

Delaware Clean Water State Revolving Fund (CWSRF) & Drinking Water State Revolving Fund (DWSRF)

December 2018 Workshop

(updated December 12, 2018)

DNREC
OFFICE OF THE SECRETARY
Environmental Finance



DHSS
DIVISION OF PUBLIC HEALTH
Health Systems Protection



Delaware Clean Water State Revolving Fund and Drinking Water State Revolving Fund Workshop

- ▶ Welcome
- ▶ Introductions

DNREC:

- Carla Cassell-Carter, Chief of Administration – Environmental Finance
- Greg Pope, Engineer VI
- Davison Mwale, Engineer IV
- Reza Moqtaderi, Engineer III
- Laura Robbins, Fiscal Management Analyst
- James Sullivan, Planner
- Robin Wessells, Administrative Specialist

DHSS:

- Jamie Mack, HSP Section Chief, DPH
- Heather Warren, Management Analyst III
- Doug Lodge, Engineer VI
- Ashley Kunder, ODW Capacity Development Manager
- William Lindewirth, Management Analyst III

Delaware Clean Water State Revolving Fund and Drinking Water State Revolving Fund Workshop

▶ Workshop Purpose

- Provide a detailed overview of the Delaware Water Pollution Control Revolving Fund and the Delaware Safe Drinking Water Revolving Fund, hence be referred to as the CWSRF and DWSRF Programs throughout this workshop
- Ensure that potential loan applicants understand project eligibilities, funding processes, and the deadlines for applications
- Provide resources for applicants seeking financial assistance for wastewater, drinking water, stormwater and other water infrastructure improvement projects

▶ DNREC and DHSS Collaboration

- The CWSRF and DWSRF programs are jointly administered by DNREC and DHSS
- Twice per year (January and July) project Notices-of-Intent (NOIs) are jointly solicited for wastewater and drinking water projects – **Due January 11, 2019**
- Wastewater and Drinking Water NOIs are ranked and scored to prepare CWSRF and DWSRF Project Priority Lists (PPLs)

Delaware Clean Water State Revolving Fund and Drinking Water State Revolving Fund Workshop

- ▶ DNREC and DHSS Collaboration (continued)
 - Projects are selected from the PPLs for funding assistance based on “Readiness to Proceed” (preliminary project planning and design completed in 9 months or less)
 - DHSS is responsible for DWSRF Project Environmental Reviews and Project Management
 - DNREC is responsible for DWSRF Program’s Loan Underwriting, Accounting, and Loan Management; and the overall CWSRF Program
 - A Governor appointed Water Infrastructure Advisory Council is responsible for reviewing PPLs, Intended Use Plans (IUPs), and recommending proposed CWSRF and DWSRF projects for funding assistance

Delaware Clean Water State Revolving Fund and Drinking Water State Revolving Fund Workshop

- ▶ Clean Water and Drinking Water SRFs
 - In 1990 and 1997, respectively, the CWSRF and DWSRF programs were created; federal capitalization grants seed the programs along with separate required twenty percent state matching funds
 - Federal and state seed capital provided to the CWSRF and DWSRF programs exceeds \$461 million
 - Nearly 200 CWSRF and DWSRF municipal and private utility loans and grants have been made for more than \$634 million to-date
 - CWSRF loans for 1,340 Nonpoint Source Projects have settled for nearly \$16 million:
 - Homeowner Septic System Replacements; Poultry and Dairy Farm BMPs; Underground Leaking Storage Tank Replacements; and Other Expanded Use Projects
 - DWSRF grants fund the following programs:
 - Operator Certification; Capacity Development and Source Water Protection; Underground Injection Control; Public Water Supply Supervision; and Technical Assistance

Delaware Clean Water State Revolving Fund and Drinking Water State Revolving Federal Capitalization Grants

FFY 2018 Available Funds

<u>CWSRF</u>	<u>DWSRF</u>	
\$7,859,000	\$11,107,000	FFY 2018 Federal Capitalization Grants
<u>\$1,571,800</u>	<u>\$ 2,221,400</u>	Required 20% State Match
\$9,430,800	\$13,328,400	
		Less: Required Set-Asides
\$	\$ 222,140	2% Technical Assistance/Operator Training
\$	\$ 444,280	4% Program Administration
\$	\$ 1,110,700	10% Public Water Supply Supervision
<u>\$</u>	<u>\$ 1,666,050</u>	15% Source Water Protection/Capacity Development
\$9,430,800	\$ 9,885,230	Funds Remaining Available for Project Loans

Other Established Goals/Requirements:

\$2,357,700	\$	30% Principal Loan Forgiveness–Affordability(Max)
\$	\$ 2,221,400	20% Principal Loan Forgiveness - Affordability
\$ 785,900		10% Principal Loan Forgiveness – Minimum
\$ 785,900	\$ -0-	10% Green Project Reserve (Min)

**Note: This budget does not include the total funding available in
the CWSRF and DWSRF Corpus**

CWSRF-DWSRF Current Interest Rate Policy

Effective January 1, 2018

Criteria

Market Rate Benchmarks

- ▶ 30 Year Tax-Exempt Municipal Bond Benchmark (BVMB30Y) will be used to establish the interest rate for public and private/public use loans
- ▶ 30 Year Taxable Treasuries (GT30) will be used to establish the interest rate on investor-owned utility, and private/private use loans
- ▶ Interest rates shall be set at 85.0 percent of BVMB30Y and GT30, respectively
- ▶ Actual interest rate for a project shall be set 5 business days prior to when loan proposals are recommended for funding by the WIAC
- ▶ Projects financed for a term of 20 years or less may be set at 95.0 percent of the 10 year interest rate market benchmarks (BVMB10Y and GT10)

CWSRF-DWSRF Current Interest Rate Policy

Effective January 1, 2018

Criteria (continued):

- ▶ 1% Loan Origination Fees will not be charged
- ▶ Should the Municipal Bond (BVMB) rate be higher than the Taxable Treasuries (GT) rate, at any time, then the lower rate prevails for municipalities
- ▶ Should any municipal applicant demonstrate that the municipal bond rate available to their organization is lower than the interest rate set by this policy, then DNREC may match the lower rate.
- ▶ Interest rates for the CWSRF Land Conservation and Water Quality Improvement Loan Sponsorship Programs may not be set lower than 2.0 percent
- ▶ CWSRF Expanded Use Program loans (residential septic system replacements, and poultry and dairy best management practices) will have a fixed interest rate of 3.0 percent or 6.0 percent based on borrower affordability

CWSRF-DWSRF Current Interest Rate Policy

Effective January 1, 2018

Criteria (continued):

- ▶ In the event that it is necessary to leverage the Funds, interest rates may be adjusted as needed to meet program and financial requirements
- ▶ Should US Tax Reform (or other regulatory changes) have an impact on the pricing of tax-exempt bonds and their relative value to taxable bonds, this policy will be reviewed and adjusted.

Key Notes:

- ▶ Borrowers are not required to obtain interim bank financing for CWSRF or DWSRF projects.
- ▶ Borrowers can utilize CWSRF and DWSRF for construction financing and will only pay interest semi-annually on those funds drawn, not on the total construction amount.
- ▶ Loan reimbursement requests are normally processed within 30 days
- ▶ Interest rates are publicly available at:

<https://www.bloomberg.com/markets/rates-bonds/government-bonds/us>

Current Interest Rate & Benchmark Examples as of 11/28/2018

	<u>Market Rate</u>	<u>Borrower Rate</u>						
▶ BVMB30Y (Muni)	3.330%	2.831% (85%)						
▶ GT30 (Investor/Pvt)	3.340%	2.839% (85%)						
▶ BVMB10Y (Muni)	2.620%	2.489% (95%)						
▶ GT10 (Investor/Pvt)	3.060%	2.907% (95%)						
<p>▶ USDA Rural Development - Loan Interest Rate through September 30, 2018</p> <table border="0" style="margin-left: 40px;"> <tr> <td>◦ Poverty Rate</td> <td style="text-align: right;">2.375%</td> </tr> <tr> <td>◦ Intermediate Rate</td> <td style="text-align: right;">3.125%</td> </tr> <tr> <td>◦ Market Rate</td> <td style="text-align: right;">3.875%</td> </tr> </table>			◦ Poverty Rate	2.375%	◦ Intermediate Rate	3.125%	◦ Market Rate	3.875%
◦ Poverty Rate	2.375%							
◦ Intermediate Rate	3.125%							
◦ Market Rate	3.875%							
<p>▶ State of Delaware – AAA Rated Recent Bond Interest Rate All-In TIC (2.97%; February 2018; 20 year amortization; 11-year average life)</p>								
<p>▶ New Castle County – AAA Rated Recent Bond Interest Rate (3.16%; May 2017; 30 year amortization; 15 year average life)</p>								

CWSRF – Expanded Funding Eligibilities

Land Purchases Necessary for Construction - The definition of treatment works was expanded to include land necessary for construction, eligible expenses include:

- Leasing or fee-simple purchase of land
- Surface and subsurface easements
- Land required to store equipment and materials during construction
- Land required to locate eligible treatment or distribution/collection projects
- Land for effluent application or recharge basins

Decentralized Systems - for the construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage

- Decentralized projects do not need to correct an existing NPS problem
- Decentralized systems for new construction may be funded, either individual or cluster on-site systems
- Decentralized systems may be publicly or privately owned; they may serve either public or private purposes
- Decentralized systems considered “treatment works” must comply with Davis-Bacon, AIS, and Environmental Review requirements

CWSRF – Expanded Funding Eligibilities

Stormwater Eligibilities - for measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water

- Eligible as an independent authority (does not need to be included in State 319 Plan)
- Privately owned, permitted stormwater projects can be funded including urban stormwater projects in MS4 areas

Water Conservation, Efficiency, & Reuse - for any municipality or intermunicipal, interstate, or State Agency for measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse

- Only the specified public entities are eligible for assistance for this project type; however the project may take place on public or private property as long as it reduces demand for POTW capacity

Watershed Projects - for the development and implementation of watershed projects

- Watershed management of wet weather discharge - management of municipal combined sewer overflows, sanitary sewer overflows, and stormwater discharges, on an integrated watershed or subwatershed basis

CWSRF – Expanded Funding Eligibilities

Energy Initiative - for any municipality or inter-municipal, interstate, or State Agency for measures to reduce the energy consumption needs for publicly owned treatment works

- Projects to reduce the energy consumption needs for POTWs are eligible
- Projects may take place on public or private property

Recycled Water & Water Reuse - for reusing or recycling wastewater, stormwater, or subsurface drainage water

- Reuse projects free of Section 212 ownership restrictions
- Privately-owned, water reuse treatment plants, capital (not O&M)

Security Initiative - for measures to increase the security of publicly owned treatment works

Funding for Nonprofits – for any qualified nonprofit entity to provide assistance to owners and operators of small and medium publicly owned treatment works to plan, develop, and obtain financing for eligible projects including planning, design, and associated preconstruction activities; and assist such treatment works in achieving compliance

CWSRF – Expanded Funding Eligibilities

Watershed Planning - for the development and implementation of watershed projects

- Watershed partnerships - Efforts of municipalities and property owners to demonstrate cooperative ways to address nonpoint sources of pollution to reduce adverse impacts on water quality
- Integrated water resources planning - development of an integrated water resource plan for the coordinated management and protection of surface water, ground water, and stormwater resources on a watershed or subwatershed basis
- Stormwater management planning - development of a municipality-wide plan that identifies the most effective placement of stormwater technologies and management approaches, to reduce water quality impairments from stormwater on a municipality-wide basis
- Stormwater Best Management Practices - control of pollutants from municipal separate storm sewer systems for the purpose of demonstrating and determining controls that are cost-effective and that use innovative technologies to manage, reduce, treat, recapture, or reuse municipal stormwater
- Weather/climate-related resilience planning - efforts to assess future risks and vulnerabilities of publicly owned treatment works to manmade or natural disasters, including extreme weather events and sea-level rise, and to carry out measures, on a system-wide or area-wide basis, to increase the resiliency of publicly owned treatment works

CWSRF – DWSRF Affordability Criteria

Affordability Criteria – Delaware has established affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance wastewater projects.

- Affordability criteria is based on:
 - ✓ Income
 - ✓ Unemployment Data (CWSRF only)
 - ✓ Population Trends (CWSRF only)

Income – 1.5% of Median Household Income (MHI) will be considered affordable for wastewater or drinking water residential user rates; 2.0% of MHI will be considered affordable for combined wastewater and drinking water residential user rates. (MHI data is obtained from U.S. Census Bureau:

<https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>)

CWSRF Additional Affordability Criteria

Affordability Criteria:

Unemployment Data – Non payment of residential wastewater and drinking water utility bills are normally directly associated with insufficient income and unemployment

- Residential utility bill delinquency rates will be used as a proxy measure for unemployment
- 5% residential utility delinquency rate will be assumed for both wastewater and drinking water when evaluating CWSRF loan applications for assistance
- CWSRF loan applicants will be required to provide additional documentation to support a residential delinquency rate above 5%

Population Trends – Wastewater utilities can be negatively impacted by decreasing population in relation to fixed assets and expenses that were designed/sized to service a larger customer base. The estimated number of Equivalent Dwelling Units (EDUs; 1 household = 1 EDU) served by a wastewater utility will be used as a proxy measure for population trends

- CWSRF loan applicants negatively impacted by decreasing number of EDUs served in relation to their proposed project(s) will be required to provide documentation to receive a systems revenue credit that cannot exceed the difference in the number of EDUs served over the past 5 years

CWSRF Additional Subsidization

Additional Subsidization – A state may provide additional subsidization to a municipality or inter-municipal, inter-state, or state agency, including forgiveness of principal and 0% interest loans to benefit a municipality that

- Meets the affordability criteria of the state established; or
- Does not meet the affordability criteria of the state if the recipient:
 - ✓ seeks additional subsidization to benefit individual ratepayers in the residential user rate class;
 - ✓ demonstrates to the state that such ratepayers will experience a significant hardship from the increase in rates necessary to finance the project or activity for which assistance is sought; and
 - ✓ ensures, as part of an assistance agreement between the state and the recipient, that the additional subsidization provided will be directed through a user charge rate system (or other appropriate method) to such ratepayers; or
- Implements a process, material, technique, or technology
 - ✓ to address water-efficiency goals;
 - ✓ to address energy-efficiency goals;
 - ✓ to mitigate stormwater runoff; or
 - ✓ to encourage sustainable project planning, design, and construction

CWSRF Additional Subsidization

Additional Subsidization – (continued)

- Permanent authority; applied to FY2015 capitalization grant award and later appropriations
- Additional subsidization may only be provided if the total amount appropriated for capitalization grants nationally exceeds \$1 billion
- For the current year cap grants, there is a 10% minimum subsidy requirement
- Maximum amount varies from year to year but cannot exceed 30% of capitalization grant award
- Eligibility - public entities only, however, pass-through is allowable
- Delaware – Additional subsidization for CWSRF projects may be provided to projects in the following order:
 1. CWSRF PPL Ranking, Project Readiness To Proceed, and Affordability Criteria
 2. To help incentivize efficiency projects: Water, Energy, and Stormwater
 3. To help facilitate Watershed Planning

CWSRF - Loan Terms

Loan Terms – CWSRF loans are made at or below market interest rates, including interest free loans, at terms not to exceed the lesser of 30 years and the projected useful life (refer to new Interest Rate Policy effective January 1, 2018)

- Annual principal and interest loan repayments must commence not later than one year after projects completion, and loans must be fully amortized upon the expiration of the term of the loan
- Existing loans can be restructured with a longer maturity if the useful life allows
 - ✓ 20 year loan with 10 years remaining can be restructured to add 20 years (30 years total) if the useful life is 30 years or more
- Timing: New or restructured loan agreements signed on or after October 1, 2014
- 30 year loans are not limited to specific entities such as disadvantage or affordability
- Delaware – Loan terms will be structured based on the priorities of DNREC, CWSRF Fund, and WIAC recommendations. However, as a standard municipal/private loan terms are:
 - ✓ \leq \$250,000 loan term \leq 5 years;
 - ✓ \leq \$500,000 loan term \leq 10 years;
 - ✓ $>$ \$500,000 loan term \leq 20 years; and
 - ✓ 30 year term reserved to help make municipal loans affordable; loan restructuring due to affordability; and DNREC/WIAC recommended incentivized projects

DWSRF - Loan Terms and Additional Subsidization

Loan Terms – DWSRF loans are made at or below market interest rates, including interest free loans, at terms not to exceed the lesser of 20 years and the projected useful life (refer to current Interest Rate Policy effective January 1, 2018)

- Annual principal and interest loan repayments must commence not later than one year after projects completion, and loans must be fully amortized upon the expiration of the term of the loan
- 30 year loans are limited to specific entities that are considered disadvantaged

Additional Subsidization – DWSRF must provide additional subsidization equal to 20% of the capitalization grant award

CWSRF – DWSRF Annual Project Priority List (PPL) Process

- ▶ Each Fiscal Year the CWSRF and DWSRF programs are required to submit PPLs to EPA
- ▶ The process consists of:
 - Notice of Intent – Project Solicitation
 - Ranking of projects
 - Public Hearing and Approval of PPLs by WIAC
 - Approval by EPA
- ▶ Only ranked projects will be eligible to apply for CWSRF and DWSRF funding

Notice of Intent – Project Solicitation

- ▶ January and July, applicants are requested to submit Project NOIs for each project – NOIs for the first solicitation are due by **January 11, 2018**
- ▶ NOIs request statistical, environmental, public health, and financial information for each project

CWSRF – DWSRF Annual Project Priority List (PPL) Process

- ▶ The criteria are defined by the Standard Operating Procedures for PPLs established by DNREC and DHSS
- ▶ Projects are ranked by year of inception and then by number of priority points
- ▶ Generally, the highest ranking project should deliver the greatest environmental and public health benefit to the State
- ▶ **CWSRF Points Criteria:**

I. Water Quality Protection	0-45 points (0-10 bonus)
II. Targeted Waterbodies	0-20 points
III. Clean Water Priorities	0-20 points
IV. State Strategies	0-10 points
V. Green Project Reserve	0-10 points
VI. Sustainability	0-30 points
VII. Land Conservation	0 points (10 bonus)
VIII. Borrower Type	<u>0-10 points</u>
Total	145 pts (up to 20 bonus)

CWSRF Project Priority List Ranking Criteria

▶ **Water Quality Protection – (0 - 45 points)**

- ▶ Point Source project - Total pounds of nitrogen plus the total pounds of phosphorus that will be removed from the discharge as result of the project multiplied by a constant - Maximum 45 points

$$\text{Ex: } \frac{(11,400 \text{ \#N} + 1,600 \text{ \#P})/\text{year}}{365\text{d/year}} \times 0.30 \text{ d/\#} = 10.7 \text{ pts}$$

- ▶ Plus Bonus pts for Enhanced Nutrient Removal (ENR): additional point for each 10% of allowable pollution load eliminated by project (up to 10 pts), **or**
- ▶ Toxics - For toxic pollutants, the effectiveness of a given project will be rated based on its ability to eliminate or reduce the severity of Delaware fish consumption advisories; eliminate or reduce the severity of toxic impacts to benthic aquatic life; or otherwise attain numeric toxics criteria for the protection of human health and aquatic life in Delaware Water Quality Standards. Points will be determined for effectiveness by multiplying the percent reduction in impact by 0.5 - Maximum 45 Points, **or**
- ▶ Non-point source project: receive points based on the published efficiencies of the BMP's. Percent efficiency of the project's BMP multiplied by 45 - Maximum 45 points

CWSRF Project Priority List Ranking Criteria

▶ Targeted Waterbodies – (0-20 points)

If the project:

- Addresses an existing TMDL
20 points
- Addresses a watershed management plan
10 points
- None of the above
0 points

CWSRF Project Priority List Ranking Criteria

▶ Clean Water Priorities (0-20 points)

Project falls under one of the categories below:

- Septic System Elimination Project
15 points
- Wastewater Treatment Facilities and CSO's
20 points
- Other Wastewater Project
10 points
- Wastewater project with I&I correction
15 points
- Surface Water Management Project (Stormwater)
15 points
- Surface Water Management Project under MS4 permit
20 points
- Project that eliminates or reduce toxics (WATAR)
15 points
- Project that eliminates or reduce toxics (WATAR)
20 points
 - and implements wetland restoration
- Other Water Quality project (NPS)
10 points

CWSRF Project Priority List Ranking Criteria

▶ **Strategies for State Policies and Spending (0-10 points)**

◦ **212 project**

- Level 1 points 10
- Level 2 points 10
- Level 3 points 5
- Level 4 points 0
- Out of Play points 0

◦ **Non-point Source (319) Project** 10

NPS319 projects typically fall in level 4; however, do not promote sprawl.

- ▶ **Note: Levels are based on service area, not location of treatment facility**

CWSRF Project Priority List Ranking Criteria

▶ Green Project Reserve (0-10 points)

- **Project meets definition in one of below categories**
- Green Infrastructure 10 points
- Water Efficiency 10 points
- Energy Efficiency 10 points
- Environmentally Innovative 10 points

▶ Sustainability (0-10 points)

- **Project/System incorporates:**
- Asset Management Implementation 10 points
- Full Cost Pricing Standards 10 points
- Climate Change Adaption or Resiliency 10 points

▶ Sponsorship (10 bonus points)

- Land Conservation or Water Quality Improvement Sponsorship 10 points

▶ Borrower Type

- Municipality or State Agency 10 points
- Non-Profit 5 points

DWSRF Project Priority List Ranking Criteria

Heather Warren, DHSS-DPH



DWSRF Ranking Criteria

1. Growth

Is the project primarily for growth? If yes, it is not an eligible project.

