



Clean Water State Revolving Fund (CWSRF) Funding Application Process and Priority Rating System

Agenda Item H

State Water Infrastructure Authority Meeting

January 2014

Outline

- CWSRF Application Process
- CWSRF Application
- Priority Rating System
- Scoring Applications
- Ranking Applications

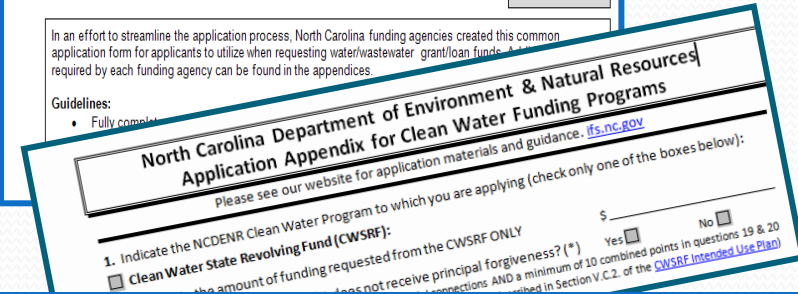
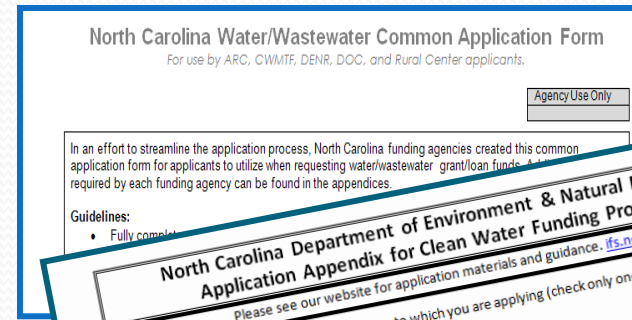
CWSRF Application Process

- Broadcast Emails & Website to Announce Deadline
- Training Prior to Deadline
 - For Sept. 2013, training was July 16, 2013
- Accept Applications (Sept. 3, 2013 deadline)
- Review and Ranking by CWSRF Staff
- Notify Applicants within One Month (normally Oct. 1, 2013)

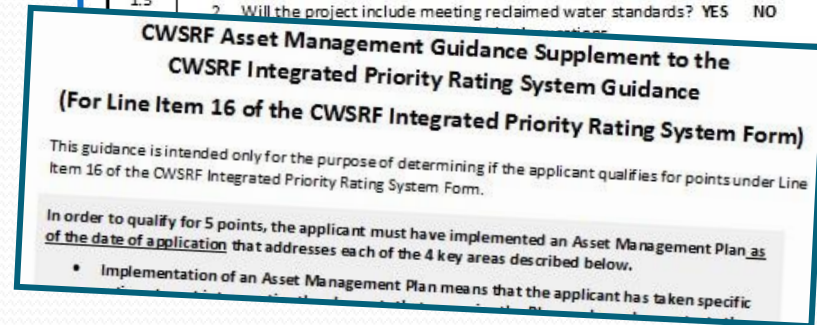


CWSRF Application Forms

- North Carolina Water/Wastewater Common Application Form
- NCDENR Application Appendix for Clean Water Funding Programs
- CWSRF Integrated Priority Rating System Guidance & Form
- CWSRF Asset Management Guidance Supplement



CWSRF Integrated Priority Rating System – For All CWSRF Projects			
Line Item #	Category I – Project Type (Points are given for only one type of project per funding application)	Points	Max Total Points
1	Type 1 – WWTP: NEW CONSTRUCTION OR EXPANSION OF EXISTING WWTP	5	30
1.1	Replaces WWTP infrastructure that is greater than 20 years old as of date of application	5	
1.2	If the WWTP is a major facility (greater than 1.0 MGD) AND in a Tier 3 county: 1. Does the applicant have a reclaimed water system that is actively distributing more than 100,000 gpd? YES NO (Circle One) 2. Will the project include reclaimed water that will use 100,000 gpd (must have commitment letters from users)? YES NO (Circle One) Subtract 2 points if answered "no" to both questions.	-2	
1.3	If answered "no" to both questions in Line Item 1.1 then: 1. Is the WWTP approved for reclaimed water distribution? YES NO 2. Will the project include meeting reclaimed water standards? YES NO	-2	



