation and submittal of a project plan. After the project is listed on the Project Priority List and identified as fundable, an application must be completed. The application includes financial information, project costs, and bid data. This application is currently under development and will be available in February 1998.

In addition to the above materials, project plan review checklists have also been developed to assist both the MFS and Drinking Water and Radiological Protection Division (DWRPD) staff in the review of project plan submittals. A Powerpoint presentation has also been created to assist staff in presenting information about this new program. Please contact the MFS to schedule an informational meeting and viewing of the slide show. Photocopies of the slides have also been printed and are available upon request.

Disadvantaged Community Status

The new Drinking Water Revolving Fund (DWRF) offers additional benefits to disadvantaged municipalities. Such determinations are made by the Technical Support Unit of the Municipal Facilities Section, based on information provided by water suppliers interested in obtaining a loan from the DWRF.

To qualify as a disadvantaged community, a supplier must meet several qualifications. First, only suppliers meeting the definition of a "municipality" in Part 54, Safe Drinking Water Assistance, 1994 PA 451, may qualify.

Next, the updated Median Annual Household Income (MAHI) for the area to be served by a proposed project must not exceed 120 percent of the updated statewide MAHI for Michigan. This is calculated by taking the published amounts from the U.S. Bureau of the Census statistics and applying the Detroit Consumer Price Index published by the U.S. Bureau of Labor Statistics.

The proposed project costs must also be directly assessed to users within the area served by the proposed project. The intent of the disadvantaged status is to provide relief primarily to residential customers who may be economically distressed by high annual user costs. This is determined by the comparison of MAHI information to annual user costs. If the project costs are borne over an area wider than the area to be served by the project, then the updated MAHI for the entire assessment area would be reviewed.

If these three criteria are met, a determination will then be based on one of the following four applicable standards:

1. More than 50 percent of the area to be served by the project is identified as a poverty area by the U.S. Bureau of the Census.
2. The updated MAHI for the area to be served is less than the most recently published Federal Poverty Guidelines for a family of four in the contiguous United States.
3. If the updated MAHI for the area to be served is less than the updated statewide MAHI for Michigan, annual user costs must exceed 1.5 percent of the MAHI for the service area.
4. If the updated MAHI for the area to be served is greater than the updated statewide MAHI, annual user costs must exceed 3.0 percent of the updated MAHI for the service area.

If a water supplier meets the criteria identified here, they will receive 50 additional points in the priority system, be offered repayment terms up to 30 years, and may obtain help in defraying their costs of project planning. Two reviews will be conducted. One will occur based on project plan information to determine qualification for priority points. The second will occur after bid costs are known to determine whether or not the supplier will receive planning assistance and the additional years to repay the loan.

More details can be found in the DWRF Disadvantaged Community Guidance. Copies may be requested by calling the Municipal Facilities Section at 517-373-2161.

Fiscal Year 1997 Annual Report for the State Revolving Fund

Staff of the Municipal Facilities Section recently completed the FY1997 Annual Report for Michigan's State Revolving Fund (SRF). The SRF provides low-interest loans to municipalities undertaking water pollution control projects.

Completing its ninth year, the SRF has matured into an attractive financing alternative for municipal financing of wastewater treatment projects. During FY1997, the Department of Environmental Quality (DEQ) and the Michigan Municipal Bond Authority (MMBA) closed on 16 loans which totaled \$104.2 million. To date, the SRF has financed \$706.9 million for 130 projects.

The distribution of different types of projects among municipalities of differing sizes is also encouraging. Since its inception, 36.3 percent of all SRF loans made have been committed to municipalities of less than 10,000 in size. While combined sewer overflow (CSO)

corrections account for 48 cents of every dollar spent, the commitments for CSO correction in FY1997 were only 8.4 percent. This reduction permits other wastewater treatment upgrade projects to qualify for available loan funds.

The SRF has also pushed outlays once commitments were made. We have disbursed 75 cents of every dollar made in loan commitments to local municipalities. This means the dollars materialize more quickly for municipalities and their contractors, and keeps the work progress moving forward. This has also paid off in quicker administrative completion of projects in the SRF program. Dollars remaining are committed to projects still under construction.

The SRF program was designed to operate as a revolving fund. As repayments have come into the SRF accounts from earlier loans, the DEQ and the MMBA have used them to augment the waning federal contribution. Federal funds accounted for less than one-third of the available capital during FY1997.

For further information about the FY1997 SRF Annual Report, please check out our MFS Homepage at www.deq.state.mi.us/ead/mfsect/.

Public Participation

Many water suppliers submitted Drinking Water Revolving Fund (DWRf) project plans on January 2, 1998 hoping to be placed on the Project Priority List (PPL). Unfortunately, inadequate submittals precluded some projects from being placed on the FY98 PPL.

Part 54, 1994 PA 451 specifies what a complete project plan must include. Municipal Facilities Section staff made the Project Plan Preparation Guidance available in September 1997, which explained the law.

One of the most common misunderstandings in this first round of submittals involved public participation requirements. The language in Part 54 was intended to ensure that each applicant had provided proper public notice of the proposed project to the affected community. The following steps must be taken to ensure adequate public participation.

- The applicant must hold a public hearing on the proposed project. The date, time, and place chosen must be conducive to maximizing public input opportunities. An early morning or noontime hearing may not afford the public an adequate opportunity to attend. Similarly, scheduling a hearing on or near a holiday may not maximize public participation in the decision-making process.

- The public hearing needs to be advertised at least 30 days in advance. The advertisement should be placed in one or more publications of local circulation in order to reach the greatest number of affected parties. Using the local newspaper, as well as posting the notice at the water supplier's or municipal/township offices, or direct mailing to system customers is recommended.
- The draft project plan must be available to the public for examination for at least 30 days prior to the hearing, with the location of its availability mentioned in the advertisement. Typically, the applicant displays the plan, and may be able to answer questions prior to the hearing.
- A verbatim written transcript or an audio recording of the entire public hearing must be provided with the project plan submittal. Summaries or meeting minutes are not complete records of the hearing, and are unacceptable.
- Changes to the draft project plan resulting from public concerns should be described in detail in the final submittal.
- An attendance list from the public hearing, including names and complete addresses, is required in the final project plan submittal.
- Copies of all written public comments on the project, along with the applicant's responses, must be included in the final project plan submittal.

After concluding the public participation process, the final plan must contain a resolution of adoption from the governing body of the participating municipality(ies), or a statement of intent from a water supplier who is not a municipality. This resolution must occur only after the public hearing has been held.

Documentation of the public participation process is only one critical component of an acceptable final project plan. **Water suppliers submitting plans for the May 1, 1998 deadline are advised to contact the Municipal Facilities Section as soon as possible, so that a project manager can assist them.**



The Loan Arranger

ENVIRONMENTAL ASSISTANCE DIVISION
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
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To talk to your district engineer or public health sanitarian, contact an MDH District Office:

Bemidji

1819 Bemidji Avenue
Bemidji, Minnesota 56601-3866
218/755-3820 FAX: 218/755-3823

Duluth

320 West Second Street, Room 703
Duluth, Minnesota 55802-1402
218/723-4643 FAX: 218-723-4920

Fergus Falls

Building 4A, East Drive
Fergus Falls, Minnesota 56537-4103
218/739-7585 FAX: 218/739-7544

Mankato

410 Jackson Street, Suite 150
Mankato, Minnesota 56001-3752
507/389-2501 FAX: 507/389-5563

Marshall

109 South Fifth Street
Marshall, Minnesota 56258-1268
507/537-7151 FAX: 507/537-7194

Rochester

18 Woodlake Drive Southeast
Rochester, Minnesota 55904-5506
507/285-7289 FAX: 507/285-7445

St. Cloud

3400 North First Street, Suite 305
St. Cloud, Minnesota 56303-4000
320/255-4216 FAX: 320/255-4264

For general information about the Drinking Water Revolving Fund program, contact:

Minnesota Department of Health
Drinking Water Protection Section
121 East Seventh Place Suite 220
P. O. Box 64975
St. Paul, Minnesota 55164-0975
651/215-0770 FAX: 651/215-0775

For information regarding the Public Facilities Authority's application procedures and financial assistance available through the Drinking Water Revolving Fund, contact:

Minnesota Department of Trade and Economic Development
Public Facilities Authority
500 Metro Square
121 East Seventh Place
St. Paul, Minnesota 55101-2146
1/800/657-3858 or 651/297-1530
FAX: 651/296-5287

To request this document in another format, call 651/215-0700; TDD 651/215-0707 or toll-free through the Minnesota Relay Service, 1/800-627-3529 (ask for 651/215-0700).

February 1999

Drinking Water Revolving Fund

**What it Means to Minnesota
Public Water Suppliers**



Minnesota Department of Health
Drinking Water Protection Section

Overview of the Drinking Water Revolving Fund

The Drinking Water Revolving Fund provides below-market-rate loans to municipalities and other community drinking water systems—as well as to nonprofit noncommunity drinking water suppliers—to improve or construct treatment, storage, and distribution systems that are necessary to maintain compliance with the federal Safe Drinking Water Act and improve drinking water infrastructure.

Water is our most important resource. We are fortunate in Minnesota to have a safe and adequate supply of water. However, this will continue only if we remain vigilant and address emerging issues, such as deteriorating drinking-water infrastructures.

Some public drinking water systems in Minnesota are 50 to 100 years old. Funds are needed to upgrade or expand water systems and to remedy water quality problems and threats. The Drinking Water Revolving Fund could mean relief for these aging water systems.

Enacted in the summer of 1996 as part of the reauthorized Safe Drinking Water Act, this program allows states to set up revolving-loan funds for drinking water projects similar to those already in place for wastewater treatment projects.

Drinking Water Revolving Fund

Program Purpose: To provide financial assistance—primarily in the form of below-market-rate loans—to municipalities and other eligible public water suppliers to improve or construct water treatment, storage, and distribution systems needed to comply with the Safe Drinking Water Act and to improve drinking water infrastructure.

Eligible Applicants: All community water suppliers and nonprofit, noncommunity water suppliers, such as schools and government office buildings, are eligible for the loans. This program is not available to private well owners.

How It Works: The federal government awards funds to states to capitalize their individual revolving funds. In Minnesota, these federal funds can be leveraged through the sale of tax-exempt bonds to generate additional funds that can be loaned to municipalities for eligible drinking water systems. Upon completion of its project, the loan recipient will repay the loan. These repaid funds will then be lent to other eligible drinking water suppliers. The revolving loan fund will help water suppliers meet projected needs many years into the future.

Interest Rates: The loans will be made at below-market rates with the specific rate based on the size and financial capability of each municipality. The interest rate will be determined by financial need for municipal water systems and by a reduction of up to two percent on bank-loan rates for eligible nonmunicipal and noncommunity water systems.

Priorities: The Safe Drinking Water Act gives priority for the use of funds to projects that address the most serious risk to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act, and assist the systems most in need on a per household basis according to state affordability criteria.

Money Available: Minnesota expects to receive approximately \$130 million in federal funds through 2003, plus an additional \$26 million in required state matching funds. If necessary, these funds can be leveraged through the sale of bonds to generate additional loan funds.

Administration: The Drinking Water Revolving Fund is being administered by the Minnesota Department of Health and the Public Facilities Authority (Minnesota Department of Trade and Economic Development). The Health Department will set priorities for the use of the revolving-fund money, review the proposed projects for technical adequacy, and provide training and technical assistance for public drinking water suppliers. The Public Facilities Authority will review the borrower's financial capability, sell bonds to fund projects, set the interest rate, terms, and conditions of the loans, and process and award the loans.

**WHO SHOULD
ATTEND?**

NON-PROFIT
ORGANIZATION
US POSTAGE
PAID
BISMARCK ND 58501
PERMIT #310

- ◇ City Engineers & Public Works Directors
- ◇ Rural Water System Managers
- ◇ Trailer Court & Subdivision Owners¹
- ◇ Noncommunity Drinking Water Suppliers²
- ◇ Consulting Engineers
- ◇ Technical Assistance Providers
- ◇ Funding Agencies
- ◇ Anyone involved in protecting public drinking water supplies

¹If the facility is regulated under the SDWA.

²Nonprofit only.

Workshop Presenters

Jack Long, Director
Division of Municipal Facilities
ND Department of Health

D. Wayne Kern, Program Administrator
Drinking Water Program
ND Department of Health

Dave Koland, Executive Director
ND Rural Water Systems Association

**ND Rural Water Systems Association
1120 College Drive #100
Bismarck, ND 58501**

**Drinking Water
SRF
Workshop**

April 16, 1997



Bismarck Radisson Inn

Drinking Water SRF Workshop



Drinking Water SRF Overview

Its New!!! When Does It start? How does it work? How do I get on the priority list?

State Set-Asides Available

What are set-asides? Which ones do we need in North Dakota? What types of projects can set-asides be used for?

Intended Use Plan (IUP)

What is an IUP? Will the public get a chance to comment on the IUP? What projects are eligible for inclusion in the IUP? Can I combine money from MR&I, RDA, the Bond Bank and the Drinking Water SRF?

Ranking System Factors

What factors should be used to evaluate and prioritize projects?

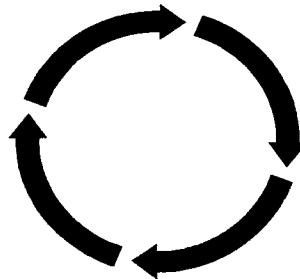
WORKSHOP OBJECTIVE

This workshop is designed to:

- ◇ Provide background information on the **Drinking Water SRF** and how it might benefit your system.
- ◇ Obtain public input on the use of Drinking Water SRF set-asides.
- ◇ Obtain public input on the factors to be considered in developing a priority ranking system for eligible Drinking Water SRF projects.

Your INPUT is needed!

You can help set the direction of the NEW Drinking Water SRF



SRF=State Revolving Fund

**Radisson Inn
Bismarck
April 16, 1997**

Registration

Registration begins at 9:45 a.m. and will include coffee and rolls in the foyer of the Heart/Sheyenne Room

The workshop will begin promptly at 10:00 a.m. The workshop is scheduled to end at 3:30 p.m.

Lunch is not included but a noon buffet will be available in the Radisson Inn dining room for \$5.95. The Radisson Inn is located at 800 South 3rd Street. There is no charge for the workshop.

Please fill out the enclosed registration slip or call 1-800-349-6951 to register today!

**Sponsored by:
North Dakota
Rural Water Systems
Association**

STATE OF NORTH DAKOTA
 DRINKING WATER STATE REVOLVING FUND (DWSRF)
 POTENTIAL FY97 SET-ASIDES BASED ON A FY97 CAPITALIZATION GRANT OF \$12,558,800 (1)

SET-ASIDE CATEGORY	SET-ASIDE AMOUNT (2)
PROGRAMMATIC DWSRF ADMINISTRATION STATE PROGRAM ASSISTANCE (3) SMALL SYSTEM ($\leq 10,000$) TECHNICAL ASSISTANCE LOCAL ASSISTANCE & OTHER STATE PROGRAMS (5)	UP TO 4.0% OR \$502,352 UP TO 10.0% OR \$1,255,880 (4) UP TO 2.0% OR \$251,176 UP TO 10.0% OR \$1,255,880 FOR ANY <u>ONE</u> ACTIVITY--- UP TO 15.0% OR \$1,883,820 FOR ALL COMBINED ACTIVITIES
PROJECTS LOANS TO SMALL SYSTEMS ($\leq 10,000$) LOANS TO DISADVANTAGED COMMUNITIES	<u>MANDATORY</u> 15.0% OF DWSRF FUND (6) <u>OPTIONAL</u> --UP TO 30% OR \$3,767,640

(1) Based on the FY97 Congressional appropriation, North Dakota's potential capitalization grant for FY97, assuming no withholdings by the U.S. EPA, is \$12,558,800. Any time one year after a state establishes a DWSRF, but prior to FY2002, the Governor of a state may transfer 33% of the funds in the DWSRF to the Clean Water Act SRF. The same dollar amount may be transferred from the Clean Water Act SRF to the DWSRF.

(2) The maximum permissible set-asides are set forth under Section 1452 of the Safe Drinking Water Act Amendments of 1996 (P.L. 104-182).

(3) State program assistance includes the Public Water Supply Supervision (PWSS) program, source water protection program(s), capacity development program, and operator certification program.

(4) States must provide a dollar-for-dollar match for capitalization grant funds used for this set-aside. At least one-half of the match must be in addition to state funds expended for the PWSS program in FY93.

(5) Local assistance and other state programs includes: loans to acquire land or conservation easements for source water protection purposes; loans to implement source water protection measures; state delineation and/or assessment of source water protection areas; state development and implementation of an EPA-approved wellhead protection program; and, state assistance to systems for capacity development. FY97 is the only year when funds will be available for state delineation and/or assessment of source water protection areas. Funds set aside for this purpose must be obligated by the state within four fiscal years.

(6) The 15% set-aside for loans to small systems is based on the capitalization grant minus funds dedicated to the other set-asides (excluding the set-aside for loans to disadvantaged communities).

RANKING SYSTEM FACTORS

Issue:	Percentage:
Affordability	_____ %
Conservation	_____ %
Operation & Maintenance	_____ %
Project Cost	_____ %
Water Quality	_____ %
Water Quantity	_____ %

Representing:

City Engineer _____ Public Works Director _____ Rural Water System Manager _____
Water Operator _____ Trailer Court or Subdivision Owner _____
Consulting Engineer _____ Technical Assistance Provider _____
Funding Agency _____ Other (Specify) _____

RANKING SYSTEM CRITERIA

Water Quality:

1. Address present exceedance of enforceable standards

High Priority Medium Priority Low Priority No Opinion Not to be Considered

2. Address future standard exceedances where no standards presently exist

High Priority Medium Priority Low Priority No Opinion Not to be Considered

3. Address future standard exceedance while the present standard is currently being met

High Priority Medium Priority Low Priority No Opinion Not to be Considered

4. Address aesthetic problems (nonenforceable standards and other quality problems)

High Priority Medium Priority Low Priority No Opinion Not to be Considered

5. Susceptibility to water contamination

High Priority Medium Priority Low Priority No Opinion Not to be Considered

6. Availability of alternative water source with acceptable quality

High Priority Medium Priority Low Priority No Opinion Not to be Considered

7. _____

High Priority Medium Priority Low Priority No Opinion Not to be Considered

Water Quantity:

