

The Watershed

The Latest Happenings in Indiana's State Revolving Fund Loan Program

Spring 2014

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Message from the Director

This is an exciting time of the year for SRF as we complete financings in May and June for communities using remaining Bypass Funds from State Fiscal Year 2014 and we plan for State Fiscal Year 2015. If you are interested in completing a financing with the SRF in State Fiscal Year 2015, which begins on July 1, 2014, please contact Shelley Love or me to ensure we have either received an application or an updated preliminary engineering report.

We are also excited to announce a new option for communities to receive an even lower interest rate at loan closing. In an effort to remain an attractive financing option for drinking water and wastewater infrastructure projects and remain an innovative SRF, projects that include components that address Extreme Weather, or what is commonly referred to as Climate Adaptation and Climate Resiliency, can receive up to a 50 basis point interest rate break. The program will begin July 1, 2014. We will post information about this new Extreme Weather Interest Rate Incentive Program in the next several weeks on our web page.

Finally, please join us in welcoming Camille Meiners to our program. Camille is a licensed Professional Engineer who worked as a Project Engineer for a consulting engineering firm in Indianapolis where she designed water, wastewater and storm water projects for municipalities and regional districts. Most recently, Camille worked as the Chief of the IDNR's Sanitary Section.

Bill Harkins, SRF Director

This Just In

- o Planning for the next Drinking Water Needs Survey has begun. SRF will begin contacting communities in the near future to complete the survey . This survey is critical to the State of Indiana because SRF funding levels are directly tied to the results of this survey.
- o Did you know SRF offers an interest rate of up to 50 basis points for Non-Point Source (NPS) projects? Early coordination is key when combining a NPS project with an SRF project. Please consider adding a NPS project to your next SRF funding.
- o The Preliminary Engineering Report (PER) submission deadline is quickly approaching. After your application has been received by our program, please make sure your community submits a complete PER to SRF no later than June 15, 2014 in order to be considered for SRF funding for our funding cycle July 1, 2014 to December 31, 2014. Communities that send in a PER after June 15, 2014 may have to wait to close their loan until our bypass period begins January 1, 2015.

Current SRF Interest Rates

Below are the current SRF Program interest rates effective April 1, 2014 through June 30, 2014. The interest rates vary based on three ranges of average monthly user rates for an equivalent dwelling unit (User Rates) within each of the three Medium Household Income tiers, creating nine possible interest rates.

Indiana’s Drinking Water and Wastewater SRF Programs use a Base SRF Interest Rate, which is re-set on the first business day of each January, April, July and October. The SRF Program accepts applications throughout the year.

Drinking Water SRF Interest Rates	User Rates (Over \$45)	User Rates(\$25 to \$45)	User Rates (Under \$25)
Tier III (MHI*: under \$33,669)	2.00%	2.10%	2.60%
Tier II (MHI: \$33,670 to \$41,566)	2.10%	2.35%	2.85%
Tier I (MHI: over \$41,567)	2.35%	2.60%	3.10%

Wastewater SRF Interest Rates	User Rates (Over \$50)	User Rates(\$30 to \$50)	User Rates (Under \$30)
Tier III (MHI*: under \$33,669)	2.00%	2.10%	2.60%
Tier II (MHI: \$33,670 to \$41,566)	2.10%	2.35%	2.85%
Tier I (MHI: over \$41,567)	2.35%	2.60%	3.10%

*MHI reflected in 2000 Census

Note: Up to an additional .50% reduction may be permitted if a non-point-source project is financed along with a point source project or a project that includes green/sustainable components.

The NEW “American Iron and Steel (AIS)” requirement

What is AIS?

The Consolidated Appropriations Act, 2014 (Act) was enacted on January 17, 2014. This Act includes an “American Iron and Steel (AIS)” requirement that requires projects being funded by either Clean Water SRF Loan Programs or Drinking Water SRF Loan Programs to use iron and steel products that are produced in the U.S. In other words, if a project is receiving SRF funding (through a Financial Assistance Agreement) between January 17, 2014 and September 30, 2014, then the project must comply with the AIS requirement. The Act also sets forth certain circumstances under which the Environmental Protection Agency (EPA) may waive the AIS requirement. EPA may issue waivers where EPA finds (1) that applying these requirements would be inconsistent with the public interest; (2) iron and steel products are not produced in the U.S. in sufficient and reasonably available quantities and of a satisfactory quality; or (3) inclusion of iron and steel products produced in the U.S. will increase the cost of the overall project by more than 25 percent.

