



Indiana Finance Authority State Revolving Fund Loan Program



**ACEC Environmental Business Meeting
September 17, 2015**

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Indiana Finance Authority State Revolving Fund Loan Program



Overview

- **Program Overview/Update**
 - Current Projects
 - Existing Requirements

- **Water Resources Reform & Development Act (WRRDA)**
 - Fiscal Sustainability Plans
 - Cost & Effectiveness
 - Architectural/Engineering Services

- **Questions**



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Fundable Projects

Wastewater Projects

- Treatment Plants
- Collection Systems
- Decentralized Systems
- CSO remedies
- Infiltration/Inflow
- NPS water pollution abatement

Drinking Water Projects

- Treatment Plants
- Distribution
- Storage
- Supply Facilities



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Assistance Provided

Clean Water & Drinking Water

- **Low Interest Loans**

Current rates 2.00% to 2.74%

- **Additional Interest Rate Reduction**

Infrastructure Climate Resiliency/Extreme Weather

Green/Sustainable Projects

Non-point Source Projects

- **Grants** (Limited to low to moderate income areas)

\$ 10 Million in Clean Water in SFY 2016

\$ 3 Million in Drinking Water in SFY 2016

\$ 29. 8 Million in Clean Water 2010-2015

\$ 21.7 Million in Drinking Water 2010-2015



Indiana Finance Authority State Revolving Loan Programs SRF 2016 Priority Lists



The SRF State Fiscal Year 2016 Project Priority Lists (Q1) identify \$401,334,888 in infrastructure needs.

Identified Needs

■ Drinking Water

- \$61,885,433

■ Clean Water

- \$203,163,603 Large Systems
- \$136,285,852 Small Systems

SFY 2016

■ Funding Allocation

- \$40 Million (15 projects)

- \$50 Million (5 projects)
- \$100 Million (21 projects)

To view the Project Priority Lists:
<http://www.in.gov/ifa/srf/2373.htm>



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Program Results as of June 30, 2015

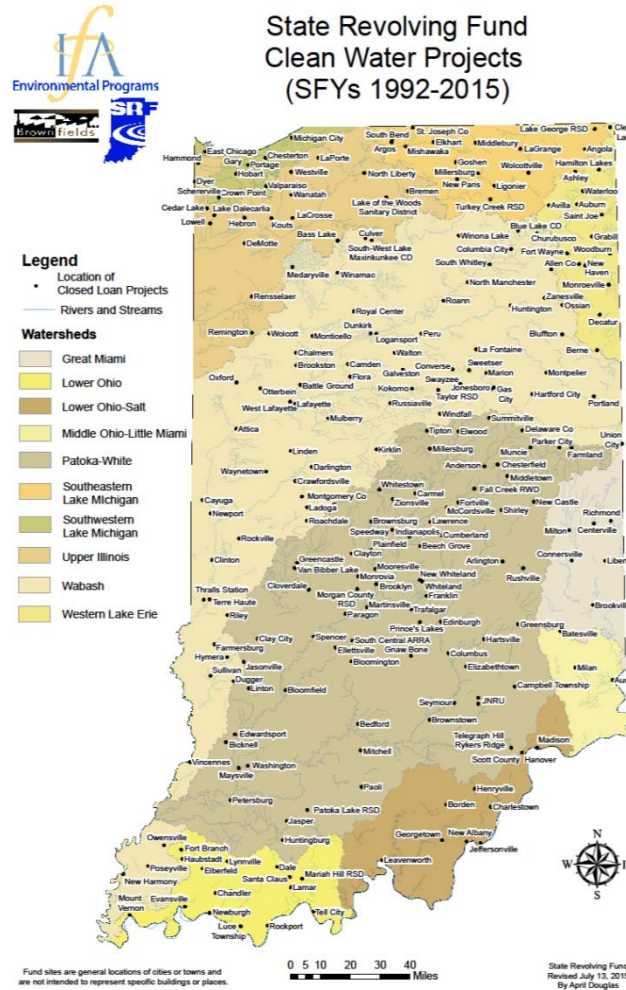
- 461 Clean Water loans closed
- 217 Drinking Water loans closed
- Over 300 Communities served
- Over \$3.8 Billion in loan closings
- Over \$3.4 Billion disbursed to communities
- Over past 4 years, \$267 Million interest savings



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Loans Closed - Wastewater

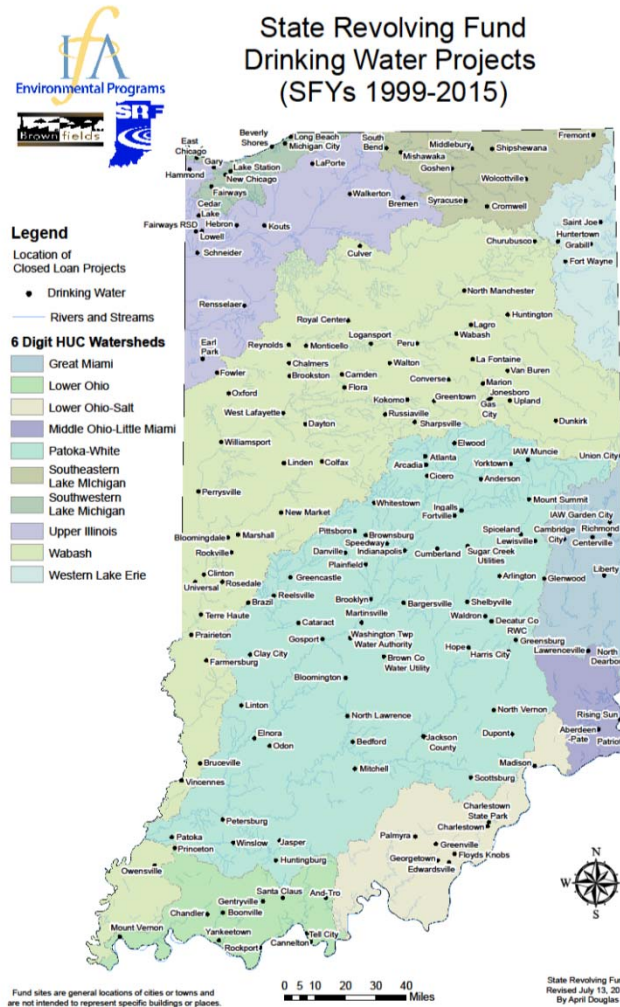




Indiana Finance Authority State Revolving Loan Programs



Loans Closed – Drinking Water





Indiana Finance Authority State Revolving Loan Programs DW Needs Survey



- US EPA Requirement
- DW Needs Survey in Process
- Sets Federal Appropriations
- WW next year



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Requirements

- Davis-Bacon Wages/Labor Standards Administrator (LSA)
 - LSA no longer provided by SRF
 - Include in Chapter 6
 - Eligible expense
 - Agreement with LSA must be provided before closing
 - Contact Doris Roberson
 - 317-234-8623
 - droberso@ifa.in.gov



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Requirements

- American Iron & Steel (AIS)
 - