



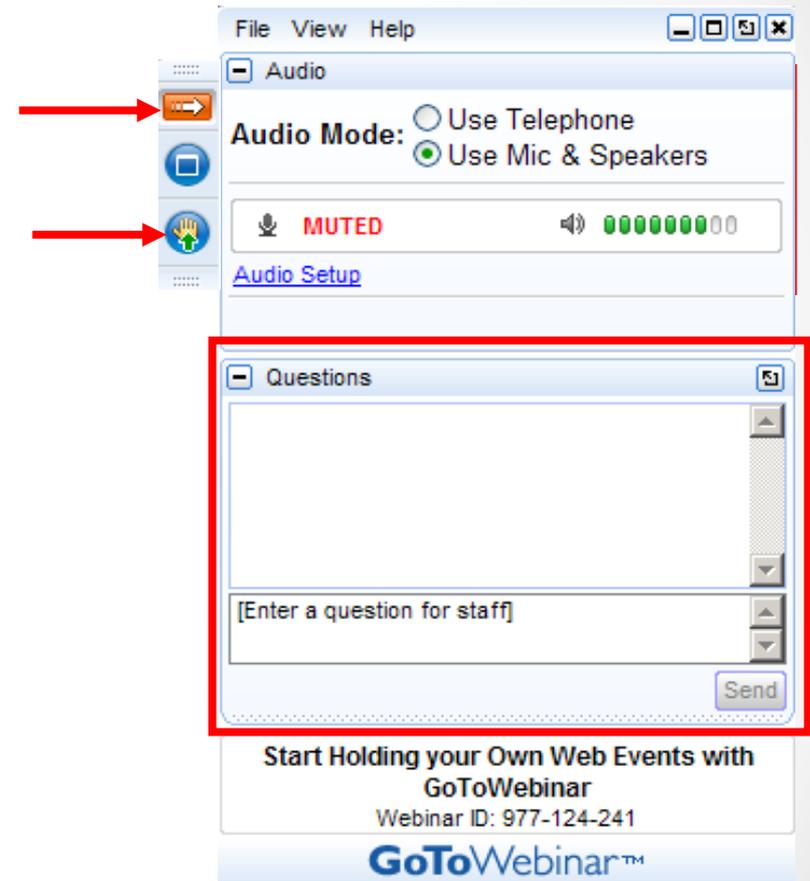
Exploring Infrastructure Funding Strategies

Presented by:

Eric Law, Community Loan Specialist VT/NH, USDA-RD
Johnna McKenna, NHDES Drinking Water State Revolving Loan Program
Beth Malcolm, NHDES Clean Water State Revolving Loan Program

How to Participate Today

- Open and close your Panel
- Submit text questions
- Q&A addressed at the end of today's session



The screenshot displays the GoToWebinar interface with two panels. The top panel is titled 'Audio' and includes a menu bar (File, View, Help) and window controls. It features radio buttons for 'Audio Mode' with 'Use Telephone' and 'Use Mic & Speakers' options. Below this is a 'MUTED' status indicator with a speaker icon and a volume level bar. A red arrow points to the 'Audio' panel title bar, and another red arrow points to the microphone icon. The bottom panel is titled 'Questions' and is enclosed in a red rectangular box. It contains a large empty text area for entering questions, a placeholder text '[Enter a question for staff]', and a 'Send' button. At the bottom of the interface, there is a promotional banner for 'Start Holding your Own Web Events with GoToWebinar' with the Webinar ID: 977-124-241 and the GoToWebinar logo.

Community Programs

Water Environmental Loan and Grant Programs (WEP)



Eligibility and Goals

Municipal Entities



- **Rural areas of $\leq 10,000$** – water, wastewater, stormwater, and solid waste utilities
- New interpretation expands eligibility

Private-Non-Profits



- **Private, non-profit water utilities** – water and wastewater utilities located in a town $\leq 10,000$

Eligibility and Goals

Municipal Entities



- **Rural areas of $\leq 10,000$** – water, wastewater, stormwater, and solid waste utilities
- New interpretation expands eligibility

Private-Non-Profits



- **Private, non-profit water utilities** – water and wastewater utilities located in a town $\leq 10,000$



Community Program Allocations

| Community Facilities | | Water Environmental | |
|----------------------|-------------------------------|---------------------|---------------------------------------|
| Vermont | \$500K Grant, \$11M Loan | Vermont | \$3M Grant \$4M REAP \$10M Loan |
| New Hampshire | \$300K Grant, \$12.5M Loan | New Hampshire | \$3.3M Grant, \$11M Loan |

Eligibility and Goals

Municipal Entities



- **Rural areas of $\leq 10,000$** – water, wastewater, stormwater, and solid waste utilities
- New interpretation expands eligibility

Private-Non-Profits



- **Private, non-profit water utilities** – water and wastewater utilities located in a town $\leq 10,000$

2017 Funding Cycle



Readiness-to-Proceed

- ❑ In order to apply, a municipality (or private non-profit) must have:
 - ❑ A draft preliminary engineering report
 - ❑ A draft environmental report (**note – new environmental regulations in place as of April 1, 2016, check for requirements**)
 - ❑ Voter approval in hand or a commitment to do so in March-May 2017, depending on the pooling application deadline.
- ❑ Approved PERs, ERs, and passed voter approvals *define readiness-to-proceed and secure limited grant reserves.*



Historically-Low Interest Rates

The graphic features two water towers on a green field under a blue sky. The larger tower on the left is labeled "INTEREST RATE 2009". The smaller tower on the right is labeled "INTEREST RATE TODAY". Text to the right of the towers provides details on the decrease in interest rates and encourages applying for loans.

Since 2009 Water Loan Interest Rates have fallen by over a third

Interest rates are now just **1.375%** to **2.375%**

#RDApply

Take advantage of these historically low rates!

Apply now!