CWSRF – Application and Funding Decisions

- CWSRF Integrated Priority Rating System Guidance & Form
 - Priority Rating Form along with narrative, maps, documentation
 - Applicants instructed to claim all the points they believe they deserve
- No requests for additional information
 - Application evaluated as-is, in order to maintain program schedule
 - Application training and assistance provided
- Competitive process

Priority Rating System

- Approved by EPA as part of the Intended Use Plan (IUP)
- Used to rank projects for funding
- Determines eligibility for principal forgiveness (PF) and green projects
- PF is always highly competitive
 - Limited amount of funds set by Congress
- Green projects becoming more competitive

Changing CWSRF Priorities

- Requires a modification of the Intended Use Plan (IUP)
 - Prepare revised criteria and weighting (Authority & staff work time = approx. **2-3 months**)
 - Prepare revised IUP document
 - Hold public meeting to notice & accept comments = **1.5 months**
 - Submit to EPA for approval (typically **3 months**)
 - May need to make changes, hold public meeting and resubmit to EPA
- Potential Timeframe to Change IUP – **Approx. 6 months**

CWSRF Priority System History

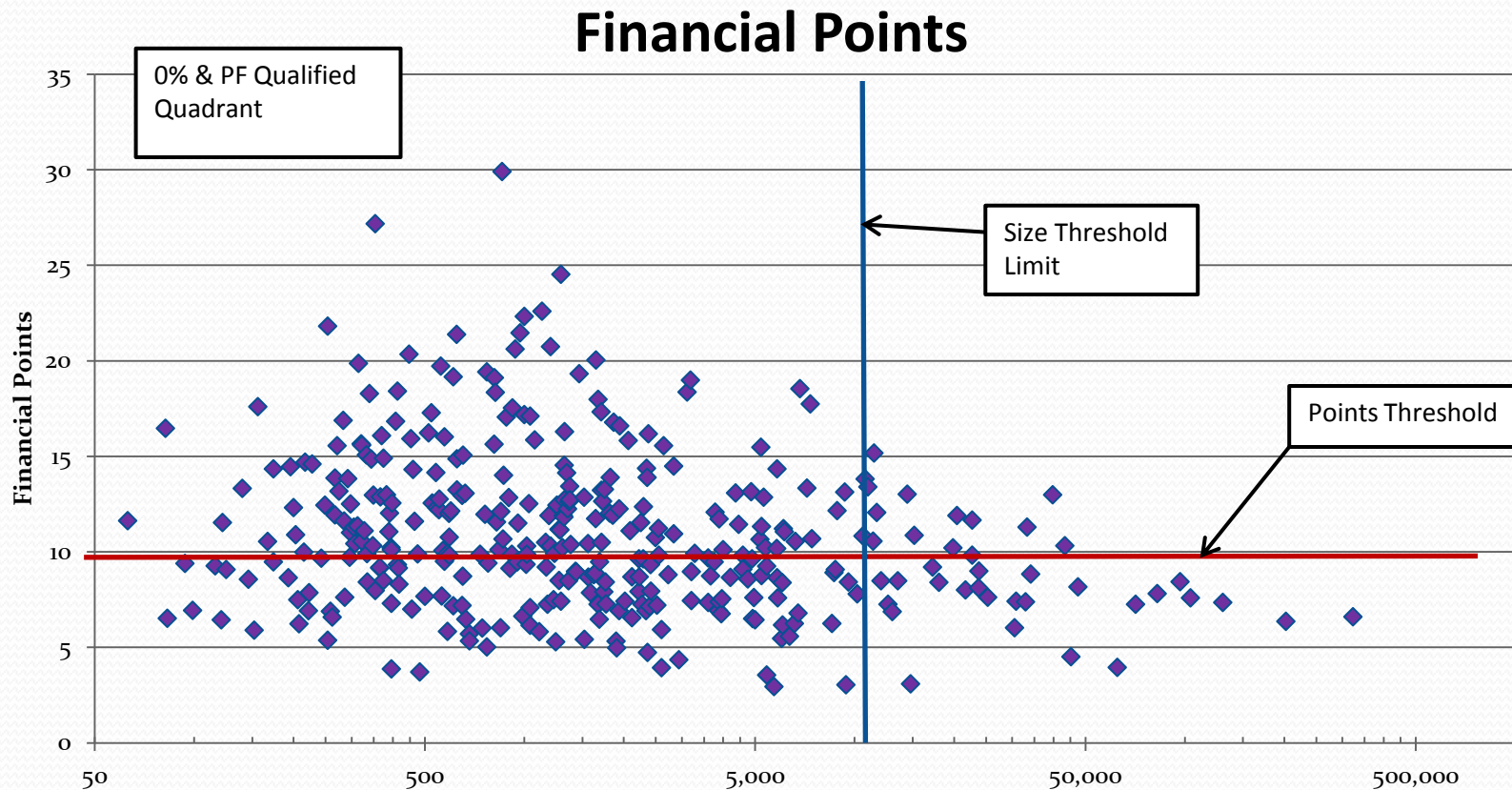
- First priority rating system implemented as part of American Recovery and Reinvestment Act of 2009 (ARRA)
- Modified system included as part of 2010 Intended Use Plan (IUP) for Base CWSRF Program
- Most recently revised as part of 2013 IUP



