Small Communities Environmental Infrastructure Group (SCEIG)

Helping Small Communities meet their Water & Wastewater System Needs
What is SCEIG?

An association formed in 1990

- Federal Agencies
- State Agencies
- Local/Regional Groups
- Educational Institutions
- Technical Assistance Providers
- Financial & Regulatory

www.sceig.org
Typical Communities

- Smaller communities
  With no system, older system
- Lower than average MHI figures
  Older, un-employed populations
- Lower Rates, Fewer Increases
  Slower than inflation
- Administrative Capacity
  Little/no grant experience

www.sceig.org
We usually work with

- Local officials
  Elected and Appointed
- Other Federal/State/Local Agencies
  Regulators and Funders
- Consulting Engineers
  Design and Technologies
- Technical Assistance Providers

www.sceig.org
How We Operate?

- Coordination of Efforts
- Identify Most Appropriate Resources
- 4 Committees:
  - Finance
  - Training
  - Small Systems/Decentralized Working Group
  - Appalachia Environmental Infrastructure Strategy Work Group

www.sceig.org
Finance Committee

- Coordination of Effort
  - Project description (*Download 2 page form at www.sceig.org*)
  - Status of Project
  - Number of customers
  - Total estimated costs
  - User rates

- Meets Bi-Monthly

[Link to www.sceig.org]
Training Committee

- Workshops for community leaders facing decisions related to environmental infrastructure
  - Water
  - Wastewater
- RCAP Training, Toolkit
  - Technical
  - Fiscal
  - Managerial
The Puzzle

http://ohioline.osu.edu/b910/index.html
The Financing Game

- Needs, Alternatives, and Planning
- Obtaining Financing and Financial Packaging
- Implementing a Water System Project
- Operating a Water System
- Need System Upgrade
Ohio RCAP Board Training

- Course 101
  Utility Management for Local Officials
- Course 201
  Financial Management for Local Officials
- Course 301
  Asset Management, Budgeting, and Rate Setting for Local Officials
- CUPSS Training
  Check Up Program For Small Systems

www.glrcap.org/ohio
Management for Local Officials

The first three courses of Ohio RCAP’s Board Training Series which includes:
* Utility Management for Local Officials
* Financial Management for Local Officials
* Asset Management, Budgeting and Rate Setting for Local Officials

Developed in conjunction with Ohio EPA and recommended for Mayors, Clerks, Board Members, Council Members, Administrators and Operators

www.glrcap.org/ohio
Small Systems/Decentralized Working Group

Addressing the challenges to bring cost effective solutions for wastewater collection and treatment for the “very” small communities in the areas of:

- Community Leadership
- Appropriate Technology including decentralized alternatives
- Funding
Appalachian Environmental Infrastructure Strategy Work Group

- Effective delivery of technical and financial assistance from multiple sources
  - Internet-based, information-sharing network
  - Enables providers of public funds and technical assistance to easily communicate and share the status of a designated group of projects
Resources

- Own-Source Revenues
- Financial Strategies
- Public Sources
  - grants, loans
  - planning, construction
- Technical Assistance
  - feasibility analysis, planning
  - grant preparation, management
Project Planning Process

- Assess Problem
- Analyze Alternatives
- Determine Project Priorities
- Estimate Total Project Costs
  - Include operation & maintenance (O&M)
- Involve Community
Ten Tips for a Successful Project

1. Coordinate **Early** with OEPA
2. Designate a Local Contact
3. Available Resources
4. Focus on Project Details
5. Review Cost Estimates
Ten Tips (continued)

6. Relationship with C/E firm
7. Keep Public Involved
8. Maintain Project Schedule
9. Explore Options
10. Operation & Maintenance
Understand Guidelines

- Source of Funds
- Stated Purpose, Criteria/Priorities
- Type of Assistance (grant, loan)
- Eligibility
- Affordability
- Time Limits, Terms, Conditions
- Audit/Environmental Requirements
Rural Development Goals

- Loan/Grant funds for water, wastewater, and storm water projects serving most financially needy communities
- Facilities that are modest in size, design, and cost
- Reasonable user costs for rural residents, rural businesses, and other rural users

http://www.rurdev.usda.gov/oh/
Advantages of RD Direct Funding

- Low interest rates
- Longest fixed rate term available
- Availability of grants - up to 45% or 75%
- RD project commitment prior to design
- RD commitment to customer service
- No pre-payment penalties

http://www.rurdev.usda.gov/oh/
# Water & Wastewater Disposal Loans/Grants

## Purpose
USDA Rural Development makes direct loans and grants to build or improve essential public use facilities such as water and sewer facilities, storm sewers and solid waste facilities. Loans can be used for construction and non-construction costs including land, equipment, engineering services, legal services, capitalized interest, and initial operating funds.

## Eligibility
Non-profit corporations and public bodies such as municipalities, counties and special purpose districts and authorities. Projects may only benefit rural areas or incorporated communities of up to 10,000 population.

Funding may be obtained through Rural Development only when the applicant is unable to secure funding from other sources at reasonable rates and terms.

The applicant must have legal capacity to borrow and repay loans, to pledge security for loans and to operate and maintain the facilities. The applicant must be financially sound and able to manage the facility effectively as well as have a financially sound facility based upon taxes, assessments, revenues, fees or other satisfactory sources of income to pay costs of operating, debt service and reserve.

## Maximum Loan, Rates, and Terms
There is no maximum dollar amount. The amount loaned is usually determined by the amount needed to meet the applicant’s needs and its ability to handle the repayment schedule. Interest rates vary depending upon the median household income of the service area. Maximum term of 40 years, State Statute, or the useful life, whichever is less.

## Repayment
Must have assured sources for repayment such as revenue from taxes, assessments, income taxes, user charges, etc.

## Grants
Grant funding is used to supplement loans to reduce debt service where necessary to achieve reasonable user rates. Areas with median household incomes above $44,220 are not grant eligible. Rural Development’s maximum grant consideration is 75% of eligible project costs where the median household income of service area is below $35,376 or 45% of eligible project costs where the median household income is between $35,376 and $44,220.

## Environmental and Other Requirements
The applicant must submit an Environmental Report, in accordance with the format prescribed by Rural Development, for the proposed project. Must employ the services of an engineer and an attorney to provide necessary technical and legal services associated with the project.

## Priority
Funding is on a first come, first serve basis with priority to low income communities, to communities with populations of less than 5500 and for projects necessary to meet established health or sanitary standards.

In addition, applications are evaluated on the basis of:
- Improved operating efficiency.
- Extension of service to additional rural residents.
- Amount of funds provided from private, local or state sources.
- Financial soundness.
- Quantity of Rural Development funding required.

## Applications
Information and applications may be obtained from one of the following USDA Rural Development Area Offices:
- Findlay (419) 422-0242
- Hillboro (937) 393-1921
- Marietta (740) 373-7113
- Massillon (330) 830-7700

or contact the State Office in Columbus:
Phone: (614) 255-2500
FAX: (614) 255-2562
Division of Drinking and Ground Waters

- Drinking Water Assistance Fund
  - Water Supply Revolving Loan Account (WSRLA)
    - Planning, Design and Construction loans
  - Offer Financial and Managerial technical assistance to small systems via an agreement with Ohio RCAP

http://www.epa.state.oh.us/ddagw/
Division of Drinking and Ground Waters

- Additional grant and loan funding options
  - Disadvantaged Community Loan Program
    - Program includes some principal forgiveness, low interest rates and extended term loan repayment
  - Drinking Water Emergency Loan Fund
    - One year interest free loan up to $25,000 for emergency repairs to the drinking water system

http://www.epa.state.oh.us/ddagw/
Division of Drinking and Ground Waters

WSRLA Goal:

- To assist public water systems to finance the cost of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect public health objectives of the Act.

Priorities of the WSRLA:

- The priority for the use of funds are given to projects that (1) address the most serious risk to human health, (2) are necessary to ensure compliance with the requirements of the SDWA, and (3) assist systems most in economic need, on a per household basis.

http://www.epa.state.oh.us/ddagw/
Division of Environmental & Financial Assistance (DEFA)

- Water Pollution Control Loan Fund (WPCLF)
  - Ohio’s largest municipal financing program since 1989
  - Low-Interest Loans for Wastewater Projects and Other Water Quality Actions
  - Standard below-market, Small Community and Hardship (0% and 1%) interest rates available

http://www.epa.state.oh.us/defa/
WPCLF - Other Opportunities

- “Water Resource Restoration Sponsor Program (WRRSP) can provide funds for Stream Protection and Restoration
- Linked Deposits can be used for a wide variety of Nonpoint Source pollution control projects

Ohio Environmental Protection Agency  http://www.epa.state.oh.us/defa/
WPCLF Benefits

- Significant Cost Savings – Low-interest loans equal to grants of 15% - 34%
- $667 million Total WPCLF savings for Borrowers since 1989
- Experienced Advice Available to Local Officials for Appropriate and Affordable Projects
Community Development program
- Non-entitlement counties, cities
- Benefit low- and moderate-income persons and/or eliminate blighted areas

Residential Public Infrastructure Grant program
- Create a safe and sanitary living environment
- Needy communities in rural areas of Ohio as they work to comply with Environmental Protection Agency mandates

http://www.development.ohio.gov/cs/cs_cdbg.htm
Grant funds for construction of water and wastewater projects

Federal Appalachian Regional Commission (ARC) and state GRF funds

Projects located in Ohio’s 32-county Appalachian region

Two programs – Area Development and Distressed Counties

http://www.development.ohio.gov/cs/cs_goa.htm/
ODSA – GOA
Development Services Agency – Governor’s Office of Appalachia