40-year Repayment Terms

Loan Terms

- Market Rate** (MHI at or above NH non-metro MHI) **2.375%**
- Intermediate Rate** (MHI below NH non-metro MHI) **1.875%**
- Poverty Rate** (MHI below 80% of NH non-metro MHI) **1.375% if Health or Sanitary Qualified**
- Up to **30 yrs.** or the expected useful life of the new infrastructure, whichever is less
- Fixed interest rate with no prepayment penalties
- Delayed repayment start date (6 mths. after incurring the full loan value)

Grant Reserves

- ❑ Only for Qualifying Communities (depends on availability)
- ❑ 45% Eligible--MHI must be below the NH non-metro MHI and projected user rates post-project higher than comparable systems and/or 1.5% of MHI (paired with intermediate rate)
- ❑ 75% Eligible--**Heath and Sanitary** projects where the MHI must be below 80% of NH non-metro MHI and projected user rates higher than comparable systems and/or 1.5% of MHI (paired with poverty rate)
- ❑ More demand than supply so it's a priority-based system (e.g., income, population, health risks, etc.)
- ❑ Cost overruns on projects are loan-only requests

Other RD Nuances

- ❑ A reimbursable-based program, i.e., we pay off interim financing once the applicant incurs the full value of the RD loan
- ❑ EJCDC templates required for engineering agreements and bid documents
- ❑ Project must be “modest in size, design, and cost”
- ❑ No Davis Bacon nor American Iron and Steel requirements
- ❑ Monthly reimbursement
- ❑ Loan funds always spent first



1st Step—Plan with RD or the SRFs

- ❑ Two RD grant possibilities, one purpose—project develop water, water quality, and solid waste infrastructure projects
- ❑ PPGs—for projects serving a town between 2,500 and 10,000 people and with an MHI below 80% of the SNMHI (up to \$30K; 25% match)
- ❑ SEARCH—for projects serving a town with less than 2,500 people (up to \$30K, no match);
- ❑ Approximately 4 are funded every year

ECWAG (Not AFLAC)

- ❑ Emergency Community Water Assistance Grants
- ❑ Helps eligible communities prepare for, or recover from, an emergency that threatens the availability of safe, reliable drinking water for households and businesses
- ❑ The area to be served must also have a MHI less than NH's non-metro MHI
- ❑ \$150,000 and \$500,000 grants are available, depending on the nature of the emergency

Is the Project Necessary and Inevitable?

| | Total Cost | Interest | Construction Cost |
|---|------------|-----------|-------------------|
| Funding Scenario #1 – Now | \$658,273 | \$158,273 | \$500,000 |
| Funding Scenario #2 – Waiting | \$897,022 | \$347,022 | \$550,000 |



RD APPLY



Home Notifications Admin **Tutorials**

Application Id: 3001245 | Borrower Name: Bandera River Ranch Water Supply Corporation

You are logged in as: LAW, ERIC | [Logout](#)

- [Interview](#) [Customer](#) [Facilities](#) [Volume/Flow](#) **[Project Cost](#)** [Financial](#) [Service Area\(s\)](#) [Documents](#) [Summary/Submit](#)

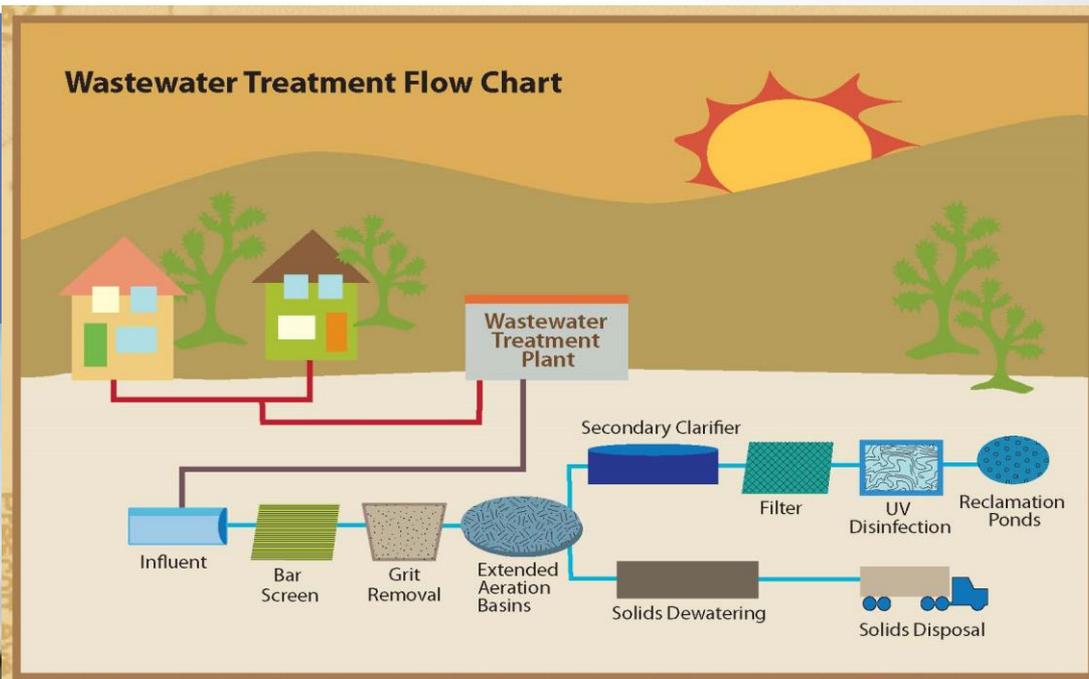
Request Info

| | | | |
|---|---|--|---|
| *Proposed Start Date: | <input type="text" value="11/16/2015"/> | *Proposed End Date: | <input type="text" value="02/15/2016"/> |
| Date Application made available to the Inter-governmental Review Process (if applicable): | <input type="text" value="08/05/2015"/> | State Clearinghouse ID Number (if applicable): | <input type="text"/> |

Project Cost

| *Cost Classification | Description | Cost | Action |
|--|--------------------------------------|-------------|--------|
| Architectural, Engineering & Planning <input type="text" value="v"/> | Engineering and environmental servic | \$55,000.00 | |
| Contingencies <input type="text" value="v"/> | | \$45,000.00 | |

Wastewater Utility Model



On-Site Solar Panel Install

- \$360,000 Total Cost
- \$75,000 NH PUC Grant
- \$285,000 WEP Loan

60% reduction in energy costs



United States Department of Agriculture

Rural Development: Contact us

USDA Rural Development Vermont Website:

<http://www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program/nh>

Program Information / Forms & Resources / RD Apply Information

Anne Getchell, NH Community Programs Specialist

(603) 447-3318 (ext. 202)