The NEW “American Iron and Steel (AIS)” requirement

How does the Waiver process work?

The waiver process begins with the loan recipient. The loan recipient must provide sufficient documentation. Appendix 1 of the EPA final AIS Guidance contains an information checklist that should be followed. Once sufficient documentation is prepared, the loan recipient should email the waiver request in the form of a Word document to the SRF Compliance Officer, AHENNING@ifa.in.gov. The SRF Compliance Officer will review the application for the waiver and determine whether the necessary information has been included. Once the waiver application is complete, the SRF Compliance Officer will forward the application to the appropriate contacts at EPA.

EPA has a three (3) step process for waiver requests. (1) After receiving an application for a waiver, EPA is required to publish the application on its website for 15 days for public comment. (2) After receiving an application for a waiver, EPA will use the checklist in Appendix 2 of the EPA final AIS Guidance to determine whether the application properly and adequately documents and justifies the statutory basis cited for the waiver and will determine whether to grant the waiver. (3) Once the waiver is signed and dated by EPA, EPA will notify the State SRF program and post the signed waiver on its website. The loan recipient shall keep a signed copy of the waiver in its projects files.

How should a loan recipient document compliance with the AIS requirement?

Specific AIS contract language must be included in each contract, including purchase agreements. Sample language can be found in Appendix 4 of the EPA final AIS Guidance located on the SRF website and in the SRF Front-End Certification Documentation.

EPA recommends that loan recipients use a “step certification” process. This is a method to ensure that producers adhere to the AIS requirement and loan recipients can verify that products comply with the AIS requirement. Step certification creates a paper trail which documents the location of the manufacturing process involved with the production of steel and iron materials. A step certification is a process under which each handler (supplier, fabricator, manufacturer, processor, etc) of the iron and steel products certifies that their step in the process was domestically performed. Each time a step in the manufacturing process takes place, the manufacturer delivers its work along with a certification of its origin. Sample certifications are located in Appendix 5 of the EPA final AIS Guidance located on the SRF website. These certifications should be collected and maintained by the loan recipient.

An SRF engineer/staff person will be conducting site visits of projects during construction of the project and will review documentation demonstrating proof of compliance.

How should a loan recipient document compliance with the AIS requirement?

Information on AIS, including final EPA guidance, can be found on the SRF website www.srf.in.gov.

Amy Henninger is the SRF contact for AIS questions and for communities wanting to submit a waiver to EPA. Please contact Amy at AHENNING@ifa.in.gov or call (317) 232-6566.

Terre Haute Saves \$32.3 Million

Terre Haute had aging wastewater infrastructure and combined sewer overflows (CSO) that they are addressing. Terre Haute's Class IV, 24 million gallons per day (MGD), activated sludge facility was not able to process the full amount of wet weather flow provided by the plant capacity.

Bottlenecks at the plant and aging infrastructure prohibited the flow from passing through the plant. Nearly all aspects of the plant will be replaced as part of this project. When the improvements are completed, the new wastewater treatment plant (WWTP) will still have an average design flow of 24 MGD, and will be able to handle 48 MGD in peak wet weather flow. All construction is occurring within the existing WWTP property, which simplified the environmental review process for this project. It was easily coordinated with the environmental review agencies and a categorical exclusion was issued.

On December 13, 2012, Terre Haute entered into the largest single loan financed by the State Revolving Fund Loan Program. An SRF Bond for \$139,371,000 has provided Terre Haute with the means to replace their outdated WWTP and will provide the community with the most up to date treatment available for the next 20-years.

Terre Haute added to their project by including energy efficient turbo blowers as a part of their Green Infrastructure. Depending on the operational usage of the plant, the turbo blowers will provide the city 29% to 34% energy use savings per year. The city also added a Brownfields project that cleaned up and restored riverfront property. This Non-Point Source project combined with the energy savings from the blowers created an interest rate break for the city. As of this newsletter, the city has 65 percent of the construction completed.



Installation of Terre Haute's Recycle Pump Station

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**Indiana State Revolving Fund
Loan Programs:
Drinking Water, Wastewater,
Nonpoint Source**

The State Revolving Fund (SRF) Loan Programs provide low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure. The SRF Programs, administered by the Indiana Finance Authority, protect both public health and the environment.



Indiana State Revolving Fund Loan Program

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