Eligible Applicants

- Local Governments –
  - cities
  - villages
  - townships
  - counties

- Districts -
  - 6103
  - 6117
  - 6119

Ineligible to Apply
Private-For-Profit Companies

http://www.development.ohio.gov/cs/cs_goa.htm
Project Characteristics

- ARC/GOA provide partial project funding, - $250,000 or less
- Matching funds are required
- Projects with multiple funding sources
- GOA/ARC grants:
  - Considered gap financing; last funding secured
  - Can increase project affordability for communities with need
- OEPA-approved projects
  - Traditional
  - Alternative

http://www.development.ohio.gov/cs/cs_goa.htm/
ODSA – GOA
Development Services Agency – Governor’s Office of Appalachia

For more information, contact your LDD

- **Eastgate**
  Eastgate Regional Council of Governments
  [http://www.eastgatecog.org](http://www.eastgatecog.org)

- **OMEGA**
  Ohio Mid-Eastern Governments Association
  [http://www.omegadistrict.org](http://www.omegadistrict.org)

- **Buckeye Hills - HVRDD**
  Buckeye Hills–Hocking Valley Regional Development District
  [http://www.buckeyehills.org](http://www.buckeyehills.org)

- **OVRDC**
  Ohio Valley Regional Development Commission
  [http://www.ovrdc.org](http://www.ovrdc.org)
Ohio Public Works Commission

State Capital Improvement Program funds:
Roads
Bridges
Water Supply
Wastewater
Solid Waste
Storm Water
SCIP Assistance

Assistance provided in the form of:
Grants
Loans
Credit Enhancement
(aka Loan Assistance)
SCIP Applicants

Counties
Cities
Townships
Villages
Water / Sewer Districts
(6117 or 6119)
Ohio Water Development Authority (OWDA)

- Provides financial assistance for environmental infrastructure from the sale of municipal revenue bonds through loans to local governments in Ohio.
- Planning and construction loans are provided to all Ohio communities at reasonable terms and conditions.

www.owda.org
Ohio Water Development Authority (OWDA)

LOAN PROGRAMS

- Drinking Water
- Sewage and Water Pollution Control
- Stormwater
- Community Assistance
- Interim Financing

www.owda.org
Ohio Water Development Authority (OWDA)

GRANT PROGRAMS

- Unsewered Areas Assistance
- Emergency Assistance grants

www.owda.org
Economic Development Administration (EDA)

◆ Investment Focus
  ▪ Support long-term, coordinated and collaborative regional economic development approaches
  ▪ Support innovation and competitiveness
  ▪ Encourage entrepreneurship

◆ 3 Key Investment Programs
  ▪ Expand and upgrade physical infrastructure (Public Works)
  ▪ Design and implement strategies to diversify economies (Economic Adjustment)
  ▪ Learn from leading-edge economic development best practices (Technical Assistance)

www.eda.gov
Key Requirements

- Eligible Applicant’s are cities, counties, region, states, and non-profit entities.
- Project’s must be located in geographic areas experiencing significant economic distress.
- Project’s must be listed or consistent with the geographic region’s Comprehensive Economic Development Strategy.
- All construction or implementation projects must directly create a strong Return on Investment (Creation/Retention of High Skill, High Wage Jobs and/or Private Sector Investment).

www.eda.gov
Technical Assistance

- Ohio Rural Community Assistance Program
- Ohio State University Extension
- Ohio Environmental Protection Agency
- Ohio Rural University Program
- Ohio Rural Water Association
Ohio RCAP Services

- Program Planning
- Facility Development
- Operation and Maintenance
- Management and Finance
- Source Water/Wellhead Protection Planning

www.glrcap.org/ohio
OSU Extension

- Family and Consumer Sciences
- 4-H Youth Development
- Agriculture and Natural Resources
- Community Development
Things to Consider

- “Strings Attached”
- “Play by the Rules”
  - Complete the Requirements
  - Respond to Stated Criteria
- Technical Assistance Providers
- Qualifications-Based Selection
- Affordability/Rate-setting
Ohio
QBS Manual
Qualifications-Based Selection
A guide to selecting the highest qualified
architect, engineer or landscape architect
for your project
## QBS Process Documents

This manual provides several sample documents to assist you in using the QBS process. The following identifies the QBS tools to be used at each step in the process and where they can be found.

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“Affordability Threshold”

- Annual Combined Water & Sewer Bills
- Compare local MHI (median household income) to Ohio MHI
  - If lower, then affordability factor is 2.3%
  - If higher, then affordability factor is 3.0%

\[ \text{Annual Bill} = \text{MHI} \times \text{Affordability Factor} \]

\[ \text{Annual Bill} = \$38,500 \times 2.3\% \]

\[ \text{Annual Bill} = \$885.50 \text{ annual / 12 months} \]

\[ \text{Monthly Bill} = \$73.79 \text{ monthly water & sewer charge} \]
“Rate Setting”

- determine Full Cost of providing service
- determine Current Revenues
- determine O & M Expenses
- determine Reserve requirements
- determine Rate, Rate Structure
- Implement and Evaluate
Small Communities Environmental Infrastructure Group (SCEIG)

Helping Small Communities meet their Water & Wastewater System Needs

Begin Presentation