Anne.Getchell@nh.usda.gov

Mark Koprowski, NH Community Programs Specialist

(603) 223-6057

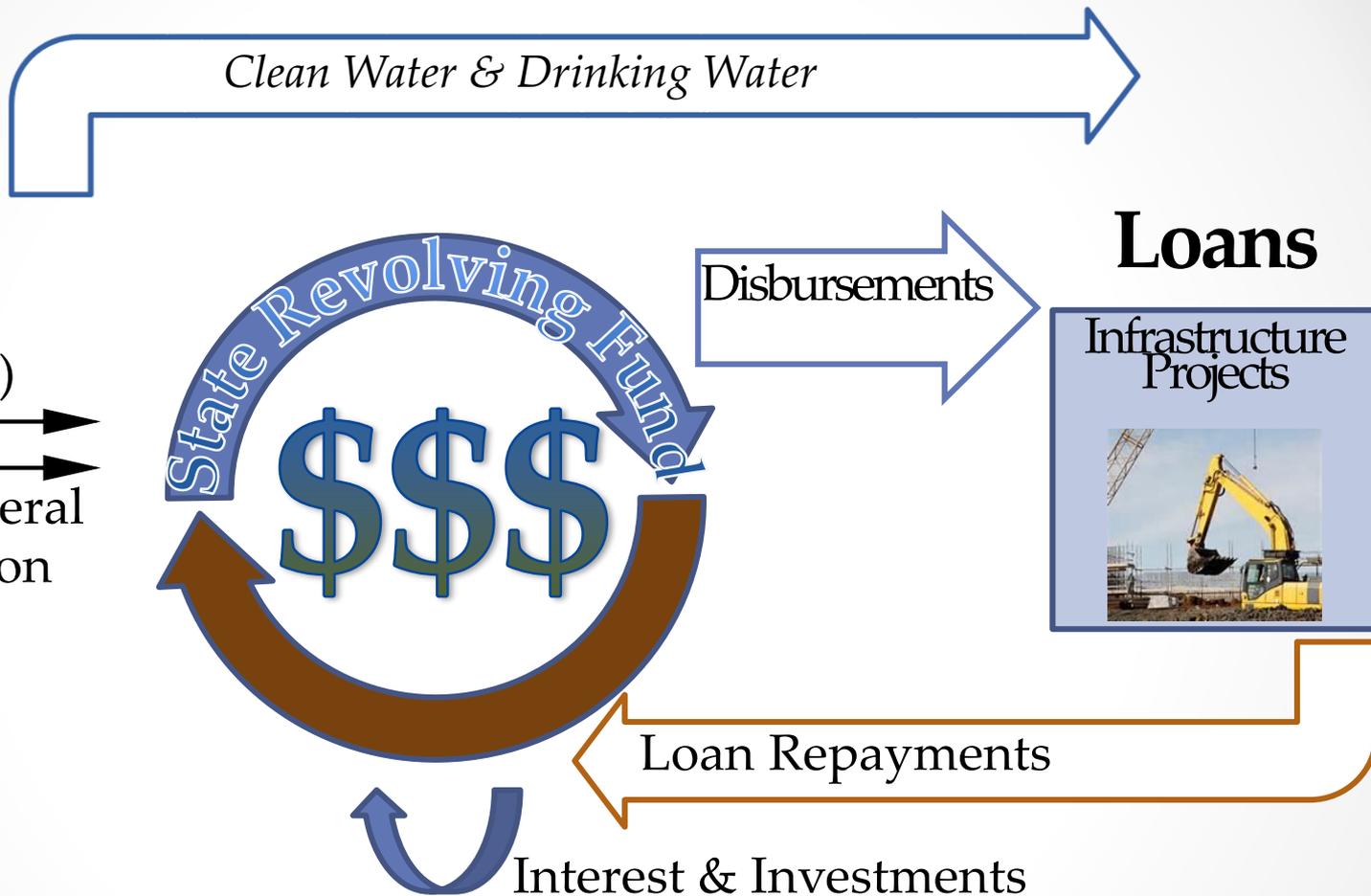
Mark.Koprowski@nh.usda.gov

NH State Revolving Loan Fund



State Match (20%)

Annual Federal Capitalization Grant

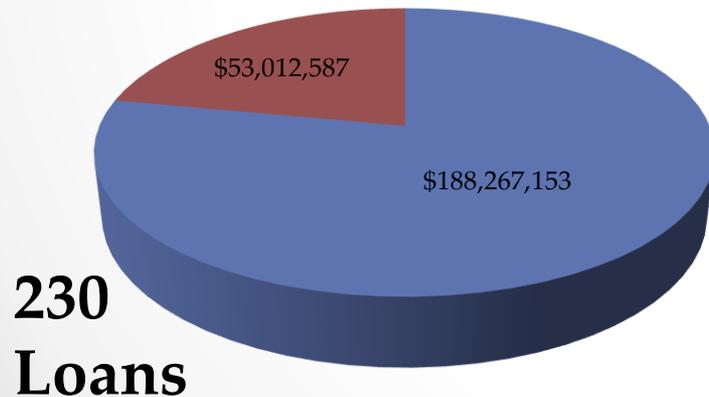


Loans Provided Through FY16

Drinking Water (DWSRF)
- since 1998

Total: \$241,279,740

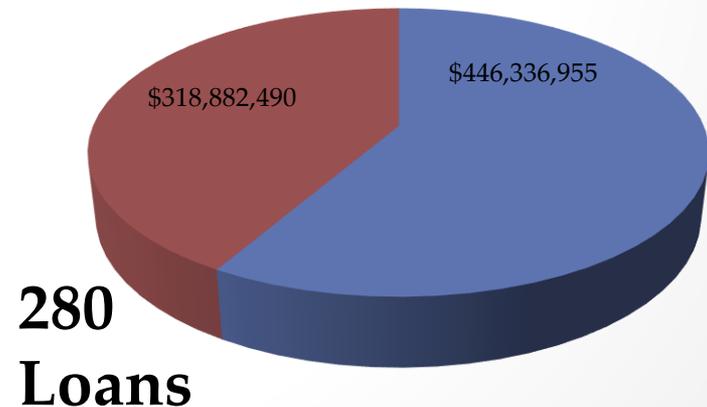
- EPA Capitalization Grant & State Match
- Repayment Fund



