

# The Watershed

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

*Summer 2011*

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## Message from the Director

It is hard to believe it, but summer is almost over and the SRF is gearing up for another full schedule of closings this fall and winter. If you haven't had a chance, please take a look at our current interest rates. You'll notice that SRF's interest rates are at near historic lows.

Please also look at our Project Priority Lists to see which projects are identified in our Fundable Range and contact the Program if you are interested in scheduling a loan closing. We hope you take a few minutes to peruse our Summer Newsletter where you will find articles including such topics as Drinking Water Project Highlights, Legislative Update, and Changes to Rank and Score for your SRF project. Thank you for your interest in the SRF, we look forward to continuing to provide low-interest financing options to communities across the State.

Sincerely,  
Bill Harkins  
Director of SRF Program

## SRF Interest Rates

Drinking Water SRF Interest Rates	User Rates (Over \$45)	User Rates(\$25 to \$45)	User Rates (Under \$25)
Tier III (MHI*: under \$33,669)	2.22%	2.47%	2.97%
Tier II (MHI: \$33,670 to \$41,566)	2.47%	2.72%	3.22%
Tier I (MHI: over \$41,567)	2.72%	2.97%	3.47%
Wastewater SRF Interest Rates	User Rates (Over \$50)	User Rates(\$30 to \$50)	User Rates (Under \$30)
Tier III (MHI*: under \$33,669)	2.22%	2.47%	2.97%
Tier II (MHI: \$33,670 to \$41,566)	2.47%	2.72%	3.22%
Tier I (MHI: over \$41,567)	2.72%	2.97%	3.47%

### Updated Disbursement Request

In an effort to streamline the disbursement process, an updated SRF Disbursement Request form is now available. The revised SRF Disbursement Request form is available as a Word document or an Excel document on the SRF website. The majority of the information on the request remains unchanged. The form has been re-formatted to gather required information for EPA reporting, better utilize available space, reduce the variety of forms being used, and improve ease of use.

The most significant change to our form is in the **Retainage Amount for this Request** area. The retainage amount to be held for the request will need to be noted in the box to the right of this section. Additionally, you will select one of three options below to communicate your retainage account preference:

- Participant requests that the retainage amount be held by SRF.

*This option directs SRF to hold the retainage dollars.*

- Participant requests that the retainage amount be sent to the participant via check to the mailing address listed.

*Use of this option will allow the participant to hold the retainage funds locally.*

- Participant requests that the retainage amount be sent to the following bank.

*By selecting this option, the retainage dollars will be sent directly to the escrow account that is indicated by the participant.*

Instructions are available for review at (<http://www.in.gov/ifa/srf/2376.htm> ). If you have any further questions, please contact Gayle Hicks, Disbursement Coordinator, at 317-234-6730 or email [glhicks@ifa.in.gov](mailto:glhicks@ifa.in.gov).

### CCR and DUNS Registration- What You Need to Know

Every SRF Participant must complete the appropriate steps to obtain a Data Universal Numbering System (DUNS) number and register in the Central Contractor Registry (CCR). No funds can be disbursed to a Borrower until the DUNS and CCR registration requirement is met. Therefore, before a loan can be closed with the SRF Loan Program, a Participant must provide the SRF Loan Program with their DUNS number and verify that they are registered in the CCR.

The following steps outline the DUNS and CCR registration processes:

#### 1. Obtaining a DUNS Number

- Please go to <http://fedgov.dnb.com/webform/> or call 1-866-705-5711

#### 2. Obtaining an Employer Identification Number (EIN) or Taxpayer Identification Number (TIN)

- A TIN is either an Employer Identification Number (EIN) assigned by the Internal Revenue Service (IRS) or a Social Security Number (SSN) assigned by the Social Security Administration (SSA) if you are registering as a sole proprietor.

#### 3. Registering with the CCR

- An organization may register online at [www.ccr.gov](http://www.ccr.gov).

For more information, please contact Gayle Hicks, Disbursement Coordinator at (317) 234-6730.



## Drinking Water Needs Survey Update

The 2011 Drinking Water Infrastructure Needs Survey and Assessment is well underway with nearly 65 percent of surveys returned. All across Indiana, drinking water systems are responding to our request for help. The "Needs Survey" is a survey of 82 community water systems (selected by the U.S. Environmental Protection Agency) to assess their 20-year capital improvement needs. The results of the survey determine the amount of money available to Indiana systems for drinking water infrastructure projects through the Drinking Water SRF Loan Program. SRF is working hard to increase the state's allocation of federal funding and to those first 53 systems that responded – SRF says thank you!