2013 Point System Changes

- Project Type – Created Green Energy Efficiency item under rehabilitation to increase available points
- Financial
 - Eliminate system size points
 - Increase points for poverty rate (calculation change)
 - Increase points for rates/MHI (calculation change)
 - Max points - now 20 points (was 15)
- Qualifications for PF and 0% interest
 - Higher threshold – score at least 10 points (was 6)
 - No change in size threshold (<10,000 connections)

2013 Point System Changes



Priority Rating System – Categories

Category I – Project Type

Category II – Environmental Benefit

Category III – System Management

Category IV – Financial Situation



Category I – Project Type

- Items 1 – 9 on Rating System Form
- Can only receive points for one project type per application
- Project type has substantial priority impact
- Primary factor in determining PF and 0% interest

Primary Project Categories

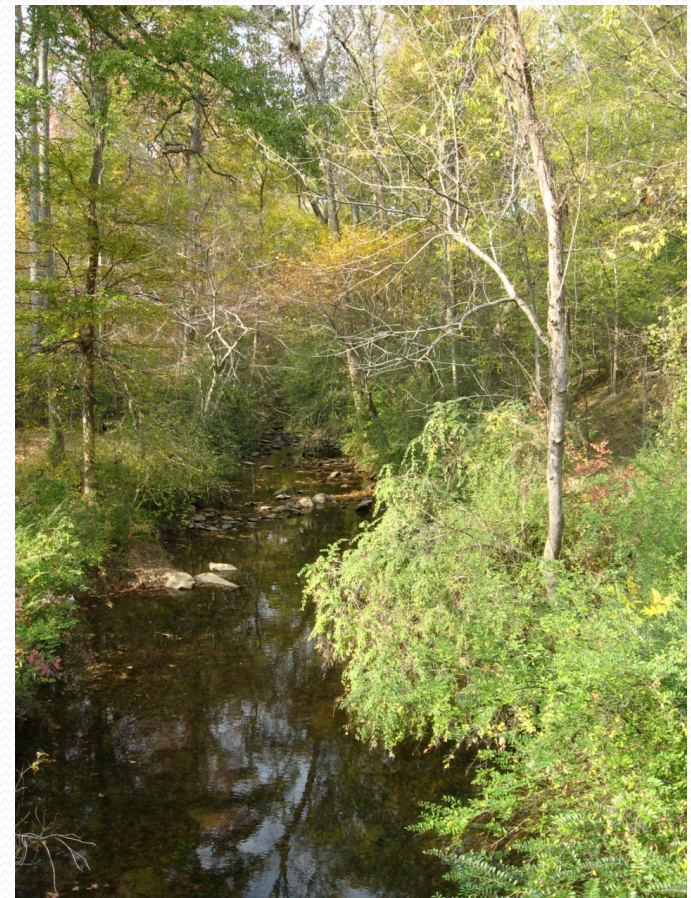
- New or expanding (WWTP or Sewer)
- Removal of Failing Systems (Single-Family or Septic)
- Rehabilitation (WWTP or Sewer)
 - Energy Efficiency (Green)
- Green Projects
 - Stormwater BMPs
 - Stream Restoration