Clean Water (CWSRF) -
- since 1991

Total: \$765,219,445

- EPA Capitalization Grant & State Match
- Repayment Fund

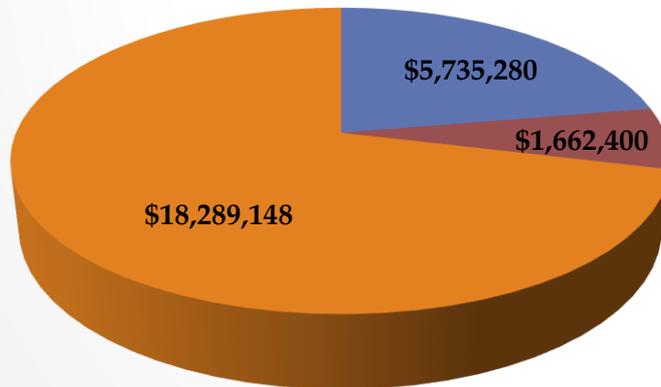


Funds Available for FY16

DWSRF

Total: \$25,686,828

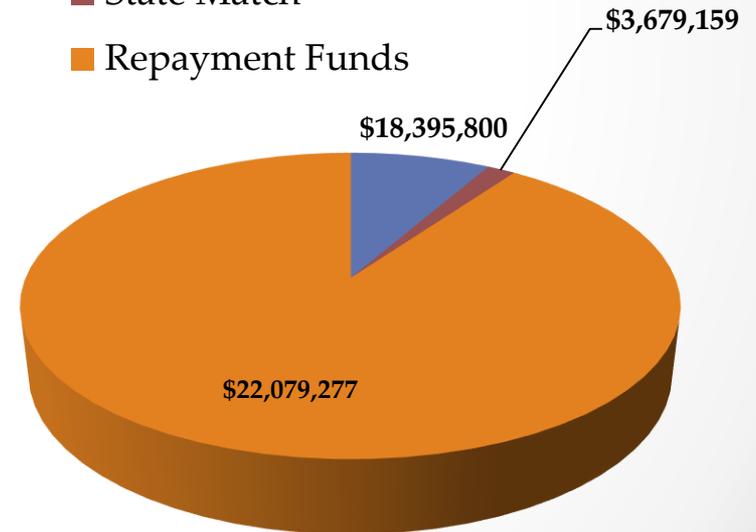
- EPA Capitalization Grant Funds
- State Match
- Repayment Funds



CWSRF

Total: \$44,154,237

- EPA Capitalization Grant Funds
- State Match
- Repayment Funds





2016 EPA Capitalization Grant

DWSRF

| | |
|------------------------|---------------|
| Federal Grant | \$8.3M |
| <u>20% State Match</u> | <u>\$1.6M</u> |
| Total | \$9.9M |

Principal forgiveness:
20% of grant (\$1.6M)

CWSRF

| | |
|------------------------|----------------|
| Federal Grant | \$13.3M |
| <u>20% State Match</u> | <u>\$2.7 M</u> |
| Total | \$16 M |

Green Project Reserve:
10% of Grant (\$1.3M)

Principal forgiveness:
Min: 10% of Grant (\$1.3M)
Max: 30% of Grant (\$4M)



SRF Eligible Projects

- **DWSRF**

- Treatment
- Source Development
- Interconnections
- Storage
- Water Main
- Meters
- Pump Station
- Asset Management and Energy Audits

- **CWSRF**

- Wastewater
- Stormwater
- Nonpoint Source
- Green Project Reserve
 - Energy & Water Efficiency
 - Green Infrastructure
 - Environmentally Innovative
- Asset Management and Energy Audits

SRF Federal Requirements

1. Davis Bacon Requirements

- Prevailing wage rates
- Reporting

2. Environmental Review

- Usually takes up to 8 weeks
- Should be complete before construction bid

3. Disadvantaged Business Enterprise

- Must attempt to contract with minority and women owned businesses

4. American Iron & Steel

- Must use iron and steel products that are produced in the U.S.

5. Single Audit

**1 - 4 do not
apply to loans
for design**

SRF Financial Benefits

- Below Market Interest Rates
 - No closing costs, origination fees
 - No prepayment penalties
- Interest on Disbursements -1% Until Project Completion
- Repayments Begin Within 1 Year of Substantial Completion
- Recipients Receive Lowest Available Rate:
(Original Loan Agreement vs. Available Rate at Repayment)



SRF Financial Benefits (cont.)

- Principal Forgiveness:
 - Affordability
 - Sustainability
- Administrative and Technical Assistance:
 - Design and Environmental Review
 - Davis Bacon Compliance
 - Construction Oversight
 - Operations



SRF Interest Rates

| DWSRF | |
|--------------|-------------|
| Term of Loan | Charge Rate |
| 5 Years | 0.6125% |
| 10 Years | 1.225% |
| 15 Years | 1.8375% |
| 20 Years | 1.96% |

| CWSRF | |
|--------------|-------------|
| Term of Loan | Charge Rate |
| 5 Years | 2.0000% |
| 10 Years | 2.0000% |
| 15 Years | 2.0000% |
| 20 Years | 2.0000% |

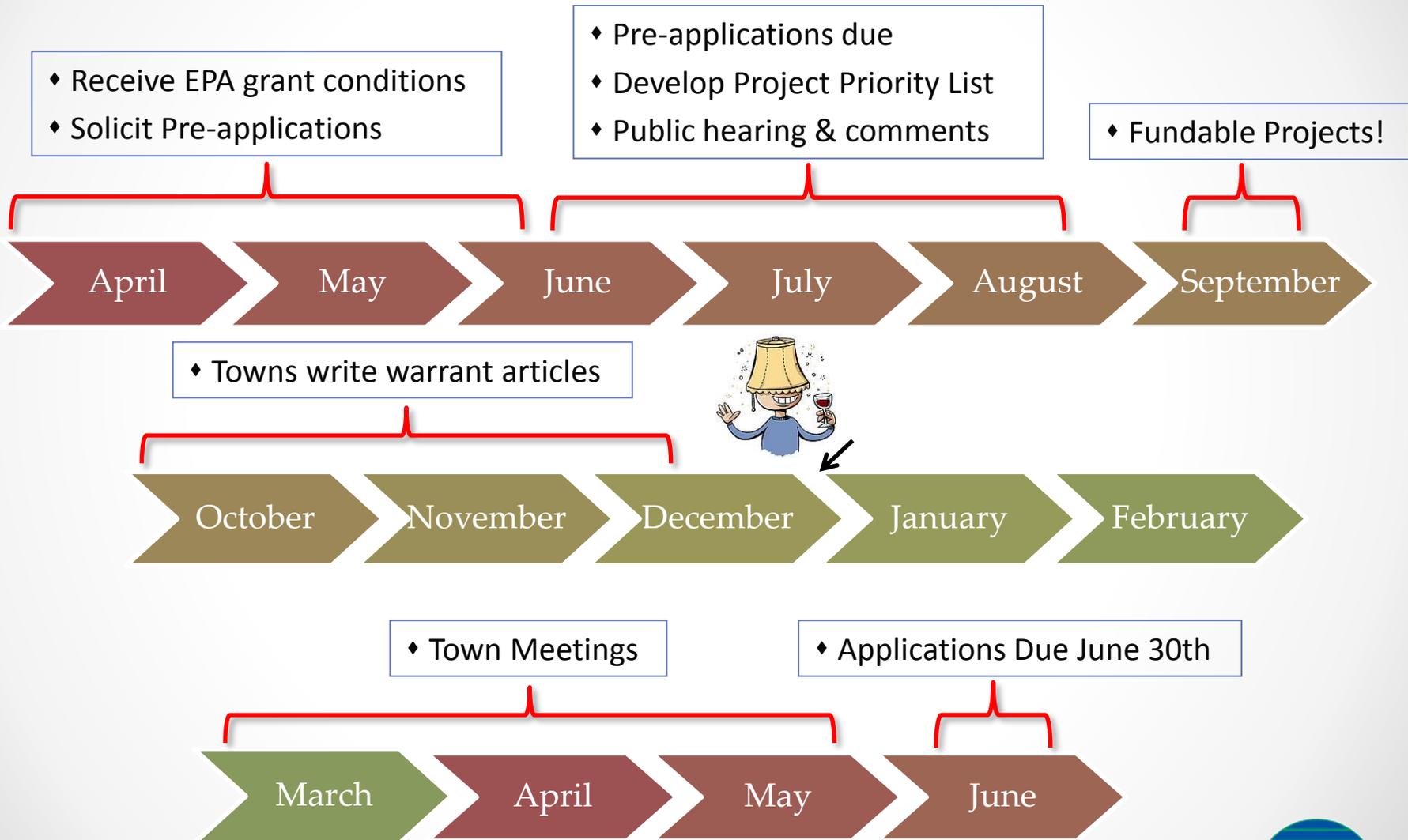


Inclusive of (2%) admin. fee

- 30 Year Term Available



SRF Calendar



Loan Process

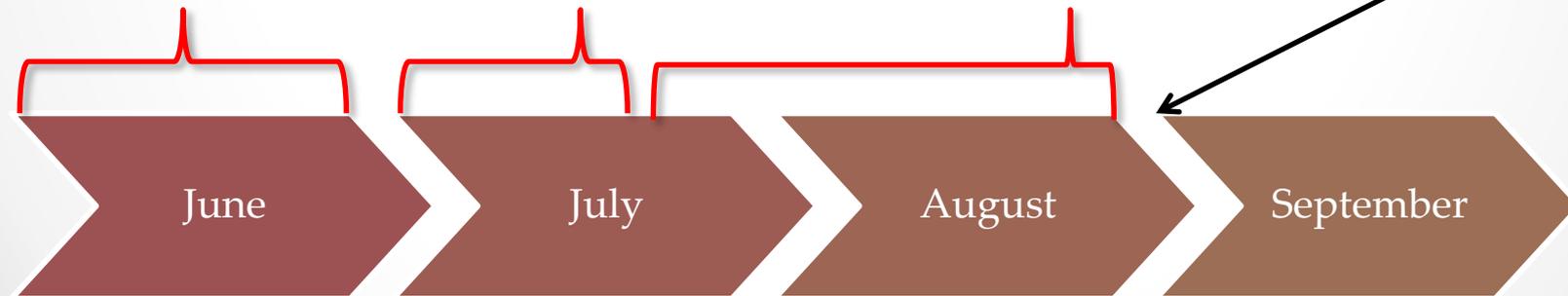


Complete loan application

Original Loan Agreement (OLA) to loan recipient for signature

NHDES receives signed OLA, submits to Governor & Council

**Disbursements
May Begin!**



Standard Project Information

- Amount of Loan Request
- Term of Loan (5,10,15, 20 year)
- Estimated Cost Breakdown (Construction/Engineering/Contingency)
- Contact Information
- Estimated Project Schedule
- Information on System or Project (Design Flow, Population Served, etc.)



Supporting Information

- Financial Information (Cash Flow, Source of Repayment, Debt of Applicant, Financial Report)
- Engineering Information (need, alternatives, cost effectiveness)
- Authority To: Raise, Appropriate and Borrow



The FLOW of a DWSRF Water Main Replacement Project

The following illustration outlines the steps for a typical water main replacement project funded through the DWSRF program, from start to finish.

A. IDENTIFY

PUBLIC WATER SYSTEM IDENTIFIES THE PROJECT:

- From a Master Plan (or Comprehensive System Facilities Plan or Capital Improvement Program)
- From an Asset Management Plan
- From an Energy Audit
- From a requirement in a Administrative Order
- From a system needs assessment
- From an emergency
- From a project needed to coordinate with a scheduled DOT or local road reconstruction project

F. COMPLETION

SUBSTANTIAL & FINAL COMPLETION

- Final pay requisition
- Final project inspection
- Final disbursement
- Loan payments by water system start one year after substantial completion; small systems begin six months with interest only

B. FUNDING

OBTAIN PROJECT FUNDING

Public Water System submits a DWSRF pre-application (typically end of June each year). DWSRF loan rates are discounted below 11-GO Bond Index.

Determine system eligibility for Principal DES issues project priority list.

Co-funding opportunities explored: (Rural Development, Community Development Block Grant, Local Share, etc)

Applicant seeks authority to borrow funds (Town meeting, City Council, Home Owner's Association Annual meeting). Submit final application.