0 points allowed

DWSRF federal requirements prohibit funding projects that are primarily for growth. DWSRF follows EPA's 'Fix it First' approach to funding.

DWSRF Ranking Criteria

2. Affordability

According to the preliminary Financial Review, is this project considered unaffordable and/or does this project meet Disadvantaged Community Criteria?

100 points allowed

Applicant can assume, based on past affordability analysis, the answer to this question. If no assumption can be made, you can contact DWSRF for assistance.

DWSRF Ranking Criteria

3. Quality Deficiencies

Was the Applicant required to provide a Public Notification to its consumers during the past three years for exceeding a drinking water standard in accordance with State or Federal Regulations?

80 points allowed

Applicants can refer to the water system operator, Consumer Confidence Report, internal records, or contact DWSRF for assistance.

DWSRF Ranking Criteria

3. Quality Deficiencies (continued)

Does the project description stated in the application address the compliance issue for which the Public Notification was required?

30 points allowed

Example: if the Public Notification was issued for nitrates, but the project description installs storage, no points will be awarded because the project does not address the compliance issue.

DWSRF Ranking Criteria

3. Quality Deficiencies (continued)

Does the Applicant meet or exceed EPA's Electronic Tracking Tool (ETT)'s compliance score of 11?

10 points allowed

Applicants can contact DWSRF for assistance.

DWSRF Ranking Criteria

3. Quality Deficiencies (continued)

According to sample results, does the water system exceed any Secondary Standards?

25 points allowed

Applicants can refer to the water system operator, Consumer Confidence Report, internal records, or contact DWSRF for assistance.

DWSRF Ranking Criteria

3. Quality Deficiencies (continued)

Have any complaints been documented by the Office of Drinking Water for taste, odor, or color?

15 points allowed

Applicants can refer to the water system operator, internal records, or contact DWSRF for assistance.

DWSRF Ranking Criteria

3. Quality Deficiencies (continued)

Have any monitoring or reporting violations been issues in the past three years?

20 points allowed

Applicants can refer to the water system operator, internal records, or contact DWSRF for assistance.

DWSRF Ranking Criteria

4. System Information

- ▶ Population Less than 10,000
10 points allowed
- ▶ 10,000+
5 points allowed

DWSRF Ranking Criteria

4. System Information (continued)

Municipal

10 points allowed

Other Community

Non-Profit NTNC

Non-Profit TNC

5 points allowed

DWSRF Ranking Criteria

5. Regionalization

Is the Applicant providing water to a non-complying water system?

50 points awarded

Is the Applicant providing water to an area of existing private wells with water quality deficiencies?

50 points awarded

Will the project result in the consolidation of complying water systems?

70 points awarded

Will the project result in an interconnection with another water system?

30 points awarded

DWSRF Ranking Criteria

6. Storage

Does the project address **acute** quantity deficiencies such as:

Water pressure below 25 psi

30 points allowed

Lack of adequate supply

30 points allowed

DWSRF Ranking Criteria

6. Storage

Does the project address **chronic** quantity deficiencies such as:

Lack of adequate storage

20 points allowed

Water shortages during peak demand

20 points allowed

DWSRF Ranking Criteria

7. Treatment

Referring to Section 1 and the project description, will the project directly remedy the contaminant exceedance or non-compliance with treatment upgrades?

100 points allowed

Example: if nitrates is the compliance issue, and nitrate treatment will be installed, points will be awarded.

DWSRF Ranking Criteria

7. Treatment

- ▶ 20 points:
 - Faulty pumping Station
 - Inaccurate controls/SCADA
 - Inadequate corrosion control
 - Ineffective backflow prevention

- ▶ 30 points:
 - Degraded facility
 - Inadequate disinfection
 - Inadequate nitrate removal
 - Inadequate filtration
 - Lack of critical redundancy
 - Unreliable emergency power

DWSRF Ranking Criteria

8. Distribution

- ▶ 80 points:
 - Inadequate intake (surface water only)
 - Failing transmission mains
 - Failing distribution mains

- ▶ 60 points:
 - Meter installation
 - Meter replacement

- ▶ 40 points:
 - Hydrant installation
 - Hydrant replacement

- ▶ 30 points:
 - Valve installation
 - Valve replacement

DWSRF Ranking Criteria

9. Source

Indicate all source upgrades below:

Inadequate source

Replacement of contaminated source

100 points

DWSRF Ranking Criteria

10. Sustainability

Is the Applicant's 5-year Capitalization Plan *or similar document* included in the application?

40 points allowed

*Or similar document can mean the annual budget.
DWSRF offers 1:1 assistance if needed for free with budgeting.*

DWRSRF Ranking Criteria

10. Sustainability (continued)

Does this project consider other relevant community sustainability priorities from other sectors, such as transportation or housing?

30 points allowed

Of course Applicants are considering other annual projects in some manner, don't miss out on points!

DWSRF Ranking Criteria

10. Sustainability (continued)

Does this project make use of technologies and practices to reduce energy and /or water consumption or use renewable energy?

30 points allowed

Most likely, treatment and distribution projects are using these technologies.

DWSRF Ranking Criteria

10. Sustainability (continued)

Does this project reduce the vulnerability of the infrastructure from extreme events and increase resilience to future events?

30 points allowed

This can be a trigger question, should the scope be re-evaluated to accommodate such needs?

DWSRF Ranking Criteria

10. Sustainability (continued)

10 points allowed for each:

Is the project scope to prepare for future requirements?

Was the project on the previous year's PPL?

Is this a phased project covering several years?

Is the Applicant active in other DWSRF grant programs?

30 points

This can include: Asset Management, or Planning Grants

DWSRF Ranking Criteria

10. Sustainability (continued)

20 points each for:

Does the Applicant's rate structure promote conservation?

Are the Applicant's rates reviewed and assessed on a regular basis?

*The answer is probably yes to both of these questions.
Town/City management can assist.*

DWSRF Ranking Criteria - Last one!

10. Sustainability (continued)

10 points each for having and implementing the following documents:

Cross Connection Control

Maintenance Schedules

Security Plans

The water operator will know the answer to all of the questions. Don't exclude that valuable resource!

CWSRF - DWSRF Application Process

- ▶ Projects on the fundable PPL will be solicited to apply for an SRF loan
- ▶ SRF Loan applications undergo a engineering/technical review and loan underwriting process
- ▶ Technical review consists of:
 - Review of PER or Capacity Development Report
 - Environmental Review
 - Plans and Specification Review
- ▶ Loan underwriting process consists of:
 - Financial review
 - Binding Commitment
 - Loan Agreement
 - Loan Closing

CWSRF – DWSRF Environmental Review Process

- ▶ **Categorical Exclusion (CE)**
 - i.e. rehabilitation & replacements of existing facilities, minor upgrades or expansion of existing facilities, minor extensions within previous disturbed right-of-ways
 - Issue a CE and legal notice with 30 day comment period
 - If no issues, CE stands as issued

- ▶ **Finding of No Significant Impact (FONSI)**
 - i.e. facilities to create new discharges to surface or ground waters, facility capacity to serve greater than 30% of existing population, action expected to have impacts
 - Issue a draft FONSI to stakeholders and issue a legal notice.
 - Allow a 30 day comment period
 - Mitigation of any environmental issues
 - Issue FONSI

- ▶ **Environmental Impact Statement (EIS)**
 - Required when project is determined to have significant impacts or is highly controversial
 - Extremely rigorous process required to issue an EIS

CWSRF Program Requirements

All Projects

- Super Cross Cutters - Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Section 13 of the Federal Water Pollution Control Act Amendments of 1972; and Executive Order 11246 on Affirmative Action in federal contracting.
- Delaware State Prevailing Wage Rates
- State Environmental Review Process - (“NEPA-like” Environmental Review)
- Project Sign, Access to Project Site
- Suspension and Debarment and other responsibility matters

Requirements that only apply to “Treatment Works” projects

- Davis-Bacon Wage Rates
- American Iron and Steel (AIS) – CWSRF loan recipients, absent a waiver, are required to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, and repair of treatment works. GAAP Reporting
- Fiscal Sustainability Plans – Applies to all entities in which the loan recipient submits an application on or after October 1, 2014. Fiscal Sustainability Plans (FSPs) are required for treatment works repair, replacement, or expansion. *Entities which already have implemented Asset Management are not required to develop a FSP and can self-certify that they have implemented an asset management plan.*

CWSRF Program Requirements

Requirements that only apply to Municipalities and State Agencies

- Cost and Effectiveness – This provision applies to municipalities or inter-municipal, interstate, or State agencies for which the loan recipient submits an “application” on or after October 1, 2015. The statute requires a cost and effectiveness analysis.

Requirements that only apply to “Equivalency” Projects

- Disadvantaged Business Enterprises (DBE) - EPA’s Disadvantaged Business Enterprise (DBE) rule applies to procurement actions for projects considered equivalency.
- A/E Procurement - A/E Procurement applies to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services. All projects considered equivalency must comply with the elements of the procurement processes for A/E services as identified in 40 U.S.C. 1101 et seq., or an equivalent State requirement. *If a borrower cannot comply with the federal requirement, a separate “non-equivalency” financing agreement will fund the architectural and engineering services.*
- Generally Accepted Accounting Practices (GAAP) – GAAP compliance will be required as a condition of making a loan or providing other assistance from the fund.
- Single Audit Requirement – Applies to loan recipients receiving federal assistance greater \$750,000+ threshold in a federal fiscal year.

DWSRF Program Requirements

- ▶ Super Cross – Cutters
 - EO 11246 Equal Employment Opportunity – non-discrimination based on race, color, religion, sex, or national origin
 - Requirement for Certification of Non-segregated Facilities
 - Civil Rights Act of 1964
 - Rehabilitation Act of 1973
- ▶ Delaware Prevailing Wage Regulations
- ▶ Davis-Bacon Wage Rates
- ▶ American Iron and Steel (AIS)
- ▶ DBE (formerly MBE/WBE)
- ▶ Suspension and Debarment and other responsibility matters
- ▶ Project Sign
- ▶ Access to Project Site

CWSRF - DWSRF Bidding and Contracting Process

Project Bid Process

- ▶ All plans and specifications must be reviewed and approved by program staff prior to advertisement
- ▶ Mandatory Pre-Bid meeting must be held to explain program requirements to potential bidders at least 15 days prior to bid opening
- ▶ Project is bid for a minimum of 30 days
- ▶ Sealed bids are received and shall be opened publicly and be read aloud at the time and place designated

Contract Award Process

- ▶ Bids are tabulated and the contract is awarded to the responsive low bidder
- ▶ Bid Package submitted for approval must contain:
 - Bid tabulation
 - Certification of all Bonds
 - Certification that all easements have been obtained
 - Submission of required DBE documents (if applicable)
 - Other document as required
- ▶ Schedule and conduct a Pre-construction conference

CWSRF - DWSRF Bidding and Contracting Process

Construction and Inspection

- ▶ Monthly progress meetings must to be held
- ▶ Interim inspections will be conducted by the CWSRF or DWSRF project engineer to ensure compliance with the program requirements
- ▶ Any significant project delays or issues must be disclosed to the project engineer

CWSRF - DWSRF Loan Process

Financial Review

- ▶ Applicant Overview
- ▶ Project Overview
- ▶ Review of Annual Reports and Financial Statements
- ▶ Review of Wastewater and/or Drinking Water User Charge Systems
- ▶ Analysis of Existing and Proposed System Costs
- ▶ Analyses of Proposed Project Impact on Residential Users Rates
- ▶ Analysis of User Charge Affordability – 1.5% / 2.0% (combined) of MHI
- ▶ Environmental Finance Recommendation / Presentation to WIAC
- ▶ DWSRF applicants must participate in 3rd party fiscal exercise

CWSRF - DWSRF Loan Process

Binding Loan Commitment, Loan Agreement, & Closing Process

- ▶ Binding Loan Commitment Letter
 - Commitment of Fund resources for proposed project (borrower can solicit project construction bids)
 - Project Description,
 - Loan Amount,
 - Loan Terms, and
 - Estimated Timing (120 days) to close the loan

- ▶ Loan Closing
 - After Project Construction Bids are Solicited and Accepted Legal Counsel
 - Loan Closing Expense for Borrower and Fund
 - Financing Agreement—describes project, operation of system, special covenants
 - General Obligation Bond or Revenue Bond—sets forth loan terms and final maturity date
 - Final maturity date – cannot be extended once the loan is closed; therefore if construction is delayed, the loan will be amortized over fewer years.

CWSRF - DWSRF Loan Process

Loan Reimbursement and Repayment Process

- ▶ Loan Reimbursement
 - Eligible project expenses must be incurred but not required to be paid in advance
 - Reimbursement draw requisition form must be used
 - Copies of supporting project expenses included with draw request
 - Loan expenses reimbursed in 30 days or less

- ▶ Loan Repayment Process (depending on loan agreement)
 - Interest only payments during project construction
 - Amortized loan (principal and interest) repayment are due 6 to 12 months after projects completion

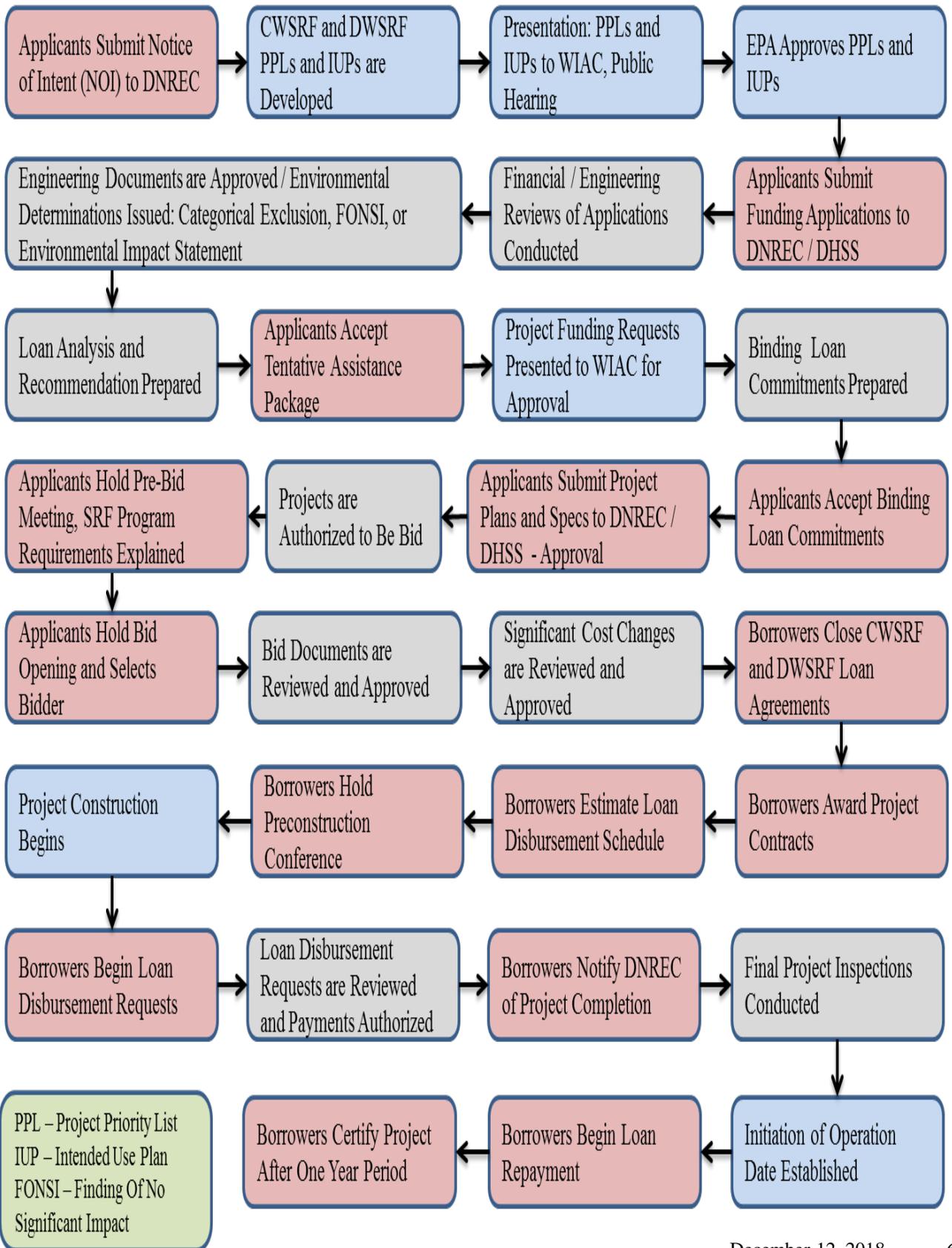
Final Disbursement and Initiation of Operations

- ▶ Upon substantial completion and release of any retainage, recipients submit for final disbursement

- ▶ Project engineer will ensure that the program requirements are met and that all specifications have been followed

- ▶ Depending on the terms of the loan, the project may go into repayment immediately or after six month to one year from initiation of operations

CWSRF - DWSRF Process Summary



Other CWSRF – DWSRF Funding Programs

- ▶ Additional Subsidization for Low-Income Subgroups – CWSRF and DWSRF
- ▶ Project Planning Advances – CWSRF
- ▶ Asset Management Incentive Program – CWSRF and DWSRF
- ▶ Wastewater Matching Planning Grants - CWSRF
- ▶ Surface Water Matching Planning Grants – CWSRF
- ▶ Community Water Quality Improvement Grants - CWSRF
- ▶ Drinking Water Matching Planning Grants – DWSRF
- ▶ Land Conservation and Water Quality Improvement Sponsorship Program - CWSRF

Additional Subsidization for Low-Income Subgroups

ELIGIBILITY

- ▶ **Additional financial assistance is available for targeted low-income subgroups** within new wastewater and drinking water project areas financed by the CWSRF and DWSRF programs.
- ▶ **Municipalities that have existing CWSRF and DWSRF loans** that were closed after August 19, 2015 are eligible to apply for additional assistance. A grant application must be submitted to DNREC for review and consideration by the Water Infrastructure Advisory Council (WIAC).
- ▶ Approved municipal grantees must agree to administer the Additional Financial Assistance Program (Assistance Program) for low-income residential wastewater and/or drinking water users within identified project areas.

PROGRAM REQUIREMENTS

- ▶ Approved municipal grantees must sign a five-year grant agreement that will include but not limited to the following program requirements.
 - Inform residential wastewater and/or drinking water users regarding the availability of the Assistance Program to assist low-income households with paying utility bills;

Additional Subsidization for Low-Income Subgroups

PROGRAM REQUIREMENTS (continued)

- Offer, process, and approve grant assistance applications for residential utility users
- Establish and maintain necessary administrative and accounting procedures for program implementation and reporting;
- Submit grant reimbursement requests (no more than monthly) to DNREC for approved residential utility users;
- Agree to safeguard and ensure the confidentiality of personal information submitted by residential utility users applying for and receiving grant assistance; and
- Agree to periodic meetings and program audits of all records and accounts associated with the Assistance Program.

Additional Subsidization for Low-Income Subgroups

PROGRAM ASSISTANCE GRANTS

- ▶ Assistance Program Grants, regardless of the size of a low-income subgroup population cannot exceed \$200,000 for drinking water, or \$200,000 for wastewater services, respectively.
- ▶ Approved municipal grantees must ensure allocated Assistance Program Grants will last for at least 5 years, regardless of the addition or deletion of assistance accounts for eligible residential utility users.
- ▶ Average Number of Assistance Accounts Per Year: 200 or 400 accounts (combined – drinking water and wastewater services) that can be supported over 5 years
- ▶ Amount of Annual Assistance Per Household: \$200 or \$400 (combined – drinking water and wastewater services) that can be supported over 5 years

Additional Subsidization for Low-Income Subgroups

RESIDENTIAL UTILITY USER ELIGIBILITY

- ▶ Eligibility for the Assistance Program is based on the Federal Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) State Low-Income levels shown below subject to annual revision:

Family Size	Low-Income Limits
1	\$44,250
2	\$50,500
3	\$56,900
4	\$63,200
5	\$68,250
6	\$73,300
7	\$78,350
8	\$83,400

Additional Subsidization for Low-Income Subgroups

RESIDENTIAL UTILITY USER ELIGIBILITY (continued)

- ▶ In addition, residential utility user households must meet the following criteria:
 - Applicant must be year-round resident of the home;
 - Liquid assets and real estate, other than owner-occupied home must be less than \$15,000;
 - No delinquent Taxes (municipal, county, or state);
 - No delinquent drinking water or wastewater service bills

FUNDING LIMITATIONS, SUBMISSION DATES, PRIORITY, AND APPROVAL

- ▶ There is no guarantee of additional funding beyond initial grant awards

- ▶ Insurance Requirements apply to the program

Wastewater and Drinking Water Asset Management Incentive Program

What is Asset Management?

- ▶ Asset management is the practice of managing infrastructure capital assets to minimize the total cost of ownership and operations, while delivering the service level customers desire.

Requirements for Asset Management Incentives:

- ▶ Must be a Publicly-Owned Wastewater or Drinking Water Utility
- ▶ Governing Municipal Government must sign a five year agreement with DNREC to develop and implement a system-wide Asset Management Plan based on the following core components:
 1. Asset Inventory
 2. Level of Service
 3. Critical Assets
 4. Revenue Structure
 5. Capital Improvement Project Plan
- ▶ Municipality may contract with consulting firm following their own procurement procedures, however, scope must be approved by DNREC prior to solicitation.

Wastewater and Drinking Water Asset Management Incentive Program

Core components of an Asset Management Plan

1) Asset Inventory

- What do I own?
- Where is it?
- What condition is it in?
- What is its remaining useful life?
- What is its value?

2) Level of Service

- ▶ Level of Service (LOS) defines the way stakeholders want the utility to perform long term
 - What is the LOS goal for health, safety, and security?
 - How often is the system out of compliance with regulations?
 - Are the operators properly certified?
 - How does the utility stay aware of and prepare for new regulations?

3) Critical Assets

- ▶ Assets or types of assets may be critical in one location, but not critical in another. A utility must examine its assets carefully to determine which assets are critical and why.
- ▶ Determining asset criticality, what is the Probability of Failure (POF); and what is the Consequence of Failure (COF)

Wastewater and Drinking Water Asset Management Incentive Program

Core components of an Asset Management Plan

4) Revenue Structure

- ▶ Rate Methodology - rate setting methodology is a tool to determine rates and charges that will provide sufficient revenues to cover operation, maintenance, replacement, capital improvement projects, and debt costs.
 - billable flow methodology
 - readiness to serve or fixed charge methodology
 - fixed and variable methodology
- ▶ Replacement - rate methodology should also include a replacement breakdown

5) Capital Improvement Project Plan

- A long-term Capital Improvement Plan (CIP) should look at the utility's needs for the future. Ideally, the planning period would be at least 20 years, with a minimum of 5 years
- Identification of desired projects and their anticipated cost; and date to initiate projects

Wastewater and Drinking Water Asset Management Incentive Program

Incentive Programs:

- ▶ No cash match required for up to \$100,000 municipal planning grant to develop and implement an Asset Management program
- ▶ Up to one-half of the interest paid on new CWSRF and DWSRF loans will be rebated back for up to five years
- ▶ The amount of the annual loan interest rebate cannot exceed an agreed upon annual budget for developing and implementing an Asset Management Plan
- ▶ Required to annually submit updated Asset Management Plans, Implementation Plans, and Estimated Budgets to receive annual loan interest rebates
- ▶ Annual loan interest rebates can be used to help phase-in residential user rate increases, pay expenses associated with implementing an Asset Management Plan, or any other wastewater utility related expense

Wastewater and Drinking Water Asset Management Incentive Program

CWSRF and DWSRF Loan Interest Rebate Example:

	Loan 1, Year 1	Loan 2, Year 2	Loan 3, Year 3	Loan 4, Year 4	Loan 5, Year 5	Totals
Loan Amount:	\$1,000,000	\$800,000	\$1,500,000	\$500,000	2,000,000	\$5,800,000
Loan Term (years):	20	20	20	20	20	
Interest Rate:	2.0%	2.5%	3.0%	3.5%	3.5%	
Annual Loan D/S Payment:	\$61,157	\$51,318	\$100,824	\$35,181	\$140,722	\$389,201
Total Loan Interest Rebate:	\$45,801	\$45,986	\$103,871	\$40,546	\$162,183	\$398,387
Year 1	\$10,000					\$10,000
Year 2	\$9,588	\$10,000				\$19,588
Year 3	\$9,169	\$9,609	\$22,500			\$41,277
Year 4	\$8,740	\$9,207	\$21,663	\$8,750		\$48,360
Year 5	\$8,304	\$8,796	\$20,800	\$8,441	\$35,000	\$81,340
		\$8,374	\$19,912	\$8,120	\$33,762	\$70,169
			\$18,997	\$7,789	\$32,481	\$59,267
				\$7,446	\$31,156	\$38,601
					\$29,783	\$29,783

Wastewater and Surface Water Project Planning Advances

- ▶ Project Planning Advances are designed to assist municipalities with the preparation of Preliminary Engineering Reports (PERs), and Environmental Information Documents (EIDs) that will directly lead to new CWSRF projects and loans.
- ▶ Funding Allocation: \$200,000 for wastewater and surface water projects in SFY19.
- ▶ Up to \$100,000 to complete a project PER and EID within one year.
- ▶ After a PER and/or EID have been completed, a municipality must submit a CWSRF Project Notice-of-Intent (NOI) for the proposed project.
- ▶ 50% of a Project Planning Advance will be forgiven after a PER and/or EID have been completed, and 50% will be funded from loan proceeds after the proposed associated CWSRF loan has closed.
- ▶ If a public referendum for a proposed SRF project/loan fails to pass, a municipality is required to submit referendum outcome documentation. In the case of a failed public referendum 100% of the Project Planning Advance will be forgiven.
- ▶ Open solicitation – municipalities can submit Project Planning Advance Applications at any time; two per year limit.

Wastewater Matching Planning Grants

- ▶ Wastewater Matching Planning Grants are allocations in the CWSRF Non-Federal Administrative Account.
- ▶ The program is designed to assist municipal and county wastewater utilities relative to determining infrastructure needs and conducting feasibility studies.
- ▶ Eligible studies include General and Regional Facility Planning Studies, Feasibility Studies, Inflow and Infiltration Studies, and studies necessary for permit applications (i.e. Hydro-Geo Studies).
 - \$250,000 is allocated for the program in SFY 19
 - \$50,000 per application, and \$100,000 annual cap per municipality
 - 50% cash match required
 - Grant typically will be open February, May, August and November as allocated balances allow
 - Insurance requirements - If your current insurance does not meet the requirements, please explain in your submittal how any deficiencies in the required insurance coverages will be handled
- ▶ Studies need to be completed in 2 years or less from PO Issue Date.
- ▶ Application packet is on the DNREC website, **and the next anticipated solicitation will be in February 2019.**

Surface Water Matching Planning Grants

- ▶ The WIAC developed the Surface Water Matching Planning Grant Program to support surface water improvement projects and activities that focus on the developed landscape to improve water quality in impaired watersheds in Delaware. These grants are intended for planning/preliminary engineering/feasibility analysis of stormwater retrofits, green technology practices, stream and wetland restoration projects, small watershed studies, development of master surface water and drainage plans, and other point and non-point source water pollution control projects.

- ▶ State agencies, counties and municipalities are eligible to apply for a Surface Water Matching Planning Grant
 - \$250,000 is allocated for the program in SFY 19
 - There is a \$50,000 grant award cap and a annual award cap of \$100,000
 - Cash matching funds are required
 - Grant typically will be open February, May, August and November as allocated balances allow.
 - Insurance requirements - If your current insurance does not meet the requirements, please explain in your submittal how any deficiencies in the required insurance coverages will be handled

- ▶ Application packet will be on the DNREC website at least 30 days before proposals are due. **The next anticipated solicitation will be in February 2019.**