Let's keep the momentum going – we still require 29 surveys to ensure Indiana's capital improvement needs are accurately represented. If you are one of the 29 systems we have not heard from, please let us know how we can help you complete the survey! In the past we have met with utilities to assist in completing the survey. After finishing the 2007 survey in one hour, one superintendent said "thank you for coming and making it painless." If you are interested in a visit, please let us know. If you would like to have the list of community drinking water systems selected to be in the survey or have any questions about the survey, please contact Sarah Hudson at 317-232-8663 or [shudson@ifa.in.gov](mailto:shudson@ifa.in.gov).

## Changes to Rank and Score for Your SRF Project

Getting a great score can mean being in or out of the SRF fundable range. SRF has posted our updated scoring sheet to the SRF website [www.srf.in.gov](http://www.srf.in.gov). Changes were few but could be significant to you and your community.

Green Project Reserve is divided into four sustainable infrastructure categories. They are: Green Infrastructure, Water Efficiency, Energy Efficiency and Environmentally Innovative. The SRF GPR Worksheet available on our website, <http://www.in.gov/ifa/srf/2376.htm>, lists various green projects in each category. A point may be provided under each category if a project includes sustainable infrastructure in that category. A maximum of four (4) points can be gained from including green!

Beginning January 2012 the EPA Clean Watershed Needs Survey will be conducted for wastewater projects. By completing the needs survey the applicant will gain an additional point on the scoring sheet. Points will be added to each community's scoring when they complete the EPA survey. Please see the Clean Watershed Needs Survey article in this newsletter and upcoming articles from SRF on the latest news changes in the rank and score policy.

## Clean Water Needs Survey

Indiana and other states are vying for the same EPA federal dollars. Input from communities across Indiana could mean more money for Indiana to use on wastewater infrastructure across the state. SRF Program staff is currently preparing for the 2012 EPA Clean Watersheds Needs Survey. This survey will provide communities across the state an opportunity to let EPA and Congress know we need additional funds to satisfy the need here in Indiana. Clean Watershed Need Survey projects include: WWTP related projects, collection system projects, Storm Water Projects, Brownfields projects, and Non-Point Source projects.

Most likely your community has a list of projects that need to be constructed in the next 2 years. Your community may also have more long-term needs. What should you do? If you have a need for that project but financing won't be available for a few years, **INCLUDE THE PROJECT!** As long as there is a justifiable need you should include it in the survey. What if you are going to finance it with another agency or financial institution? **INCLUDE THE PROJECT!** Qualifying communities include cities, towns, counties, or districts. Other agencies also review the results of our survey to determine their funding. In order for Indiana to get the benefit, Indiana must document the needs of each community. Please see the EPA Website for additional information at <http://water.epa.gov/scitech/datait/databases/cwns/index.cfm>.

**BONUS POINTS:** This year's SRF Project Priority List scoring includes an additional point to complete the Clean Watershed Needs Survey. That point on the Project Priority List could mean the difference between fundable range and waiting another year. Projects not completing the survey would not benefit from this extra point.

Indiana SRF attends monthly workgroup meetings on the 2012 Clean Watershed Needs Survey. Outreach efforts are being made by SRF through this newsletter and attending various financing events around the state. If you have any questions on a project to include please contact Shelley Love at [slove@ifa.in.gov](mailto:slove@ifa.in.gov) for additional information.



## Environmental Review Notes

1. Section 106 of the National Historic Preservation Act requires that all federal funding agencies must evaluate the effects of constructing and operating federally funded projects on above-ground and below-ground historic resources. The Indiana Department of Natural Resources (IDNR) is the agency that administers the National Historic Preservation Act in Indiana. The SRF interacts with the IDNR Division of Historic Preservation and Archaeology (DHPA) to fulfill that requirement. Occasionally, SRF is asked to fund a project on which construction has already started or been completed. The DHPA's guidance states: *Please keep in mind the Section 106 review must be completed prior to the initiation of demolition, construction, and ground disturbing activities. If the DHPA is not given reasonable opportunity to comment on the project, or to develop and evaluate alternatives or modifications to the project that could avoid, minimize or mitigate adverse effects on historic properties, the federal agency will most likely need to notify the Advisory Council on Historic Preservation of the situation and invite them to participate in consultation.* This may cause delay in project review.

See <http://www.in.gov/dnr/historic/4306.htm>.

2. Regarding below-ground historic resources, please note that the sources of fill for a federally-funded project must be mentioned in the loan applicant's Preliminary Engineering Report (PER). If the SRF borrower's land is considered archaeologically undisturbed, such as farmland, pasture, or undeveloped land, then DHPA will likely require a reconnaissance level archaeological survey on that site. SRF has also had instances of DHPA asking for archaeological surveys on land that has been disturbed by previous development, such as trailer parks, houses, or roads. A PER should briefly discuss the history of potential sites for structures and routes for lines.

See [http://www.achp.gov/offsite\\_borrow\\_and\\_disposal.pdf](http://www.achp.gov/offsite_borrow_and_disposal.pdf).

3. SRF now has examples of acceptable graphics on the SRF website! Note, the disturbance area should be noted on site graphics. Check them out at: <http://www.in.gov/ifa/srf/2376.htm> under Environmental Guidance and Documents. Remember: we advise using the IndianaMap for most environmental graphics; see our guidance documents at:

- o [http://www.in.gov/ifa/srf/files/Environmental\\_Discussion\\_Guidance\\_Feb\\_7\\_2011.pdf](http://www.in.gov/ifa/srf/files/Environmental_Discussion_Guidance_Feb_7_2011.pdf) and
- o [http://www.in.gov/ifa/srf/files/Environmental\\_Graphics\\_Checklists\\_Guidance\\_Apr\\_18\\_2011.pdf](http://www.in.gov/ifa/srf/files/Environmental_Graphics_Checklists_Guidance_Apr_18_2011.pdf).

These get updated as necessary, so please check when beginning a new project.

## Pre-Construction Meetings

The State Revolving Fund Loan Program (SRF) participates in preconstruction meetings either in person or via telephone conference call to discuss the requirements of the SRF program, prior to the commencement of construction activities. When the SRF engineer assigned to the project is notified about the date and time for the preconstruction meeting, the loan recipient and their consultant will be emailed a preconstruction meeting memo used for reference during the presentation. This preconstruction memo outlines five different items:

1. Green Project Reserve (GPR) – describes those projects that have identified GPR components that qualify under one or more of the following categories: energy efficiency, water efficiency, green infrastructure, or environmentally innovative activities.
2. Davis Bacon Wage Rates – typically discussed by the Labor Standards Administrator (LSA) assigned to the project, who describes its requirements and the loan recipient's responsibility in keeping certified payrolls for the general contractors and subcontractors on file as well as employee interview reports.
3. On-Site Inspections/Financial Reviews - discusses the SRF engineer's periodic inspections that will be conducted and coordinated with the loan recipient's consultant and on-site inspector. A checklist will be emailed to the consultant in advance so that the necessary documentation will be available during the inspection.
4. Contractor Retainage – discusses the requirement that a retainage provision be submitted to SRF indicating: (1) what party will be holding retainage and (2) the percentage of retainage that will be held. This must be submitted prior to or when submitting the first payment request.
5. Anticipated Funding – discusses those project(s) being financed by a local Bond Anticipation Note (BAN) and with the intention of being reimbursed in the future by SRF. All SRF program requirements (i.e., Preliminary Engineering Report submittal, all invoices verified for eligible SRF costs, state and federal bidding requirements, and Davis Bacon wages rates) must be followed at every stage of the project for SRF reimbursement to occur.

The SRF engineer will discuss only those items that are applicable to the loan recipient's project(s). SRF's involvement as well as the LSA's interaction gives the loan recipient, the consulting engineer, and contractor(s) an opportunity to raise any questions about the program and process from initiation of construction to final completion.



## Drinking Water Project Highlight

SRF would like to highlight two DWSRF projects that started in 2010, Cataract Lake and Anderson. In addition to SRF loan funds, Anderson received American Recovery and Reinvestment Act of 2009 (ARRA) assistance. Both projects are nearly complete.

The City of Anderson has struggled with pressure issues and nearly reached storage capacity. Many of its booster and storage components were nearing or had exceeded useful life, and could barely handle the present demand, let alone meet 20-year growth projections. In response, the town constructed a new 2.0 million gallon elevated water storage tank and booster station. This will improve water pressure and increase water storage capacity for emergency conditions and fire protection in the affected areas.

The Anderson project was funded in part by the ARRA, which will save the City of Anderson nearly \$2.3 million over the next 20 years and allow the utility to continue to provide safe and clean drinking water.