E. CONSTRUCTION

CONSTRUCTION

Preconstruction Meeting/Contract Signing

Contractors become involved & Construction occurs

Construction inspection by third party or in-house by utility

Monthly DWSRF disbursements submitted by public water system

D. BIDDING

PROJECT GOES OUT TO BID

(lowest responsible bidder accepted per engineer recommendation)

Three quotes obtained on projects <\$100,000

Open Competitive bidding on projects > \$100,000

C. DESIGN

PROJECT DESIGN, DEVELOPMENT OF PLANS & SPECIFICATIONS

Professional Engineers & Consultants become involved

NEPA-like or State Environmental Review, depending on project cost

Construction project plans and specifications created

Plans & specifications reviewed and approved by the Drinking Water Program

Project scheduling is determined

G. LOAN REPAYMENT

SUPPLEMENTAL LOAN AGREEMENT

Loan repayments return to the Drinking Water State Revolving Fund (to be used by another drinking water infrastructure project)



Partnership: DES and the Loan Recipient

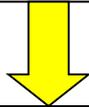
- Contact Information
- Contracts
- Environmental Review
- Design Review
- Disbursement Requests
- Project Management
- Loan Closeout & Repayment Options



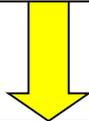
Trickling Filter, Concord

Engineering Contracts

Standard State Contract



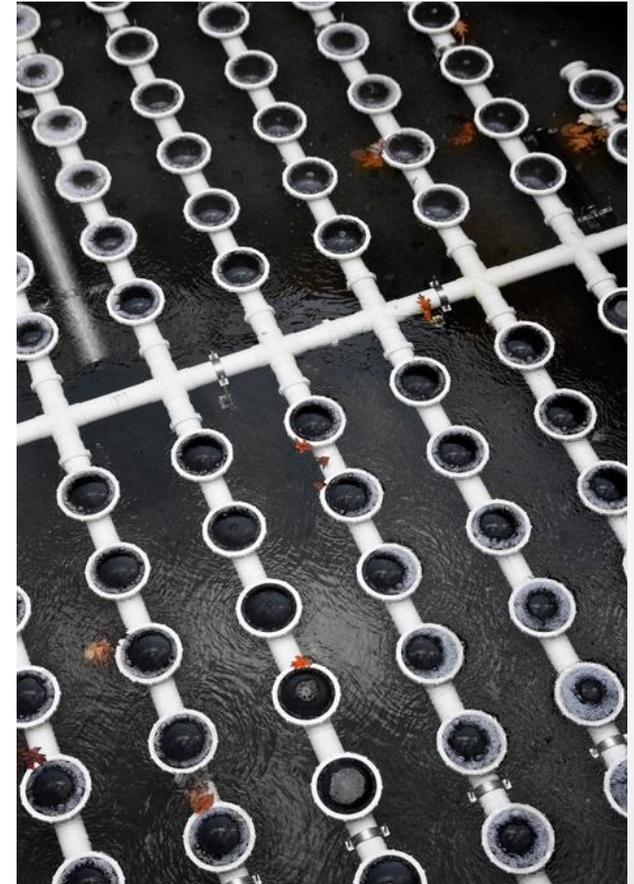
DES Approves Draft



Execute 3 Copies,
Submit to DES for Signature

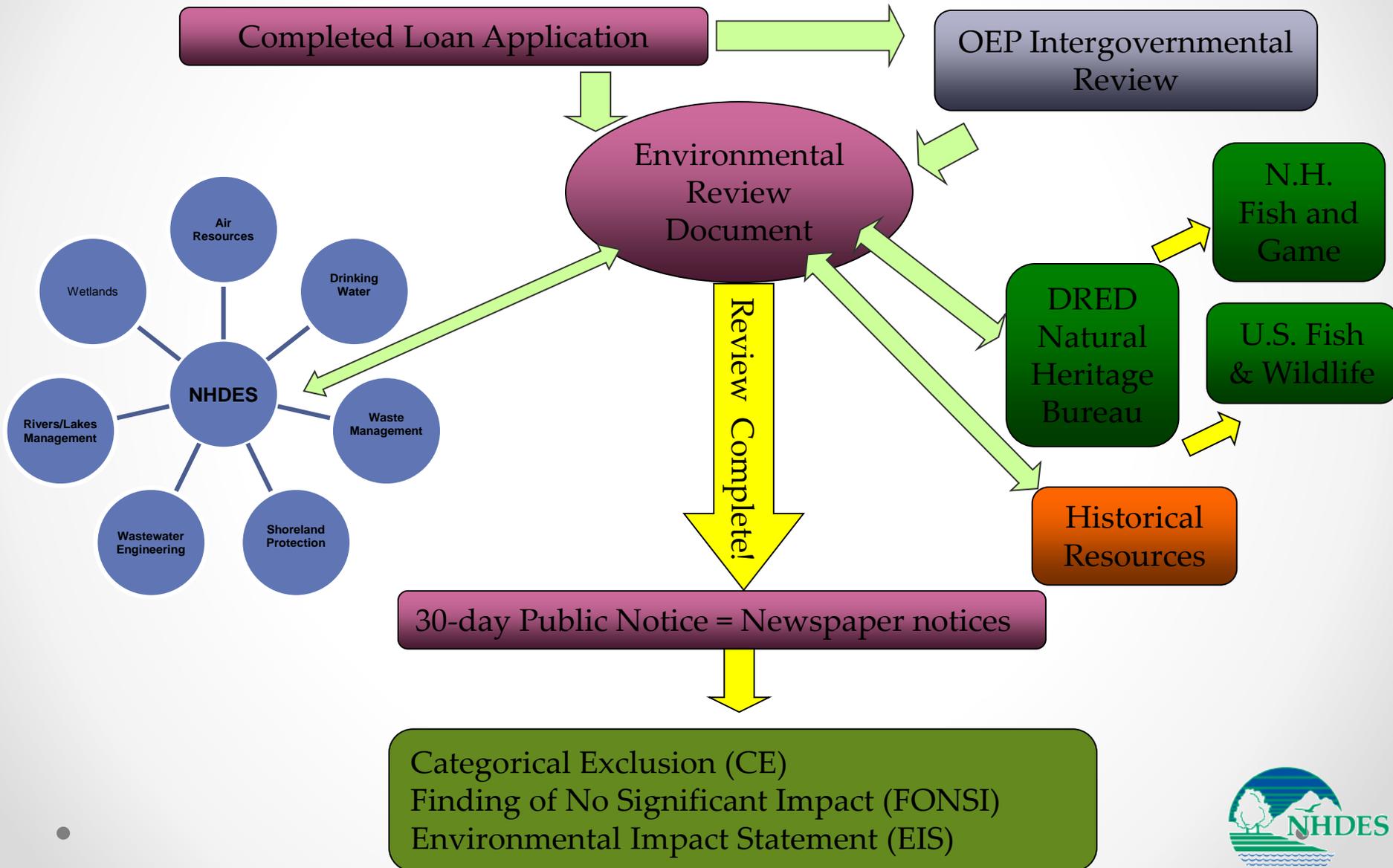


DES Distributes
Executed Contracts:
Loan Recipient
Engineering Firm
Funding Partners



