

Strategies for Meeting Rural Water and Wastewater Needs

Local Government Conference

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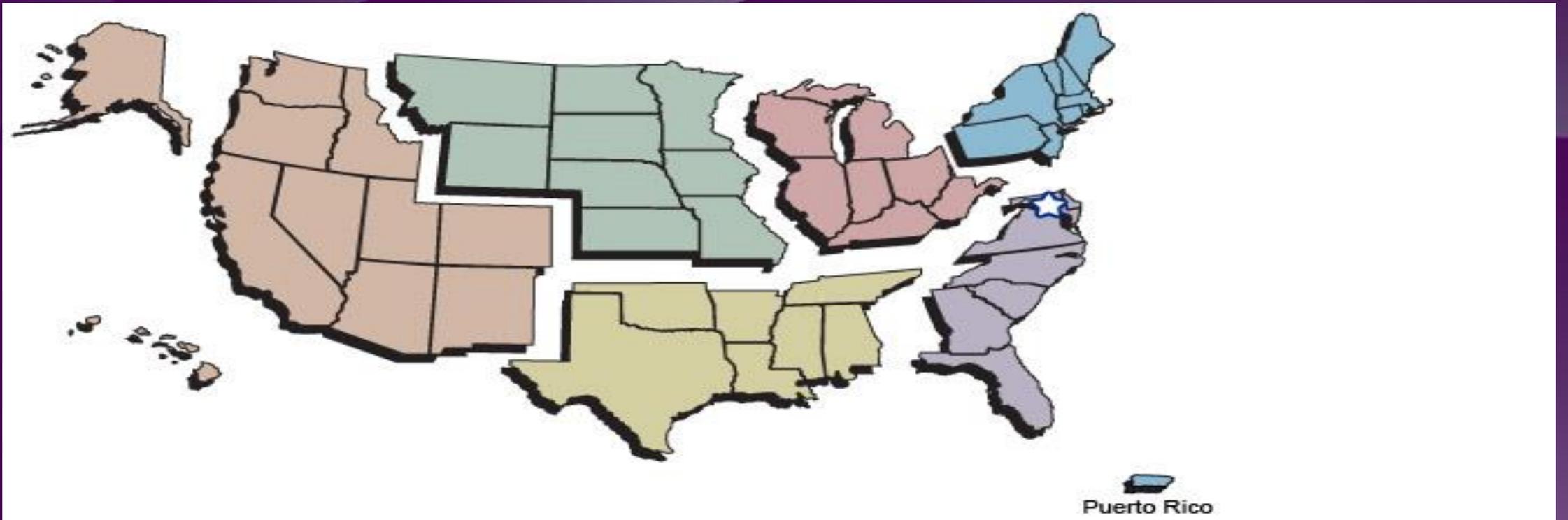
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Rural Community Assistance Partnership

Project Planning and Development is Challenging for Small Communities

- Planning and management require commitment and follow-through
- Elected officials are often part-time administrators
- Project costs rise
 - Materials costs/ labor
 - Compliance with new regulations,
 - Greater emphasis on emergency preparedness and response.
- Existing systems - may be political resistance to raising rates, even for regular maintenance
- No system? Often because residents have voted down a municipal project in the past

Project Planning and Development is Challenging for Small Communities

Financial hardship is more widespread than might be imagined:

- 2015, 1 in 7, or 14% of U.S. households earned less than the Federal Poverty Level (that is, less than \$25,100 for a family of four)

Rural areas hit hardest:

- Economies of scale and density of service area
- Rural residents generally pay a larger portion of their income for water and sewer service than residents of metropolitan areas
- Generally fewer social services and programs for low-income folk

Infrastructure funding programs are only part of the solution

- Funding programs don't have unlimited resources
- Project could require co-funding
- Also, not all projects are eligible. Priority is given to projects that address:
 - Public health and/or environmental quality,
 - Affordability and community need, and
 - Potential for success including through partnering and/or co-funding.

Begin planning now

Master Planning

- Water and wastewater services should be high on the radar screen of master planning committees.
- Be aware of current and future water and wastewater treatment needs and what options exist.
- County planning agencies and other professional planners can help evaluate
 - demographic trends
 - community development options.

