

The Watershed

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

Spring 2015

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Message from the Director

It is springtime in Indiana, which means days are getting longer and warmer, and the SRF is completing State Fiscal Year, which ends June 30, 2015. This is a time of year when we wrap-up the last few Drinking Water and Sewer financings of the quarter and gear-up for a new round of financings for the next State Fiscal Year, which starts July 1, 2015.

This spring the SRF introduces new employees and new roles for existing staff. We are also excited to introduce changes to our Sewer (Clean Water) program.

The SRF is proud to continue to be able to offer low-cost financing to new and existing borrowers and recognizes, that together, these projects allow us to complete important infrastructure projects which protect the public health and improve the environment for all Hoosiers.

Bill Harkins, SRF Director

"New Faces and New Roles"

- o Please welcome [Camille Meiners](#) to the SRF Program as the new SRF Section Chief. Camille is a licensed professional engineer and offers experience in both wastewater and drinking water to the program.
- o Congratulations [Emma Kottowski](#) on taking the position of Financial Review Manager for the SRF Loan Program. Emma will now handle all post loan closing monitoring activities.
- o Congratulations [Shelley Love](#) for taking on the additional role of Drinking Water Administrator. Shelley will continue to administer the Wastewater program duties.
- o Welcome [Tracey Trimpe](#) to the SRF Program as a project engineer. Tracey is a licensed professional engineer with over 25 of experience in both water and wastewater resources.
- o Welcome [Staci Orr](#). Staci comes to us from Indiana University School of Public and Environmental Affairs and will be working on special projects.

“What’s New?”

THE WATER RESOURCES REFORM AND DEVELOPMENT ACT OF 2014 (THE IMPACT ON THE CLEAN WATER SRF PROGRAM)

On June 10, 2014, President Obama signed into law the Water Resources Reform and Development Act of 2014 (WRRDA). WRRDA only impacts the Clean Water SRF and not the Drinking Water SRF.

New Eligibilities

The list of eligible activities or projects for assistance from CWSRF has been expanded. A few of these are:

- o Any municipality or intermunicipal, interstate or State agency for construction of publically owned treatment works;
- o For the implementation of a management program established under section 319;
- o For measures to manage, reduce, treat, ore recapture stormwater or subsurface drainage water;
- o To reduce the demand for publically owned treatment works capacity through water conservation, efficiency or reuse.

To view the complete list visit the SRF website. Please contact Shelley Love, Administrator of the CWSRF Program, at 317-232-4396 for additional information.

Fiscal Sustainability Planning

Loan recipients shall develop and implement a fiscal sustainability plan (FSP) that includes certain minimum requirements that are outlined in the Fiscal Sustainability Planning article on Page 3. This requirement applies to all loans for which a borrower has submitted an application on or after October 1, 2014. Loan recipients will be required to certify that an FSP has been developed and is being implemented.

Additional Subsidization

The objective of providing additional subsidization is to assist those applicants who are having difficulty financing a project without this additional assistance. Additional subsidization may be provided to eligible recipients who meet the state’s Affordability Criteria, those who seek the additional subsidization to benefit individual ratepayers in a lower residential user rate class, or whose project addresses water or energy efficiency goals, mitigates stormwater runoff, or encourages sustainable project planning, design and construction.

Affordability Criteria: The SRF will consider median household income, user rates, unemployment data, population trend and other factors when providing additional subsidization.

American Iron & Steel

There is no change to the requirement of American Iron & Steel (AIS). If you have any questions on AIS, please contact Amy Henninger, Compliance Officer, at 317-232-6566 or at ahenning@ifa.in.gov.

Davis Bacon Act

The prevailing wage (Davis-Bacon) provision permanently applies to any projects for treatment works that are funded by a CWSRF. If you have any questions on Davis Bacon, please contact Amy Henninger, Compliance Officer, at 317-232-6566 or at ahenning@ifa.in.gov.

Cost & Effectiveness Analysis

For applications submitted to the CWSRF Program on or after October 1, 2015, loan recipients must certify that they have conducted a cost and effectiveness analysis on the proposed project. The minimum requirements are set forth in the article entitled, Cost & Effectiveness Analysis on Page 3.

Architectural & Engineering Services

Architectural and engineering services (A/E) for projects that are identified as equivalency projects must comply with the elements of the procurement processes for A/E services. Please contact Shelley Love, Administrator of the CWSRF Program, at 317-232-4396 for additional information.

More on Water Resources Reform and Development Act Fiscal Sustainability Planning

As part of the Water Resources Reform and Development Act (WRRDA) of 2014, loan recipients will be required to develop and implement a fiscal sustainability plan (FSP). Although we encourage all loan recipients to complete an FSP, the FSP requirement applies only to clean water loans for which a loan recipient has submitted an application on or after October 1, 2014 that proposes repair, replacement or expansion of existing treatment works.

The CWSRF is developing guidance for the contents of the FSP, however, the following are the minimum requirements that must be included in an FSP:

- o An inventory of critical assets that are part of the treatment works.
- o An evaluation of the condition and performance of those assets.
- o A certification that the loan recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan.
- o A plan for maintaining, repairing, and replacing the assets and a plan for funding such activities.

Loan recipients will be required to certify that an FSP has been developed and is being implemented. If a loan recipient does not have an FSP in place, it is only necessary to create and implement one for the assets related to the proposed project, not the entire existing system. The cost incurred to create an FSP is an eligible SRF cost and should be included in the preliminary engineering report project cost estimates as well as sized into the loan.

Please contact Camille Meiners at cmeiners@ifa.in.gov or 317-234-3661.

Cost & Effectiveness Analysis

All applications submitted to the CWSRF Program on or after October 1, 2015, must include a certification that it has conducted a cost and effectiveness analysis on the proposed project. The minimum requirements of a cost and analysis are:

- o The study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under the title; and
- o The selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture and conservation, and energy conservation, taking into account—
 - o The cost of constructing the project or activity;
 - o The cost of operating and maintaining the project or activity over the life of the project or activity; and
 - o The cost of replacing the project or activity.

SRF is developing specific criteria for the cost and effectiveness analysis that meet these minimum requirements. More information on this requirement will be available on the SRF Website.

American Iron and Steel

The American Iron and Steel (AIS) is a requirement for the CWSRF and DWSRF programs. While the requirement for the DWSRF is written until September 30, 2015, it is anticipated to be in appropriations in the future with no lapse in the requirement.

EPA anticipates waiver reviews to take one month or less. All pending waivers can be reviewed on EPA's American Iron and Steel page, which can be reached through the SRF website.

EPA is gearing up to conduct informal site visits to review projects and AIS documentation for SRF recipients. If a SRF borrower is selected, SRF will assist in coordinating a meeting. Please contact Amy Henninger at 317-232-6566 or at ahenning@ifa.in.gov. The EPA has released a draft AIS checklist that they are using at these site visits which may be found on the SRF website.

“Droplets”

- o SRF updated both the Drinking Water SRF Application and the Wastewater SRF Application. New information can be found on page one of the applications. Additions include: Population Trends, Unemployment Data, Architectural and Engineering services, and updated WebPages to link you to more recent census information.
- o Submit your Preliminary Engineering Report to the SRF by June 15, 2015 for State Fiscal Year 2016 for consideration or to be included in the Fundable Range. PERs submitted after June 15, 2015 are not guaranteed to be scored and ranked in time for inclusion on the July 1, 2015 Project Priority List.
- o The Indiana Finance Authority is completing an analysis of the planning and long range needs of the water utilities serving the 15 most populous cities in Indiana and 5 other water utilities selected by the IFA from among the water utilities having less than \$500,000 in annual gross revenue. IFA staff is currently contacting these identified facilities and gathering the required information.

“Other News”

Drinking Water Needs Survey

The 2015 Drinking Water Needs Survey is just around the corner! This nationwide survey, conducted every four years, is a comprehensive assessment of the capital needs to deliver safe drinking water and protect public health. The results of the survey directly impact the Indiana Drinking Water SRF's allotment.