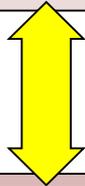
Aeration Tank, Hooksett

Environmental Review

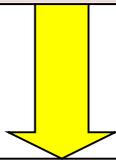


Design Review

DES Reviews Plans and Specifications
& SRF Eligibility Determination



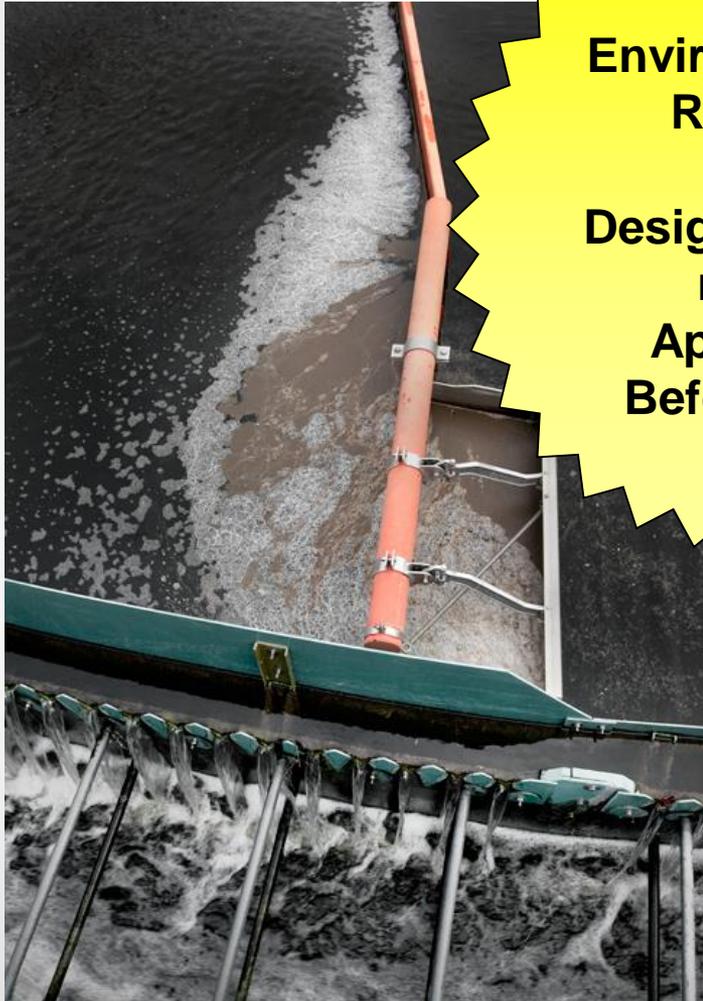
DES Provides
Comments



Design Approval & Authorization to Bid



Construction Contracts



**Environmental
Review
and
Design Review
need
Approval
Before Bid!**

Advertisement for Bids
(≥ 30 days)

Bid Opening

Consulting Engineer Reviews
Bids & Recommends Contractor

DES Authorizes Contract Award

Loan Recipient Awards Contract

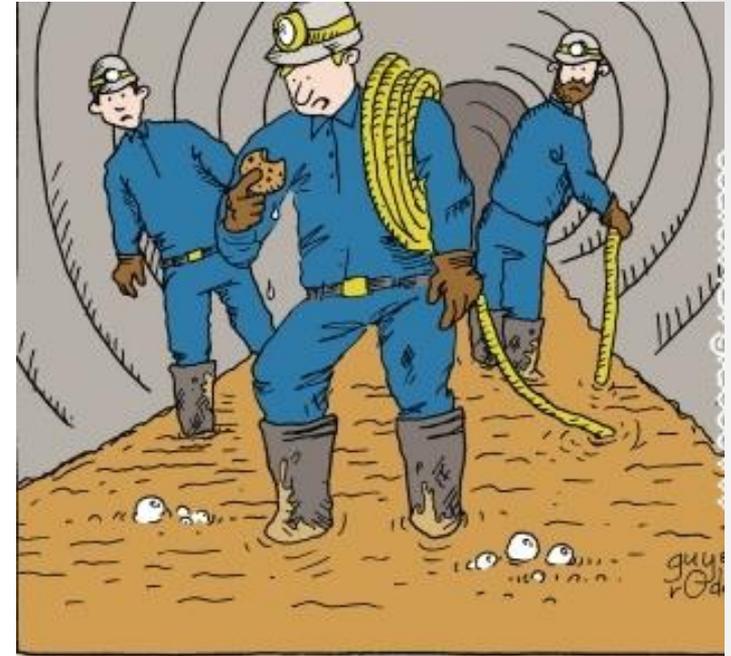
2 Executed Contracts Sent to DES

Secondary Clarifier, Manchester

Project Management

Authorization
to Bid

- Bid-ability and Constructability of Contract Documents
- Approves Change Orders
- Provides Technical Advice to Project Owners, Consulting Engineers, etc.
- Facilitates Payment for Construction Work
- Ensures Compliance with SRF Requirements



NOBODY TOLD JAMES THAT THE FIVE SECOND RULE DIDN'T APPLY IN THEIR LINE OF WORK.

End of
Warranty
Period



Disbursement Requests



**State
Revolving
Fund Loans
are NOT like
typical loans**

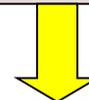
Original Loan Agreement in Place



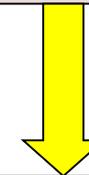
Project Contracts Executed



Loan Recipient Receives
Invoices or Construction Pay
Requisitions



Loan Recipient Submits
Disbursement Request



DES Disburses on Eligible Costs



Loan Repayment Options

- Supplemental Loan Agreement amends the loan agreement to reflect the actual project expenditures.
- Annual repayments begin one year following the earlier of:
 1. substantial completion date; or
 2. scheduled completion date.
- Interest Rates:
1% on disbursements until substantial completion or scheduled completion.
Then: 
- Level principal or level payments
- Pre-Payments at anytime with no penalty.
-



| Term of Loan | Current Charge Rate (EXAMPLE) |
|--------------|-------------------------------|
| 5 Years | 1.060% |
| 10 Years | 2.120% |
| 15 Years | 3.180% |
| 20 Years | 3.392% |

