

# Strategies for Meeting Rural Water and Wastewater Needs

Local Government Conference

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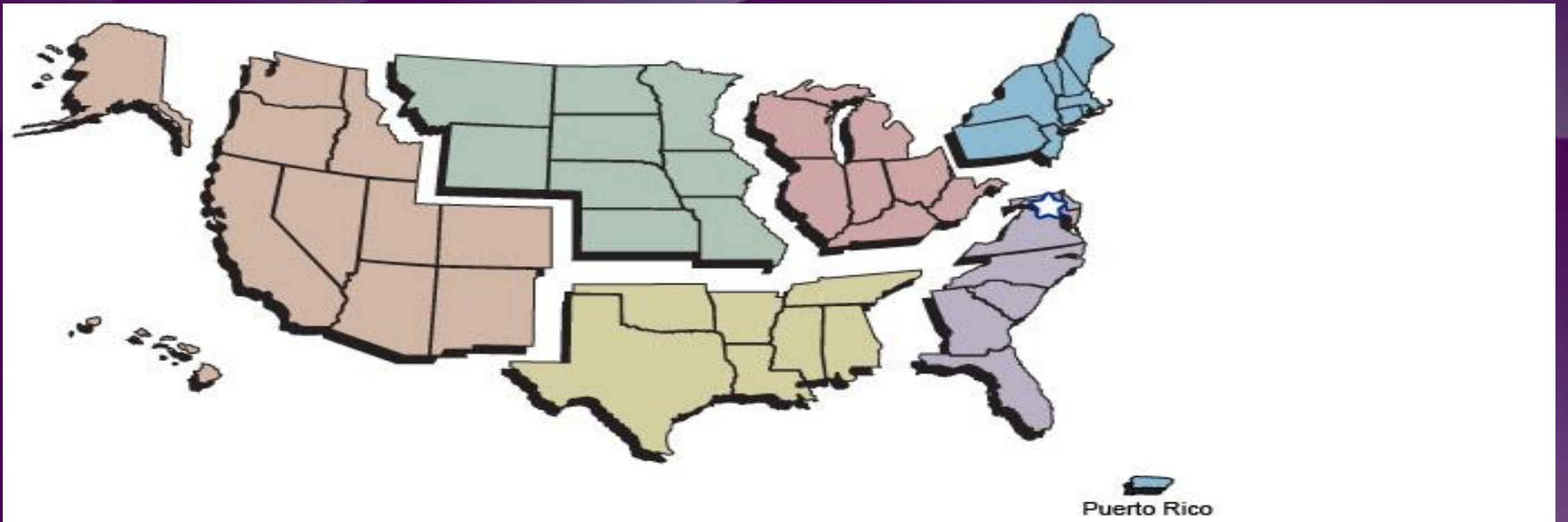
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# Rural Community Assistance Partnership

# 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](http://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](http://www.rcac.org)

**Midwest RCAP**  
**Midwest Assistance Program**  
(952) 758-4334  
[www.map-inc.org](http://www.map-inc.org)

**Southern RCAP**  
**Community Resource Group**  
(479) 443-2700  
[www.crg.org](http://www.crg.org)

**Northeast RCAP**  
**RCAP Solutions**  
(800) 488-1969  
[www.rcapsolutions.org](http://www.rcapsolutions.org)

**Great Lakes RCAP**  
**WSOS Community Action Commission**  
(800) 775-9767  
[www.glracap.org](http://www.glracap.org)

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