The Survey begins in June 2015. The 74 community water systems selected to participate will be asked to provide documentation regarding needs and costs. Copies of Capital Improvement Plans, Master Plans, Preliminary Engineering Reports, Engineer's Estimates, and Bid Tabulations will assist in identifying capital needs.

To be a success, input from all 74 communities is vital. The SRF will be reaching out to selected communities in the near future and survey forms will follow.

Median Household Income: A Switch from using 2000 Census Data

Starting July 1, 2015, the SRF interest rate matrix for CW and DW projects will use Median Household Income (MHI) data based on the 5 Year American Community Survey. The 5 year ACS is published by the Census Bureau and can be found at http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml. You will notice on the SRF Applications the 5 Year ACS MHI is being requested and not the 2000 Census data. Please let your financial advisor know of this important change. If you have any questions, contact Amy Henninger at 317-232-6566 or at ahenning@ifa.in.gov.

Paying Agent Agreements

Emma Kottlowski has recently taken on a new role at IFA. She is now working as a Financial Review Manager for the SRF. Her primary focus is to handle all post loan closing monitoring activities. Some of these activities include monitoring Paying Agent Agreements, A-133 Audits and Debt Service Reserves.

Emma's helpful tip: Please remember to check your Paying Agent Agreement or Transfer Schedule monthly. The amounts that need to be transferred to the Bank of New York Mellon Trust Company may change from time to time. If you cannot locate your Paying Agent Agreement or Transfer Schedule feel free to contact Emma directly at 317-919-2839 or ekottlowski@ifa.in.gov with any of your post loan closing questions.

“Project Highlight”

City of Berne - Wastewater Treatment Plant Improvements

The SRF provided funding to the City of Berne to complete their WWTP Improvements Project. Permit violations led the community to enter the SRF Loan Program for low interest financial assistance. The City closed on a \$7,930,000 loan to address their needs. Over the course of the 20-year period, the city will save an estimated \$2,333,250. The purpose of the project was provide financing to Berne to comply with the permit limits for ammonia-nitrogen. Their recent NPDES permit issued August 1, 2012, included increased limits.

Berne operates a Class II, 0.683 MGD controlled discharge waste stabilization lagoon facility consisting of a 16.42 acre lagoon (#1), a final 21.15 acre lagoon (#2), two clarifiers for phosphorus removal, and UV disinfection. Ammonia-nitrogen causes the plant to operate at approximately 146% of average design capacity. Proposed solutions to the regulatory and hydraulic overload conditions at the plant which included converting Lagoon No. 1 to a partial-mix with the addition of aeration with fine bubble diffusers, which helps to increase the average design flow to 1.08 MGD and peak flow to 1.92 MGD. The selected treatment system for ammonia-nitrogen removal is the Nelson Environmental OPTAER Treatment Process that incorporates the Submerged Attached Growth Reactor (SAGR) technology to provide ammonia-nitrogen removal. The system uses a clean uniform gravel bed for the nitrifying bacteria to attach and the biological process occurs as the wastewater passes through this bed. Aeration is also provided for the process through an aeration bubbling system. The SAGR technology is very operator friendly with little to no maintenance.

The new SAGR system includes four 262' x 72' cells at approximately 9' deep to achieve the ammonia-nitrogen removal. Due to elevation constraints, the existing clarifiers will be demolished and replaced with a new disc filter after the SAGR system for continued phosphorus removal. The existing effluent pump station will also be upgraded with high and low service pumps for average and peak conditions. Lagoon No. 2 will be used in the winter months for additional detention time and treatment, and during wet weather events that exceed 1.92 MGD to maintain flow through the SAGR system at or below the rated peak flow. Due to the increased power requirements for aeration, the project will also implement emergency standby power. Construction commenced on July 28, 2014 and the project will be complete July 2015. Upon project completion, compliance will be maintained by Berne.



Berne's Submerged Attached Growth Reactor (SAGR) cells under construction.

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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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