1. Address quantity problems

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____
75 gpcd	_____			
100 gpcd	_____			
150 gpcd	_____			
200 gpcd	_____			
Other	_____			

2. Inadequate pressure during peak flow

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____

3. Is another source of water available

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____

4. _____

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____

Affordability:

1. Population served

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____

2. Ability to pay based on Average Household Median Income (AHMI) or other indicator _____

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____

3. Degree of local participation (\$'s contributed)

High Priority	Medium Priority	Low Priority	No Opinion	Not to be Considered
_____	_____	_____	_____	_____

4. Ability to receive funding elsewhere

High Priority Medium Priority Low Priority No Opinion Not to be Considered

5. Ability to finance internally

High Priority Medium Priority Low Priority No Opinion Not to be Considered

6. Present water bill as percent of AHMI

High Priority Medium Priority Low Priority No Opinion Not to be Considered

7. Future water bill (after construction) as percent of AHMI

High Priority Medium Priority Low Priority No Opinion Not to be Considered

8. System meets state/EPA definition of a disadvantaged system

High Priority Medium Priority Low Priority No Opinion Not to be Considered

9. Cost effectiveness

High Priority Medium Priority Low Priority No Opinion Not to be Considered

Cost/person served _____
Cost/tap served _____
Other (specify) _____

10. Readiness to proceed

High Priority Medium Priority Low Priority No Opinion Not to be Considered

Immediately _____
6 months _____
12 months _____
More than a year _____

11. Separate water department account (from general fund)

High Priority Medium Priority Low Priority No Opinion Not to be Considered

12. Willingness to pay

High Priority Medium Priority Low Priority No Opinion Not to be Considered

13.

High Priority Medium Priority Low Priority No Opinion Not to be Considered

14.

High Priority Medium Priority Low Priority No Opinion Not to be Considered

Project Cost:

1. Cost of project

High Priority Medium Priority Low Priority No Opinion Not to be Considered

\$0 - \$10K _____
\$10K - \$50K _____
\$50K - \$1M _____
\$1M - \$5M _____
\$5M - \$10M _____
Greater than \$10M _____

2. Prorate maximum project cost to annual fund

High Priority Medium Priority Low Priority No Opinion Not to be Considered

3. Ability for project to be funded in multiple places

High Priority Medium Priority Low Priority No Opinion Not to be Considered

4.

High Priority Medium Priority Low Priority No Opinion Not to be Considered

Operation and Maintenance:

1. Facility at or exceeds useful or design life

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

2. Facility at or exceeds design capacity

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

3. Facility recycles plant or process water

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

4. Facility sludge used as a beneficial product

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

5. Project includes consolidation or restructuring of water systems

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

6. Committed to source water protection

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

7. Has or will have certified operator(s)

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

8. Has or will develop a routine maintenance program

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

9. Applicant current on all SDWA monitoring and reporting requirements

High Priority Medium Priority Low Priority No Opinion Not to be Considered
_____ _____ _____ _____ _____

10. Has or will develop an emergency response plan
High Priority Medium Priority Low Priority No Opinion Not to be Considered

11. Has or will develop a backflow protection program
High Priority Medium Priority Low Priority No Opinion Not to be Considered

12. Has or will establish a repair/scheduled replacement program
High Priority Medium Priority Low Priority No Opinion Not to be Considered

13. _____
High Priority Medium Priority Low Priority No Opinion Not to be Considered

14. _____
High Priority Medium Priority Low Priority No Opinion Not to be Considered

15. _____
High Priority Medium Priority Low Priority No Opinion Not to be Considered

Conservation:

1. Has or will establish nondeclining block water rates
High Priority Medium Priority Low Priority No Opinion Not to be Considered

2. System is 100% metered
High Priority Medium Priority Low Priority No Opinion Not to be Considered

3. Has a leak detection program

High Priority Medium Priority Low Priority No Opinion Not to be Considered

4. _____

High Priority Medium Priority Low Priority No Opinion Not to be Considered

5. _____

High Priority Medium Priority Low Priority No Opinion Not to be Considered

6. _____

High Priority Medium Priority Low Priority No Opinion Not to be Considered

Representing:

City Engineer _____ Public Works Director _____ Rural Water System Manager _____
Water Operator _____ Trailer Court or Subdivision Owner _____
Consulting Engineer _____ Technical Assistance Provider _____
Funding Agency _____ Other (Specify) _____

*Vermont's Intended Use Plan for
Drinking Water State Revolving Loan Fund*

The Vermont Water Supply Division is inviting you to help us determine how to spend the Fiscal Year 1998 Drinking Water State Revolving Fund of **\$8.5 million**. A draft Intended Use Plan has been prepared which identifies how the Water Supply Division proposes to spend \$8.5 million on drinking water infrastructure improvements, source water protection, and water system management enhancements. This plan includes a list of the projects proposed for funding with the \$8.5 million.

Please attend one of the information meetings to discuss the Plan, ask questions, and provide comments and suggestions. Written comments are also requested. Please send written comments to the DWSRF Program, Water Supply Division, 103 South Main Street, Waterbury, VT 05671-0403.

Meeting Information

June 2, 1998, 7-9pm

Pavilion Building Auditorium
109 State St
Montpelier, VT.

June 3, 1997, 7-9pm

Rutland High School - Lecture Hall
Stratton Road (Route 4 East)
Rutland, VT

For a copy of the Intended Use Plan please call (800) 823-6500 or FAX (802) 241-3284 or view it on the Internet at **<http://www.anr.state.vt.us>**

RESPONSIVENESS SUMMARY

The following comments were made verbally during the two public meetings in Montpelier and Rutland, the Consultant's workshop in Waterbury, the Green Mountain Water Environment presentation in Rutland, or received in writing (i.e., letter, fax, or e-mail) during the public comment period. The comments have been edited and consolidated for brevity and clarity. The Water Supply Division has a file available to the public which contains the notes from the public meetings and written comments received during the public comment period.

1. Will public comments result in changes to the priority list?

Priority scoring sheets are available for all projects on the priority list and water systems are advised to review the scoring sheets for accuracy. Priority scores are adjusted as appropriate. The scores for several projects on this year's list were changed based on public comments.