Resources

- CWSRF

<http://des.nh.gov/organization/divisions/water/wweb/grants.htm>

- DWSRF

<http://des.nh.gov/organization/divisions/water/dwgb/capacity/dwsrf.htm>

- FACT - Financing Alternatives Comparison Tool

<https://www.epa.gov/cwsrf/financing-alternatives-comparison-tool>

- Asset Management Guidance

<http://des.nh.gov/organization/divisions/water/dwgb/asset-management/index.htm>

- Water Infrastructure and Resiliency Finance Center

<https://www.epa.gov/waterfinancecenter>



NH CWSRF Staff Contacts

Beth Malcolm – Grants Management Administrator

- CWSRF, State Aid Grant
- 271-2978, beth.malcolm@des.nh.gov

Dan Fenno – CWSRF Program Manager

- Loan Agreements, Payment Schedules and Estimates
- 271-3448, daniel.fenno@des.nh.gov

Kathie Bourret – CWSRF Program Specialist

- Davis-Bacon Compliance, Disbursement Requests
- 419-0380, kathleen.bourret@des.nh.gov

Nina Buckman – CWSRF Program Coordinator

- Environmental Reviews, Disbursements, Rates
- 271-0734, christina.buckman@des.nh.gov

Abigail May – CWSRF Accountant

- Invoices, Loan Payments, Audits
- 271-8001, abigail.may@des.nh.gov



NH DWSRF Staff Contacts

Johnna McKenna – DWSRF Program Manager

- 271-7017, johnna.mckenna@des.nh.gov

Rick Skarinka – DWSRF Project Manager-Large Systems

- 271-2948, richard.skarinka@des.nh.gov

Randy Suozzo – DWSRF Project Manager-Large Systems

- 271-1746, randall.suozzo@des.nh.gov

Cindy Klevens – DWSRF Project Manager-Small Systems

- 271-3108, cynthia.klevens@des.nh.gov

Tom Willis – DWSRF Project Manager-Small Systems

- 271-2953, thomas.willis@des.nh.gov

Shelley Frost – DWSRF Project Manager-Small Systems

- 271-2949, shelley.frost@des.nh.gov





PROD.

COMING ATTRACTIONS

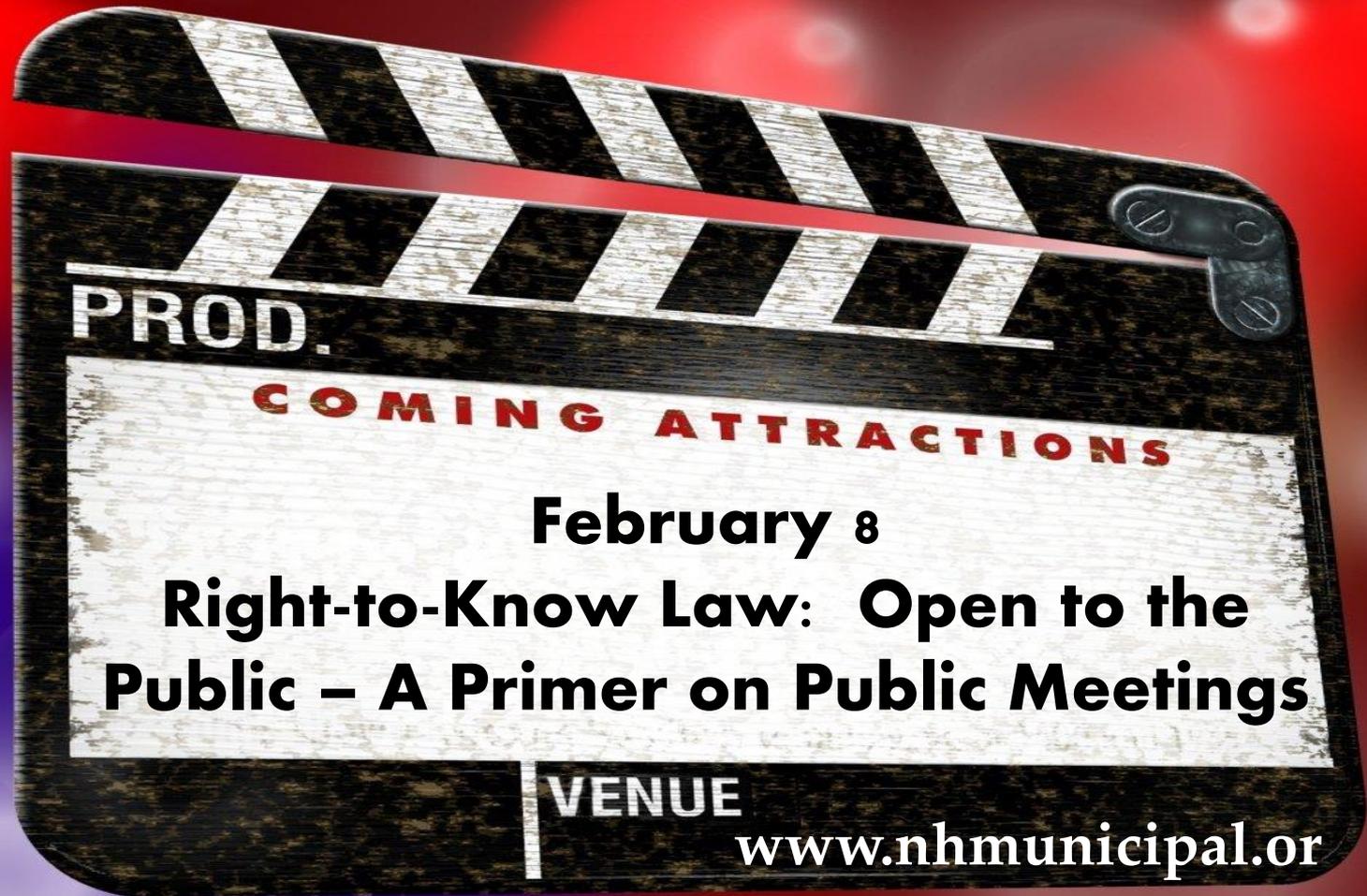
January 11

2017 State Legislative Preview:
Now What?

VENUE

www.nhmunicipal.org

g



g

**Visit NHMA's Anniversary Webpage:
www.nhmunicipal.org/anniversary**





*for attending
our webinar presentation
today!*

Mission Statement

The New Hampshire Municipal Association non-profit, non-partisan association working to strengthen New Hampshire cities and towns and their ability to serve the public as a member-funded, member-governed and member-driven association since 1941. We serve as a resource for information, education and legal services. NHMA is a strong, clear voice advocating for New Hampshire municipal interests.

25 Triangle Park Drive
Concord, NH 03301
www.nhmunicipal.org or
legalinquiries@nhmunicipal.org
603.224.7447
NH Toll Free: 800.852.3358