Category I – Project Type

- Projects types that qualify for 0% interest
 - Item 2 – Rehabilitation/Replacement of WWTP
 - Item 5 – Rehabilitation/Replacement of Sewers
 - Item 3 – New sewers to serve failing septic or single-family systems
 - Items 6 to 9 – ALL Green Projects

Category II – Environmental Benefits

- Items 10 – 13 on Rating Sheet
 - Basinwide plan implementation
 - Impaired waters benefit
 - Special water classifications benefit
 - Correcting groundwater violations



Item 10 – Basinwide Plans

- Must implement a specific recommendation or strategy
- No points awarded for:
 - Non-compliance
 - WWTP or collection system expansions

Items 11-13 – Environmental Benefits

- Must demonstrate project implementation will provide a direct benefit to the designated water
- Must include supporting documentation
 - NOVs
 - Monitoring data
 - Location maps

Category III – System Management

- Items 14 – 18 on Rating Sheet
- Special Order by Consent (SOC)
- Asset Management Plans
- Positive Operating Ratios
- Regionalization

Items 14 and 15 – Special Order by Consent (SOC)

- Item 14 – Pending SOC
 - Describe violations
 - Demonstrate proposed project would correct
 - SOC Application and Regional Office correspondence
- Item 15 – Existing SOC
 - Must provide copy of SOC
 - Describe violations
 - Demonstrate proposed project would correct
 - SOC schedule/CWSRF funding conflicts

Item 16 – Asset Management Plan

- Item 16 – LGU has implemented AMP before application
- Must address 4 key areas:
 - Inventory of Assets
 - Condition Assessment
 - CIP with Projected Costs for first 5 years
 - O&M Plan
- Separate AMP Guidance Supplement

Implementation – taken specific actions to put into practice the elements of the Plan and can demonstrate application of each activity/outcome

Item 17 – Positive Operating Ratio (OR)

$$\text{OR} = \frac{\text{Operating Revenues}}{\text{Total Expenditures} + \text{Debt Principal} + \text{Interest} + \text{Capital Outlay}}$$

- Operating revenue of utility fund must exceed expenditures to receive points

Item 18 – Regionalized System Management

- Applicant must manage a regional system including all collection systems and WWTPs
- Interconnectivity alone (treating flow but separate systems) does not qualify for points

Category IV – Financial Situation

- Items 19 – 20 on Rating Sheet
- Poverty rate
- Utility rate as % of Median Household Income
- Qualifications for Principal Forgiveness
 - Minimum of 10 combined points
 - <10,000 residential sewer connections

CWSRF Application Scoring

- Initial staff review of application
 - Completeness check
 - Verification of claimed points on priority rating form
 - Recording information in internal review form
- Peer review meeting
 - Each application discussed in detail with review team for consistency of priority review
- QC review of application
 - All application reviews checked by second reviewer

CWSRF Application Ranking

- Projects ranked based on final points
- Funding lines drawn based upon availability (model and special funding limitations)
- Unsuccessful applications must be reconsidered one additional time during the next funding round
- Feedback is provided to all applicants indicating how the project was scored and noting deficiencies

Project Timeline – 24 Month Schedule

Typical September Round – 24 Month Schedule

	Sep -13	Oct -13	Nov -13	Dec -13	Jan -14	Feb -14	Mar -14	Apr -14	May -14	Jun -14	Jul -14	Aug -14	Sep -14	Oct -14	Nov -14	Dec -14	Jan -15	Feb -15	Mar -15	Apr -15	May -15	Jun -15	Jul -15	Aug -15	Sep -15	
Application	0																									
ER Prep		1	2	3	4																					
ER Review						5	6	7	8	9																
Design											10	11	12	13	14	15										
Plan Review																	16	17	18	19						
Bid																						20	21	22		
ATA																									23	
Contract																										24



Questions