2. Will applications received after the draft list was published but before the list was finalized be considered for the priority list?

Applications received after the draft list was published will not be included on the list unless the project was an "Emergency Project".

3. Can loans be made from the Planning Loan Fund when an application is submitted if funds are available?

Yes, if the application is complete and the project meets eligibility criteria.

4. Is there a schedule which shows realistic times for planning, loan approvals and construction for a typical project?

We are working on development of such a schedule.

5. Can a Final Design application be submitted prior to a bond vote?

Yes.

6. *Are there plans to update the "cost curve" used for estimating allowable engineering costs for small projects?*

Yes, the cost curves were updated several years ago and need review and adjustment, as appropriate.

7. *Are water meter replacement projects eligible?*

Water meters, as well as backflow preventers and remote meter readers, are eligible as part of a total improvement project. A project to just replace water meters is questionable and would not receive any priority points for funding.

8. *What is meant by distribution system land is eligible?*

Land purchases necessary for the construction of distribution facilities are an eligible project cost.

9. *What population is used for determining the median household income?*

The water system may use the census data for the town or village where the water system is located or do a survey of the system users. If a water system has users in two different census areas, the median household income is determined by prorating the census data or doing a survey.

10. *Where are Bond Bank loan application forms obtained?*

Bond Bank loan application forms must be obtained from the Bond Bank.

11. *How long does it take to complete the administrative process of loan application review, approval and loan execution?*

We are currently estimating 2 months.

12. *How long does it take to process payment requests?*

It takes 2 or 3 days plus the time for the Bond Bank to sign off and the Chittenden Bank to issue the check to municipal systems.

Payments to private systems are made by the Vermont Economic Development Authority.

Short-term borrowing expenses to cover the processing time are eligible costs under the loan.

13. *Will the state only fund the most cost effective alternative?*

This is generally true, however, there may be other considerations such as capacity and consolidation of systems. This will be a project specific determination.

14. *How detailed or complete does Preliminary Engineering need to be?*

Preliminary engineering should include adequate investigation to select the appropriate alternate, prepare an estimate of project cost within 10% and complete the environmental review necessary to issue a categorical exclusion for the project.

15. *Does DBE on engineering contracts apply toward DBE goals?*

Yes.

16. *Are costs associated with the required environmental review and historic preservation compliance eligible for funding?*

Yes.

17. *Are DBE requirements a goal or a requirement?*

The DBE requirements are a goal.

18. *Who determines the type of procurement requirements that must be used on the project?*

The Facilities Engineering Division makes these determinations.

19. Are Source Protection Plans an eligible cost?

Source Protection Plans are only eligible for funding when they are part of new source development.

20. What is the state going to do for funding of set-aside programs when and if EPA no longer provides funding?

The planning loan program and the Source Protection Loan Program are revolving loan programs and funds will be available from loan repayments. Other states have established loan administration fees to cover administrative costs. We have no plans for funding the technical assistance and program management set-asides.

21. If a community funds their own planning and is ready to go, will that help them obtain funds for construction?

Water systems not on the fundable list that have completed preliminary engineering, passed bond votes and completed the required environmental reviews for their project may be able to take advantage of available funds late in the fiscal year.

22. Is there a difference in the required legal opinion on sites and rights of way between the clean water program and drinking water program?

There is no difference.

23. Does the proposed April 1 deadline for passage of required bonds by a municipality make "readiness to proceed" a critical consideration for funding?

Points for readiness to proceed cannot be included in the priority system, however, a requirement for a system to demonstrate "readiness to proceed" can be used to determine eligibility for funding.

24. How do the interest rate on the priority list compare to the interest rate and terms included in the loan agreement?

The interest rates on the priority list are preliminary estimates based on information provided by the water system on the priority list application. Loan interest rates and terms are determined at time of loan approval based on detailed engineering reports and cost estimates. There may be significant differences between the preliminary projection and the final determination.

25. After reviewing the plan in advance of the meeting on 06/03/98, I found it easily understandable and there was very good integration of potentially subjective standards. As an operator of a small water system, I appreciate the clarity of the plan and its presentation.

26. The IUP should include a policy statement recognizing the benefits of water conservation and provide for consideration of water conservation in evaluation of requests for DWSRF funds. At a minimum, the IUP should reflect the recommendations in the EPA guidelines.

The EPA draft guidelines are dated April 20, 1998, and the state legislation was passed in April. The use of the water conservation guidelines and the state legislation in the DWSRF program will be evaluated during the next year and appropriate provisions included for consideration in next year's Intended Use Plan. There was not adequate time to evaluate alternatives and develop a plan this year. In addition, the state capacity development strategy will be developed during the next 18 months with the participation of water system owners, operators and other stakeholders. Identification of specific water conservation programs, policies and procedures may be included in the capacity strategy. Water use issues are always a consideration in evaluation of alternatives and review of plans and specifications.

27. ANR should include priority points for those systems that have water conservation measures.

This was considered last year and we were advised by EPA that only minimal points could be assigned (tie-breaker type points) for systems with water conservation programs. Points could not be awarded for including water conservation measures in a project. It was determined that assigning points for this factor would have minimal, if any, impact on the projects funded, and increasing the complexity of the priority system was not justified.

28. Alternative mechanisms should be put in place to avoid bypassing high priority planning and construction projects in favor of low priority projects that are simply ready to proceed.

We believe the current program adequately addresses this issue. (1) Systems are only bypassed for a few months. A high priority project bypassed in April will have funding available by September. There is no project delay. (2) We have provided both adequate technical assistance and planning funds in set-asides specifically for these systems.

29. A higher priority should be placed on design and planning.

Over \$500,000 has been set aside specifically for feasibility studies, planning and preliminary designs. We have effectively made this the highest priority.

30. Comments on priority scoring for specific projects are not included in the responsiveness summary. These comments were reviewed by Regional Managers and appropriate adjustments made.

31. There were a number of specific comments and suggestions on the policies, procedures and forms being used to implement the program. These comments and suggestions will be evaluated and we expect to make a number of modifications.