Regular stakeholder meetings

- Exchange ideas
- Foster a sense of community ownership of plans

Explore options

- invite different engineering firms to discuss in general some of the more practical aspects of the community's needs, and how these needs might be addressed.

Involve regulators.

Meet early with representatives from

- NYS Department of Environmental Conservation (DEC),
- NYS Department of Health (DOH) and other regulating agencies.

They can help

- Guide the project
- Educate project beneficiaries
- Ensure that the project design meets agency approval criteria

Exercise administrative will

Projects can take several years from planning to implementation.

- Managerial
- Financial
- Technical

Be cognizant of the demands that will be imposed.

- May be turn over of administration.
- May be project opposition.

Establish an ad hoc water or wastewater committee for long term

- Represent the Town Board
- Advise

Identify community “sparkplugs” to help move the project along.

Take advantage of technical assistance

A variety of no-cost technical assistance (TA):

- Funding agencies,
- Regulators,
- County agencies, and
- Private not-for-profit organizations such as RCAP Solutions and the Rural Water Association.

Other TA, planning, and grant-writing services can be contracted.

Take advantage of technical assistance

Technical assistance providers are familiar with

- Project development
- Funding eligibility criteria and applications
- Special district formation
- Procuring professional services
- Rate setting

Can help guide the community throughout the life of the project.

Their services are for project planning and coordination

- No substitute for professional engineering services
- Recognized to be of vital importance for small communities.

Explore design and management options

Moving from planning to implementation: Preliminary Engineering Report (PER)

- Service area and needs
- Planning and design options
- Associated cost estimates.

Request for proposals (RFP) or request for qualifications (RFQ)

- Gives municipal officials an opportunity for an exchange of ideas
 - Compare approaches
 - Required if federal funds will be used to pay for professional services
 - Select based on successful experience with similar projects in similar communities.
- Pay close attention to projected operation and maintenance (O&M) costs, particularly with respect to energy efficiency.
 - O&M expenses are not eligible for reimbursement under infrastructure funding programs.

Evaluate funding eligibility

- A successful project may require financing from more than one source
- Involve representatives from all potential funding agencies early
 - Valuable input on design and funding strategies
 - How to maximize the project priority
- Funders and technical assistance providers can assist with funding applications
- Supporting documentation
 - Usually includes a preliminary engineering report (PER)
 - May also involve an income survey to document financial need
- An income survey used if community believes the MHI of the proposed project area is measurably less than that recorded by the 2000 Census

Make operation and maintenance (O&M) a priority

- Less expensive and easier to maintain and upgrade a system periodically than to indulge in crisis-management.
- Evaluate rates annually to keep pace with expenses and to avoid periodic hefty rate increases.
- Asset management is essential.
- Even very small communities should have a capital reserve account.
- Potential to minimize O&M by sharing an operator with a neighboring system?

Keep customers informed

Appreciate that you are managing a commodity that people want

People are more likely to value the public health, environmental and economic benefits they receive if they understand what they are

Education is key:

- Foster appreciation of value of water and wastewater treatment
- Willingness to pay for services and necessary rate increases.

Facilitating community involvement and education

- public information meetings
- periodic press releases
- community newsletters
- coalition-building with local and regional environmental entities
- fostering school programs that promote environmental stewardship

Educate legislators

- Local
- State
- Federal

Your legislative representatives can be important allies when building community support and pursuing project financing.

Assist low-income homeowners

Housing rehabilitation programs:

- Help with the cost of individual service laterals for low-income homeowners and residential facilities.
- Residential water connections

Federal programs include:

- The CDBG Housing Rehabilitation Program - community can collectively apply for housing rehabilitation money for individual low-income homeowners
- USDA RD's Section 504 Home Repair Loan and Grant program for individual elderly and/or low-income homeowners.

PROJECT PLANNING and IMPLEMENTATION ACTIVITIES

- Needs Assessment
- Preliminary Design
- Project Funding
- Final Engineering Design Project Construction

Needs and Assets Assessment (new and existing systems)

Usage and quality:

- Sanitary survey/ water use survey
- Septic inspections/ well water testing

Public support and willingness to pay

- map areas of strong support

Comprehensive asset evaluation:

- condition
- replacement cost
- replacement schedule

Develop / refine prioritized list of needs

DOH/ DEC consultations

Public meetings

Preliminary Design

- Explore eligibility for planning money
- Selection of engineering firm, RFP/ RFQ
- Preliminary Engineering Report (PER) and Environmental Report (ER)
- Public meetings
- District formation
- Permissions and authorizations (roadway and stream permits, agricultural districts, state historic preservation office, state comptroller)
 - State Comptroller approval of special district not required when estimated average residential user cost is below threshold (calculated annually):
 - Sewer - \$995
 - Water – \$904

Project funding

- Project affordability determination
- Investigate program eligibility
- Meet with funders
- Submit preliminary funding requests
- Priority scoring (compliance and health and sanitary)
- Document financial need
- Complete full funding applications – review project budget with funders
- Municipal resolutions and required public hearings

PROJECT FUNDING PROGRAMS

USDA Rural Development (RD)

- Water and Environmental grant and loan program
- Water and wastewater

Environmental Facilities Corporation (EFC)

- State Revolving Loan Funds (SRF)
 - Water and wastewater loan and grant program
 - Drinking Water (Drinking Water - DWSRF)
 - Wastewater (Clean Water - CWSRF)
- Water Infrastructure Improvement Act grants (WIIA)

NYS Office of Community Renewal (OCR)

- Community Development Block Grant Program (CDBG)
 - Grant only
 - Water and wastewater
 - Targeted to the most economically vulnerable

USDA RURAL DEVELOPMENT WATER and WASTE DISPOSAL LOANS and GRANTS

Community eligibility

- Most state and local governmental entities
- Private nonprofits
- Federally-recognized tribes
- Not otherwise able to obtain commercial credit on reasonable terms.

Area eligibility

- Rural areas and towns with populations less than 10,000
- Tribal lands in rural areas
- Colonias

Preliminary application process

- 10 regional offices throughout the state
- Contact your local office for guidance
- Online application through RDApply
- Must have the Preliminary Engineering Report and Environmental Report completed

USDA RURAL DEVELOPMENT WATER and WASTE DISPOSAL LOANS and GRANTS

Project Priorities

- Addressing health and sanitary and/ or compliance issues
- Financial need

Financial need

- Based on Median Household Income (MHI)
- Use decennial Census (2010) or income survey
- Must request authorization to use income survey

USDA RURAL DEVELOPMENT WATER and WASTE DISPOSAL LOANS and GRANTS

Funding

- Long-term (38-years), low-interest loans
- Interest rates change quarterly
- A grant may be combined with a loan to keep user costs reasonable

Grant eligibility:

- Municipality must pay at least 1.5% of the MHI before grant \$ is considered
- RD compares costs to similar systems

USDA RURAL DEVELOPMENT WATER and WASTE DISPOSAL LOANS and GRANTS

Market rate

- MHI above \$56,882
- Interest rate currently 3.5%

Intermediate rate

- MHI between \$45,506 and \$56,882
- Interest rate currently 2.75%
- Grant eligibility up to 45% of project costs

Poverty rate

- MHI at or below \$45,506
- Interest rate currently 2.125%
- Health and sanitary violation must exist
- Grant eligibility up to 75% of project costs

USDA RURAL DEVELOPMENT PLANNING GRANTS

Planning grants to undertake activities to support development of USDA RD full application

Preliminary Planning Grant

- Poverty MHI
- Population less than 10,000
- 75% of planning costs up to \$30,000

SEARCH Grant

- Poverty MHI
- Population less than 2,500
- 100% of project costs up to \$30,000

NYSEFC'S STATE REVOLVING LOAN FUNDS - DW

Administered by EFC and DOH

Eligible systems

- Public and private community water systems
- Non-profit, non-community water systems

Standard program

- Subsidized (1/3 interest rate) or market rate loans

Hardship program:

- Interest-free loans and grants
- Maximum grant is 60% of project costs, up to \$3 million

NYSEFC'S STATE REVOLVING LOAN FUNDS - DW

Intended Use Plan (IUP)

- Describes program
- Funding availability
- Project scores

Priority ranking criteria

- Acute public health risks
- Chronic/long-term risks
- Infrastructure needs

Scoring

- Maximum Contaminant Level (MCL) violations
- Sanitary code violations
- System reliability
- Financial need

NYSEFC'S STATE REVOLVING LOAN FUNDS - DW

Annual project priority list (Annual List)

- Projects that have submitted an engineering report or full plans and specs
- Must be on this list to be deemed “ready” to apply
- Ready means all technical submittals have been received by DOH

Hardship program eligibility:

- Project must be on the Annual List
- Score must be at or above the Hardship Line Score
- 2015 MHI must be less than Statewide MHI of \$59,269

NYS Water Infrastructure Improvement Act (WIIA)

State grants for water and sewer projects

- Created in 2015 with \$400 million for 3 years
- Added \$1 billion in 2017 for the next 5 years
- Administered by EFC and DOH

Available funds for single project

- Grants up to 60% of eligible costs
- Demonstrate financing of remaining 40%
- Single project max of \$3 million

Criteria

- DWSRF – eligible
- Protection of health and water quality
- Readiness of project: PER, ER, SHPO sign off, bond res, district

NYSEFC'S STATE REVOLVING LOAN FUNDS - CW

Pre-application

- Project description and budget
- Project listing form (PLUS for EFC); plus.efc.ny.gov
- Preliminary engineering report
- Smart Growth Assessment Form

Full application

- Submit full application form
- Complete SEQR
- SHPO sign-off
- District formation
- Bond resolution

CWSRF ENGINEERING PLANNING GRANTS

- Limited to \$100,000 max
- 20% local match required (in-kind contributions ok)
- Priority given to
 - Consent Order
 - SPDES violations
 - Upgrades
- MHI < \$80,000 (higher for downstate communities)
- Apply through the CFA

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Eligibility

- cities, towns, and villages with a population under 50,000

Funding eligibility

- % Low-to-moderate income individuals must exceed 51.0%
- Eligible communities are listed on the NYSOOCR website
- Income survey data may also be used: data has lifespan of 24 months

Grant availability

- \$750,000 max for single municipality
 - \$1,000,000 if cofunded
- \$900,000 max for shared municipal application
 - \$1,250,000 if cofunded

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Citizen Involvement

- Public hearing requirements

Funding application

- NYS Consolidated Funding Application Process, CFA
- Annual Summer deadline

NEW - Pre-application cost eligibility

- As of 2017, allow 12-month pre-development costs in budget
- Expressly for environmental review and associated expenses

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Planning grants

- 51% low-to-moderate (LMI) income not required, but target project must benefit an LMI population
- Up to \$50,000
- 5% cash match required
- Must result in application to CDBG or co-funding partners

Activities

- Preliminary Engineering Report/ Environmental Review
- Asset management
- Community needs assessments

EMERGENCY FUNDING

USDA RD's Emergency Community Water Assistance Grant (ECWAG) program

- For low-income communities that fall into USDA's Poverty Category
- \$500k for new construction, \$150k for repair or upgrade
- Need to apply within two years of incident
- Can streamline process if no other funding is needed
- Last year RD did 2 projects for just under \$600k combined

CDBG program Imminent Threat assistance

- Outside of CFA, contact NYSOCCR directly
- Need disaster declaration or other declaration of emergency/ threat
- Generally natural disaster
- Also includes catastrophic infrastructure failure



Rural Community Assistance Partnership

Practical solutions for improving rural communities



Western RCAP
Rural Community Assistance Corporation
(916) 447-2854
www.rcac.org

Midwest RCAP
Midwest Assistance Program
(952) 758-4334
www.map-inc.org

Southern RCAP
Community Resource Group
(479) 443-2700
www.crg.org

Northeast RCAP
RCAP Solutions
(800) 488-1969
www.rcapsolutions.org

Great Lakes RCAP
WSOS Community Action Commission
(800) 775-9767
www.glracap.org

Southeast RCAP
Southeast Rural Community Assistance Project
(866) 928-3731
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