Drinking Water State Revolving Fund (DWSRF)

- Federally subsidized low interest loans
- Established by EPA in 1996 Amendments of the Safe Drinking Water Act (SDWA)
  - DWSRF loans money to systems to pay for SDWA compliance-related expenses—with emphasis on Public Health
- Rules Governing Implementation include 40 CFR Parts 35 and the Operating Agreement with EPA
  - Consolidation, Compliance, Storage and Treatment Capacity, Rehabilitation and Replacement
Where does the money come from and how much per year?

Federal Capitalization Grant

- Fed ($20M)
- Set asides between 20-30% of Cap. Grant for Principal Forgiveness
- State Match 20% ($4M – all to project loans)
- DWSRF repaid loans (revolving) money $17M
- Total approx. $41M
Interest Rates

- Loans made at ½ market rate, current Statutory Rate is 2.01%
  - Maximum rate, but loans presently being offered at the discretionary lower rate of 0%
- Administrative funding fee: 2.0%
- LGC determines loan repayment period - maximum of 20 yrs or life expectancy of infrastructure
Additional Subsidization Program

- Provides forgiveness of principal: Typically 80% principal forgiveness loan & 20% low interest loan
- Portion of the Capitalization Grant (~20-30%) used for Principal Forgiveness Loan: Small portion of overall program!
- Highest Priority Projects: Elimination of non-viable systems - Consolidation
- Financially Disadvantaged System Projects
  - Determined through calculation of Current Rate for 4,500 gal./MHI ≥ 0.85%. Expected to rise next year.
Green Projects

- No Green Project Reserve for Drinking Water Projects. Had it for ARRA only! It May Happen again!
- No increased priority compared to other projects,
- Water meter replacement and in-kind replacement of pumps and motors including VFDs pump projects are easily get Ready-To-Proceed (RTP).
- You can submit a RTP application anytime.
- Some other examples of Green Projects include pipe replacement, storage tank replacement, and treatment process selection.
Show me the money!
Who is eligible to apply?

- Local Units of Govt. and Water Corporations (non-for profit and for profit) are eligible applicants
- Must demonstrate technical, managerial, and financial capacity
  - Comply with Public Health and Environmental Laws
  - Have a Complete Water System Management Plan
  - LGC evaluates financial viability
Major Steps

1. Contact the Review Engineer at PWSS - DON’T TRY TO DO THE APPLICATION ALONE!
2. Securing the Award – Become “Ready to Proceed (RTP)”
3. Submit Application
4. Formal Prioritization of Applications by PWS Section
5. Provide Bid Document to Review Engineer for comment prior to Bid
6. Construction
   Submit:
   a) DBE review
   b) Reimbursements
Application

- Applications deadline: September 30 each year
- To be eligible for principal forgiveness, projects must be “Ready to Proceed” by the application deadline.
Project Eligibility and Ranking

Project Eligibility Rules: 15A NCAC .01N
- Types of capital projects: Treatment, Source, Storage, Consolidation, Planning & Design, or Transmission and Distribution

Project Ranking Rules: 15A NCAC .01J
(Cat 1) Consolidate non-viable systems
(Cat 2) Compliance Problems (NOVs)
(Cat 3) Source / Treatment Capacity / Rehab.
(Cat 4) All other eligible public water supply system projects.
Project Eligibility and Ranking

- Projects prioritized first by category, and then by number of priority points, and then by population
- Assignment of priority points described in Operating Agreement. Consideration given to
  - Reliability
  - Affordability
  - Source Protection and Management
  - Project Planning
Ineligible Projects

- Projects which promote future growth
  - vs. projects serving current population (sized to accommodate reasonably-expected population at end of service life).
- Projects with purpose of fire flow
- Dams. But impoundments can be eligible if
  - Part of the treatment process;
  - Co-located with plant (e.g., inside fenceline); and
  - Off-stream reservoir
Getting Ready-To Proceed (RTP)

- Authorization to Construct
  - Approved Plans and Specifications
  - Completed WSMP
  - Environmental review
- Demonstrate that all project funding has been secured
- Show property rights
- Letter to joint legislative committee if total amount borrowed from all sources exceeds $1M
- Demonstrate compliance with the Drought Bill
Drought Bill

Applicability

- Extend waterline or increase treatment capacity or increase source (e.g., new well)

Requirements for Compliance

- Adequate Rate
- Rate Structure – no flat rate
- Leak Detection and Repair Program
- Local Water Supply Plan & Water Shortage Response Plan
- Reclaimed Water use
- Consumer Education
Additional Requirements

Federal requirements and regulation apply:

- Federal SCP
  - DWSRF: EO11246 – 40 CFR 30.44(b) or 31.36(e)
  - Payroll Requirements (Davis Bacon Act)
  - Disadvantage Business Enterprise Outreach

- State SCP
  - State: N.C.G.S 143-128.2
  - MBPOP and resolution establishing the verifiable percentage goal
Web Site

http://www.ncwater.org/pws/srf/index.htm

- Application Forms and Instructions for Completion (recently revised)
- Grant and Loan Rules (1J and 1N & Operating Agreement)
- LGC Forms 108A and 108C
- Other Forms, Factsheets, and News
- Link to SRF engineer contact info.
- Green Project Reserve Link:
Questions?

Thanks for your time and input

vincent.tomaino@ncdenr.gov
919-707-9058
OR

amanjit.paintal@ncdenr.gov
919-707-9054