VIRGINIA DEPARTMENT OF HEALTH
DRINKING WATER STATE REVOLVING FUND PROGRAM

RETURN TO: Thomas B. Gray, P.E.
Virginia Department of Health
Office of Water Programs
1500 East Main Street, Room 109
Richmond, VA 23219
(voice 804-786-1087)
(Fax 804-786-5567)

SET-ASIDE SUGGESTIONS

SECTION A - ORGANIZATIONAL DATA

1. Organization Name

a. Name of Respondent _____

b. Respondent Address: _____

c. Contact Person: _____

d. Telephone Number: _____ FAX Number: _____

1. Waterworks type (if applicable):

Publically-owned community _____ PWS ID number: _____ System Name _____
Investor-owned community _____ PWS ID number: _____ System Name _____
Nonprofit noncommunity _____ PWS ID number: _____ System Name _____
None of the above _____

Submittal of this suggestion(s) is for the purpose of assisting the state to determine the extent of interest in the various set-asides.

Chief Administrative Officer of Organization:

NAME and TITLE: _____

SIGNATURE _____ DATE: _____

SECTION B – SET-ASIDE SUGGESTIONS

1. 4% Administration and Technical Assistance

Activity – The purpose of this set-aside is to finance the administration of the capitalization grant and to provide supplemental funding to implement technical assistance activities to assist owners in complying with regulations or preparing planning and design documents.

Activities may include outsourcing technical assistance related to specific PWS's project planning and plan development, and preparation of loan application, and oversight of set-aside contacts.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

General suggested activities or comments on this set-aside.

2. 2% Small System Technical Assistance (Systems serving 10,000 people or fewer)

Activity – A state may use these funds to support a technical assistance team or to contract with outside organizations to provide technical assistance.

Activities may include providing assistance to significant non-compliers, operational hands-on assistance, record keeping instruction or provide seminars on selected topics.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

General suggested activities or comments on this set-aside.

3. 10% State Program Management

Activity

a. Funds for use by VDH to supplement the existing public water supply supervision program – suggestions appreciated.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

b. Administer or provide technical assistance through source water protection programs.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

c. Capacity development strategy (state level) – This issue addresses a waterworks owners ability to provide a viable waterworks over the long term. VDH has initiated this effort and will continue to refine its focus.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

d. Supplement an operator licensure program.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

General suggested activities or comments on this set-aside.

4. 15% Local Assistance and Other Programs

Activity

- a. Land acquisition and conservation easements – This will allow loan money to purchase land or easements to protect water sources and such purchases do not have to be integral to a construction project.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

- b. Voluntary source water protection program – This will allow a loan to assist a community waterworks to implement voluntary incentive-based source water protection measures in areas delineated under a source water assessment program.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

- c. Source water protection partnership per SDWA 1454.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

- d. Capacity development (local level) – Provide technical assistance to waterworks in implementing the states capacity development strategy. This includes providing necessary services to complete a Business Plan (BP) for every community and nonprofit noncommunity waterworks serving less than 3300 people (contact with almost 1400 waterworks). The BP refers to the managerial, financial, and technical capabilities needed by an owner to ensure long-term operation of a waterworks.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

Priority will be focused on SNCs, loan applicants, new waterworks applicants, and disadvantaged waterworks. Construction loans may not be given to an owner who does not have capabilities identified in the BP.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

- e. Source water protection delineation and assessment program – This will allow the state to ensure that a program is established and implemented to delineate and assess source water protection areas for every water source as mentioned in §1453 of the SDWA. **The SDWA limits use of these funds to those under the FFY97 capitalization grant;** however, the funds may be used over a period of 4 years.

Suggested activity that could be accomplished/utilized by the respondent. Related fund (\$) _____.

General suggested activities or comments on this set-aside.

Virginia Drinking Water State Revolving Fund (DWSRF) Programs and Activities

Please check (✓) the items for which you would like to receive more information and return this form to:

Thomas B Gray, P.E.
 Virginia Department of Health
 1500 East Main Street, Suite 109
 Richmond, Virginia 23219
 Fax: (804) 786-5567

Construction Assistance:

- () Construction Loan – Interest rates range from 3% to ceiling rate which is 1% below prevailing municipal bond market rates. Maximum term 20 years. Lower rates and longer terms are considered for waterworks meeting disadvantaged criteria.
- () Construction Grant – Will be considered for waterworks meeting disadvantaged criteria.

General Technical Assistance:

- () Planning/Design Grant – Ten grants up to \$25,000 per project to be awarded annually. Grants are especially for small, rural, financially stressed, community waterworks.

Small System Technical Assistance – Applies to public water systems serving 10,000 people or less:

- () Circuit Rider – An independent contractor will provide on-site operational assistance to 1,000 waterworks with less than 500 population.
- () Source Water Protection – An independent contractor will provide guidance to 100 waterworks in developing and implementing a Source Water Protection Program.
- () Compliance Guidance – An independent contractor will provide assistance to 26 waterworks that are in significant non-compliance or nearly so.
- () Small System Management Institute – An educational program to provide small system waterworks owners and superintendents intensive training in current business management techniques.
- () Professional Series of Specialty Seminars and Training Events – Training for waterworks owners to include such topics as emerging technology, regulatory compliance, and business plan development.
- () Training Scholarships – Awarded to waterworks operators to attend the *Water Treatment Plant Operations Short Course* and the *AWWA Water Utility Management Institute* at Virginia Tech.
- () Equipment – Particle Counters and Leak Detectors are available for loan to waterworks.
- () Innovative Technology

State Programs Assistance:

- () Operator Certification – A “Distance Education” program using video telecourses to be available to assist operators in obtaining certification.
- () Operator Scholarships for Distance Learning
- () Courier
- () Lab Equipment at Division of Consolidated Laboratory Services (DCLS)
- () Research – capacity; telemetry; web site
- () Research – Operator Availability and Certification Strategies

Local Assistance:

- () Loans to Acquire Land/Conservation Easements to Protect Source Water – Interest rate is 4% and term is 20 years. Disadvantaged waterworks may receive a 3% interest rate.
- () Loans to Establish Local, Voluntary Incentive-Based Source Water Protection Measures – Interest rate is 4% and term is 20 years. Disadvantaged waterworks may receive a 3% interest rate.
- () Comprehensive Business Plan – An independent contractor will provide hands-on guidance and assistance to 25 waterworks in developing a Comprehensive Business Plan that follows Virginia Department of Health guidelines.
- () Peer Review or Mentoring

Information Request From:

Name _____ Title _____

Representing _____

Address _____

City _____ State _____ Zip _____

Phone (_____) _____ FAX (_____) _____

Get a loan for your water system at 3.5% interest - or lower!



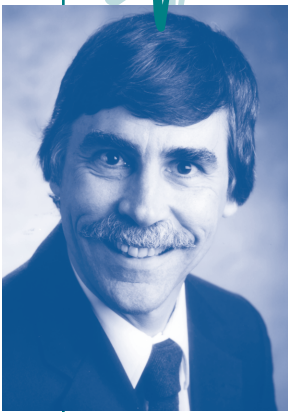
the WATER TAP

WASHINGTON'S DRINKING WATER NEWSLETTER

Special Edition



February 1999



LETTER FROM THE DIRECTOR...

Two years ago, the Drinking Water State Revolving Fund program was just a plan on paper and a lot of optimism that we could make it work. Today, those of us at the Department of Health who have brought it along are justifiably proud of what we have accomplished. I know I speak for our partners at the Public Works Board and the board's fiscal agent, the Department of Community, Trade and Economic Development, when I say they share our pride.

Soon we will take applications for a third. So far, we've committed roughly \$38 million in improvements to Washington's water systems. While we recognize that this makes only a small dent in Washington's total need, we also know that the DWSRF program has made a major difference to the water systems that have benefited from it.

With the onset of a third round of funding, there will be some changes. The DWSRF will be easier to use and more appealing, financially. Recent revisions to DWSRF program guidelines have reduced the already-low interest rate charged on program loans and eliminated local match requirements. The DWSRF loan fee has also been reduced. We've streamlined the application process: it's simpler and quicker.

These changes will help us meet the primary goal of the DWSRF in Washington: to put affordable system repairs and upgrades within the reach of small and medium-sized water systems in Washington state. We hope you can participate.

Sincerely,

A handwritten signature in blue ink that reads "Gregg Grunenfelder". The signature is fluid and cursive, written over a light blue background.

Gregg Grunenfelder

1999 DWSRF Loan Quick Facts:

- Approximately \$27 million will be available for project loans (includes \$8 million of unused funds from prior cycles)
- Most Group A community and nonprofit, noncommunity water systems are eligible
- Very small existing systems that will become Group A systems may qualify
- Loan limit \$2 million per system
- Loan limit up to \$6 million for multiple system projects
- 20-year loans at 3.5% interest
- Reduced interest rates for systems in "distressed communities"
- Reduced interest rates for systems in "disadvantaged communities"
- No local match required
- Loan fee reduced to 2%
- Public Workshops March 30 - April 1, 1999
- Loan applications due July 1, 1999
- Funds should become available by mid-2000

What You Can Do



To give you an idea of what can be done through the Drinking Water State Revolving Fund, here are descriptions of some projects funded in the first round of applications.

City of Aberdeen

In an effort to address the serious drinking water issues it has experienced over the last several years, Aberdeen is constructing a new membrane filtration

plant. In addition to building the plant, Aberdeen will implement residential metering, corrosion control, and storage improvements. When this project is completed, the city will be in full compliance with the Surface Water Treatment Rule of the Safe Drinking Water Act.

County: Grays Harbor

Project Funding: DWSRF Loan	\$ 1,030,000
Other Sources*	12,399,193
Total Project Cost	\$13,429,193

City of Bremerton

This project has two parts. The first part allows Bremerton to comply with Washington State Department of Health lead and copper rules. The city is constructing a facility to house three storage tanks for drinking water treatment chemicals, several metering pumps, an emergency generator, a control room and a lavatory. Two vaults being built on a reservoir inlet line adjacent to the facility will contain a flowmeter, sampling pumps, and chemical sampling and injection points. The second part of the project replaces an existing floating hypalon cover.

County: Kitsap

Project Funding: DWSRF Loan	\$1,030,000
Other Sources*	\$ 151,000
Total Project Cost	\$1,181,000

Chelan River Irrigation District / Isenhardt Irrigation District

This project gives 155 Chelan County residences and businesses a safe and potable source of drinking water. Residents now drink unfiltered water from an irrigation system that does not provide adequate safeguards against cross-contamination from orchard and fruit processing operations or waterborne diseases. The project will provide an entirely new domestic water system. A new distribution system is being constructed, and filtered domestic water will be purchased from the City of Chelan. When the system is up and running, these two water districts will be in complete compliance with the Safe Drinking Water Act.

County: Chelan

Project Funding: DWSRF Loan	\$1,411,100
Other Sources*	\$ 356,989
Total Project Cost	\$1,768,089

City of Colfax

Colfax is constructing a new water booster pump station for the southwest section of the city. The southwest section now relies on a single well and reservoir. Line looping consisting of new 12-inch piping connected to an existing 8-inch asbestos cement pipe, and new 8-inch pipe connected to an existing 6-inch asbestos cement pipe will be installed. The benefits to the residents of Colfax through this project? Adequate fire protection and a domestic water supply system.

County: Whitman

Project Funding: DWSRF Loan	\$318,270
Other Sources*	\$ 59,000
Total Project Cost	\$377,270

City of Cosmopolis

The City of Cosmopolis' project assures that its water system has sufficient pressure and flow to supply safe drinking water to homes that are now served by a sub-standard, private, community well. The city will install a domestic water supply line, standby generator, transfer switch, booster pump, and a new pump house, along with miscellaneous construction items.

County: Grays Harbor

Project Funding: DWSRF Loan	\$166,878
Other Sources*	\$ 74,503
Total Project Cost	\$241,381

City of South Bend

South Bend's project allows the city to protect against contaminants entering its drinking water system. The project funds construction of a new membrane treatment facility. Interior process piping, site piping modifications, finished water pumps, water treatment plant controls and telemetry, a 3-Phase/480 Volt electrical service, standby generator, safety equipment, and construction of a treatment plant building will be included. The project also lets South Bend meet existing disinfection requirements with no change to its current distribution configuration.

County: Pacific

Project Funding: DWSRF Loan	\$1,030,000
Other Sources*	\$1,774,738
Total Project Cost	\$2,804,738

City of Stanwood

In this project, the DWSRF and the City of Stanwood join forces to fund construction of a new wellhouse, install pumping equipment that is capable of 500 GPM (plus all electrical and telemetry equipment necessary for operations), and lay approximately 600 feet of ductile iron pipe. The project will replace the well Stanwood now uses, which is perforated, does not have a well seal, and is less than 25

feet from a creek in pastureland. Stanwood will gain a potable drinking water source, eliminate existing construction and wellhead problems, and erase the risk of contamination from outside sources.

County: Snohomish

Project Funding: DWSRF Loan	\$265,458
Other Sources*	\$ 29,594
Total Project Cost	\$295,052

North Central Washington Council of Camp Fire

Camp Zanika Lache currently uses water that comes directly from a small creek above lake Wenatchee. The creek water is not filtered. The camp is subject to an "agreed" order with the Department of Health to bring its water source into compliance with the Surface Water Treatment Rule. It will do this by bringing a new well, drilled in 1997 but not put into service, on line. Improvements associated with the new well - pumps, storage, distribution, and standby disinfection - will complete the project.

County: Chelan

Project Funding: DWSRF Loan	\$84,873
Other Sources*	\$ 8,487
Total Project Cost	\$93,360

Town of Tieton

The Town of Tieton will construct a new, 400,000-gallon, drinking water reservoir. Tieton's existing 200,000-gallon reservoir is 80,000 gallons short of providing enough storage to meet the town's needs. The project addresses the town's current and 20-year shortages and provides a modest buffer for growth beyond the 20-year horizon.

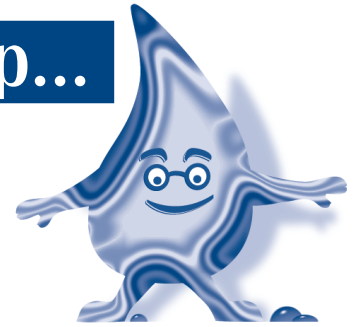
County: Yakima

Project Funding: DWSRF Loan	\$358,749
Other Sources*	\$ 38,700
Total Project Cost	\$397,449

***Other Sources Include:**

- Public Works Trust Fund loans
- USDA Rural Development loans
- Community Development Block Grant or other grant funds
- capital reserves
- water rates or other utility revenue

Dear Dr. Drip...



Dear Dr. Drip:

I thought the Drinking Water State Revolving Fund was intended to finance treatment plants and put pipes in the ground. Now I hear that the state is using the money for other stuff! What's up?

Signed, Pipeless in Seattle

Dear Pipeless,

It comes as no surprise to Dr. Drip that you thought the fund was only for construction. That's what's been highlighted. In fact, Drinking Water State Revolving Fund dollars also are available for other things, like wellhead protection, that can improve a water system's operation. We call these non-construction dollars set-asides.

The Department of Health and the Public Works Board use a small percentage of set-asides to administer the fund. The Department of Health uses set-aside funds to help maintain "primacy" and keep the regulation of Washington's drinking water systems in Olympia, Washington, rather than Washington, DC.

A large portion of set-asides is used to help water systems. For instance, DOH contracts with the Evergreen Rural Water Association to send a "circuit rider" around the state to develop wellhead protection plans. Set-asides let DOH provide source water assessment and protection, and supports a technical assistance program for small water systems. And set-asides are used to keep the cost to water systems of system plans and project reviews at a minimum.

All-in-all, DOH plans to spend several million set-aside dollars over the next biennium on activities that support public water systems.

Why is DOH putting so much money into set-asides? Congress authorizes the states to use up to 31 percent of their federal DWSRF grants for set-asides. DOH is taking advantage of this by using a large portion of allowable set-asides from its initial grants. This temporary strategy is driven by the fact that DOH received fewer construction project requests than hoped for early on, but must still use DWSRF funds according to a federal deadline. The state is authorized to use these set-asides over the next several years.

Washington's water systems will benefit several ways. Set-asides from earlier grants will be available for future non-construction activities. More funds from future DWSRF grants will be available for construction. And Washington can commit all of the federal funds to use prior to the federal deadline.

Dr. Drip says Good Deal!

Want more information? Contact Chris Gagnon, (360) 236-3095, or check out our Website for the latest DWSRF intended use plans: <http://www.doh.wa.gov/ehp/dw/public.htm>

1999 DWSRF APPLICATION WORKSHOPS

Interested in a loan from the 1999 round of the Drinking Water State Revolving Fund? Have questions about it? These workshops are for you. Send in your registration form right away to guarantee a place.

Workshops will be held from 9:00 a.m. - Noon

- **March 30 - Everett** Holiday Inn, 101 - 128th Street SE, Everett, WA, 98208, (425) 337-2900, Pacific Crest Theatre
- **March 31 - Moses Lake** Hallmark Inn, 3000 Marina Drive E, Moses Lake, WA, 98837, (509) 765-9211
- **April 1 - Tumwater** Labor & Industries Bldg., 7273 Linderson Way, Tumwater, WA, 98501, (360) 902-5804, Training Room S-117

Note: Guidelines/application forms are available on the internet at <http://www.crab.wa.gov/pwtf>.

Recognition

The following people have contributed to the production of this special edition of *Water Tap*: Gregg Grunenfelder, Chris Gagnon, Cecilia Gardener, Dave Monthie, Rich Sarver, and Joyce McCollough, editor.

Water Tap is published by the Department of Health, Division of Drinking Water, to provide information on subjects that interest water system owners, water works operators and others interested in drinking water.

Comments and questions are welcome. Past issues are available by writing to the editor, *Water Tap*, Division of Drinking Water, P.O. Box 47822, Olympia, Washington 98504-7822. Or e-mail your request to: DWINFO@doh.wa.gov.

Registration Form

Please fill out and mail or fax to:

Public Works Board, PO Box 48319,

Olympia, Washington, 98504-8319

Attention: Ann Bariekman

Fax (360) 664-3029 • Phone (360) 586-2472

Workshop Sign-up

Request for 1999 DWSRF
Loan Application &
Guidelines

Name _____ Phone _____

Water System _____

Address _____

Workshop Location _____ # Persons Attending _____

Guidelines/Applications Requested _____

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