The Cataract Lake Water Corporation is a not-for-profit utility serving southern Putnam County, northern Owen County and eastern Clay County. Areas of the water system, including raw water wells and storage capacity, were in need of critical work. The previous 50,000 gallon water storage tank was built in 1938 and was in poor condition. Not only had it reached the end of its useful life, the tank lacked the capacity to meet current demand. One of the two existing wells pumped far below the original design capacity and the utility lacked any back up measures with only two wells. In response, the town constructed a new 150,000 gallon elevated water storage tank, rehabilitated the second well to nearly double its capacity constructed and a third well to increase capacity and safety.

The Cataract Lake Water Corporation project was funded through traditional SRF financing, which will save the utility nearly \$325,000 over the life of the loan on the \$900,000 project. This project allows the utility to continue to provide safe and clean drinking water, along with demonstrating how SRF can assist small utilities in big ways.



*New 2.0 million gallon elevated water storage tank to provide safe drinking water to the city.*



*(Below) A new 150,000 gallon elevated water storage tank to provide the town with safe drinking water.*

*(Above) Well number 3 with vertical turbine pump to assist with capacity issues and provide a back up water source.*



## Special Appropriation Project Highlight: Warrick County Stonehaven Addition Project

The neighborhood of Stonehaven in Warrick County has been in need of sanitary sewer services for many years. Roughly half of the area was served by septic systems past their useful life and the remaining homes were connected to a sewer collection system that was known to discharge to abandoned subsurface coal mines and surface water during wet weather events. These issues led to a Notice of Violation from IDEM in 2004 and the County and the State of Indiana entered into an Agreed Order on May 26, 2004.

In Federal Fiscal Year 2009 Congress appropriated \$485,000 in funds toward the completion of this project. The project was also funded by an Office of Community and Rural Affairs grant and local funds. The designed project installed gravity sewers throughout the project area, installed grinder pumps and low-pressure sewers along the east half of Lovers Lane and constructed a new lift station to minimize sewer depth. The Boonville wastewater treatment plant now provides treatment for the area and eliminates pollution loadings to waters of the state.



Stonehaven main lift station constructed on SR #61.



One of houses along Stonehaven Circle that has been connected to sewer system.

## Legislative Update

The spring 2011 session of the Indiana General Assembly resulted in several new requirements which may impart the procurement process for participants in the SRF Loan Program. All SRF Loan Program participants must comply with Indiana public bidding laws and regulations.

In order to highlight relevant changes in state law, the following is a legislative update from SRF, and in no way serves as a legal analysis or interpretation of the following pieces of legislation and the implications, if any, on any current or future SRF participants.

The following statutes are effective as of July 1, 2011:

- IC 22-5-1.7 Public Contract for Services; Business Entities; Unauthorized Aliens:

- o Under this statute, public contracts for services entered into or renewed by a political subdivision and a contractor after June 30, 2011 must contain a provision which requires the contractor to verify the work eligibility status of all newly hired employees through the E-verify program. The contractor must also provide a signed affidavit affirming that the contractor does not knowingly employ any unauthorized aliens.
- o The requirements of this statute also apply to grants awarded by a political subdivision in excess of \$1,000 to eligible business entities.

- IC 5-22-15-20.9 Indiana Business Price Preference

- o The purchasing agency of a political subdivision must provide qualified local Indiana businesses with a price preference when awarding contracts. The amount of the price preference is dependent upon the size of the expected purchase as determined by the purchasing agency. The price preference ranges have been determined as follows:
  1. 5% for a purchase expected to be less than \$50,000
  2. 3% for a purchase expected to be at least \$50,000 but less than \$100,000
  3. 1% for a purchase expected to be at least \$100,000
- o A qualified local Indiana business must have significant business contact in the "affected county" of the expected purchase, meaning within either (1) the county where the political subdivision is located or (2) in an adjacent county.
- o More specifically, to qualify as a local Indiana business, the bidding

business must meet one of the following criteria:

1. A business whose principal place of business is located in an affected county;
2. A business that pays a majority of its payroll (in dollar volume) to residents of affected counties;
3. A business that employs residents of affected counties as a majority of its employees;
4. A business that makes significant capital investments in the affected counties as defined in rules adopted by the political subdivision; or
5. A business that has a substantial positive economic impact on the affected counties as defined by criteria in rules adopted by the political subdivision.

Prior to closing on SRF financing, a participant may be required to submit an opinion drafted by local counsel certifying that all applicable state and federal public bidding laws were adhered to during the participant's procurement process. Please contact Tiffany Murray, SRF Program Counsel, at [timurray@ifa.in.gov](mailto:timurray@ifa.in.gov) or (317) 234-6836 with any questions.

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## Indiana State Revolving Fund Loan Programs Drinking Water, Wastewater

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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