Surface Water Matching Planning Grants

- ▶ **Grants were awarded in prior funding cycles to:**
 - County-wide planning for Stormwater District in Kent County
 - Water Quality Improvement Project – Tar Ditch for the City of Dover
 - Stormwater Utility Feasibility Study for the City of Dover
 - Modeling of the South Wilmington Wetland Park for the City of Wilmington
 - Stormwater retrofits of Harmony Woods/Harbor Club Apartment for the NCCD
 - Munchy Branch Watershed Study for the Sussex Conservation District
 - Master Surface Water and Drainage Plan for the City of Newark
 - Stormwater Infrastructure Study for the Town of Dagsboro
 - Stormwater Infrastructure Study for the Town of Frankford
 - Stormwater Infrastructure Inventory for the Town of Fenwick Island
 - Stormwater retrofits on West Dagsboro Street in the Town of Fenwick Island
 - Stormwater retrofits in the Town of Bethel
 - Stormwater Infrastructure Study for the Town of Dewey Beach
 - Stormwater retrofits for Oak Crest Farms subdivision to meet Inland Bays TMDL
 - Stormwater Infrastructure Study for the City of Lewes
 - Stormwater Infrastructure Study for the City of Rehoboth
 - Master Plan for Retrofits on the Georgetown-Vaughn Tax Ditch in Georgetown

Community Water Quality Improvement Grants

- ▶ Community Water Quality Improvement Grants that will support water quality improvement projects in impaired Delaware watersheds will be available from the Water Infrastructure Advisory Council. Competitive grant proposals should focus on the developed landscape to improve water quality and address one or more of the following goals:
 - Provide benefits to water quality within an impaired watershed,
 - How does this proposal demonstrate innovative or environmentally beneficial science?
 - Implementation of non-regulatory projects listed in a watershed management plan,
 - Restoration of water quality benefits.

- ▶ Applicants may be any Delaware non-profit organization, community organization, and/or homeowner's association, or Conservation District.

- ▶ Ag Operations, for profit firms, Counties, Municipalities, and State agencies are not eligible, however, cooperative arrangements with eligible applicants are acceptable

Community Water Quality Improvement Grants

- ▶ 75% of grant award must be used for project implementation, 25% can be used for administration
- ▶ 25% cash match is required. Federal, state, and local cash are acceptable. In-kind services do not count as cash match however they would help the proposal score higher.
- ▶ Projects required by enforcement, punitive requirements, regulation, required mitigation, agricultural practices are not eligible. Projects that exceed regulatory require (except Ag) are acceptable.
- ▶ Programs and projects selected will demonstrate innovative and/or environmentally beneficial and sustainable methods, techniques, and/or practices for water quality improvements with cost effective and measurable results.
- ▶ \$250,000 is allocated for the program in SFY 19.
- ▶ \$25,000 minimum grant with a \$75,000 per grant cap.
- ▶ Insurance requirements. If your current insurance does not meet the requirements, please explain in your submittal how any deficiencies in the required insurance coverages will be handled.
- ▶ Application packet will be on the DNREC website 30 days prior to proposals being due.

Drinking Water Matching Planning Grants

- ▶ Drinking Water Matching Planning Grants are patterned after the Wastewater Matching Planning Grant Program, funded from the DWSRF Non-Federal Administrative Account.
- ▶ The program is designed to assist municipal and county drinking water utilities relative to determining infrastructure needs and conducting feasibility studies.
- ▶ Funding can be used to assist with drinking water planning in general, and for specific project planning and designs necessary to submit a loan application for DWSRF funding consideration.
 - \$300,000 is allocated for the program in SFY19
 - \$50,000 per application; \$100,000 annual cap per municipality
 - 50% cash match required
 - Grant typically will be open February, May, August and November as allocated balances allow
 - Insurance requirements - If your current insurance does not meet the requirements, please explain in your submittal how any deficiencies in the required insurance coverages will be handled
- ▶ Application packet is on the DNREC website, and **and the next anticipated solicitation will be in February 2019.**

Insurance Requirements of Grantees

Insurance requirements for grant recipients started in FY 2016. Applicants should review their existing insurance coverages and determine if their existing insurance coverage meets the requirements set out below.

Grant recipients shall maintain the following insurance during the grant term:

- ▶ Worker's Compensation and Employer's Liability Insurance in accordance with applicable law, and
- ▶ Comprehensive General Liability - \$1,000,000.00 per occurrence/\$3,000,000 general aggregate, and
- ▶ Medical/Professional Liability - \$1,000,000.00 per occurrence/\$3,000,000 general aggregate; or
- ▶ Miscellaneous Errors and Omissions - \$1,000,000.00 per occurrence/\$3,000,000 general aggregate, or
- ▶ Product Liability - \$1,000,000.00 per occurrence/\$3,000,000 general aggregate, and
- ▶ If required to transport state employees, Automotive Liability Insurance covering all automotive units used in the work with limits of not less than \$100,000 each person and \$300,000 each accident as to bodily injury and \$25,000 as to property damage to others.

CWSRF Land Conservation and Water Quality Improvement Sponsorship Program Overview

Land Conservation Loan Program (LCLP)

- ▶ The LCLP is an innovative financing approach to fund land conservation easements and fee simple land purchases with CWSRF municipal loans
 - Up to \$5M per year – continuation of funding based on availability
 - Municipal wastewater project must be on the CWSRF Project Priority List (PPL)
 - Municipal project sponsors must enter into a Sponsorship Agreement with the Delaware Department of Agriculture (DDA) or DNREC's Division of Park and Recreation, or Division of Fish and Wildlife
 - Project must have demonstrated water quality improvement benefits and be managed in perpetuity
 - Loan debt service payments for both the wastewater and LCLP projects will be equal to wastewater project by itself for the term of the loan
- The DDA's Delaware Agricultural Land Preservation Foundation is authorized to establish criteria for Forestland and Agricultural Preservation Areas and purchase of forestland and agricultural preservation easement pursuant to 3 Del. C. Ch. 9, §904
- DNREC's Division of Parks and Recreation and Division of Fish and Wildlife are authorized to acquire open space and conservation easements under the Delaware Land Protection Act, pursuant to 7 Del C. Ch. 75, §7503

CWSRF Land Conservation and Water Quality Improvement Sponsorship Program Overview

Water Quality Improvement Loan Program (WQILP)

- ▶ The WQILP is very similar to the LCLP, however, its focus is financing Green Infrastructure and/or Environmentally Innovative projects that will have significant water quality improvement impacts. DNREC's Environmental Finance and the Division of Watershed Stewardship implement the program.
- Examples of eligible projects include:
 - Implementation of green streets (combination of infrastructure practices in transportation rights-of-way) for new development, redevelopment or retrofits;
 - Implementation of wet weather management systems for parking areas which include: the incremental cost of porous pavement, bioretention, trees, green roofs and other practices that mimic natural hydrology and reduce effective imperviousness at one or more scales;
 - Equipment to maintain green streets, vector trucks and other equipment (Will be contingent upon contractual arrangement with Environmental Finance and the Division of Watershed Stewardship);
 - Implementation of water harvesting and reuse programs or projects, including reuse that reduce energy consumption, recharge aquifers and reduce water withdrawals and treatment costs
 - Downspout disconnection to remove stormwater from combined sewers and storm sewers;

Interested Municipal Sponsors should contact Environmental Finance for complete program criteria and further guidance.

Delaware Clean Water State Revolving Fund and Drinking Water State Revolving Fund Workshop

Any questions?

If you have any follow up questions please contact:

CWSRF Program at 302-739-9941 or DWSRF Program at 302-744-4739

You can also email staff at:

Carla Cassell-Carter (Carla.Carter@state.de.us) – Env. Finance Chief

Greg Pope (Greg.Pope@state.de.us) – CWSRF Engineering Lead

Laura Robbins (Laura.Robbins@state.de.us), CW/DW Financial Analyst

Heather Warren (Heather.Warren@state.de.us) – DW Management Analyst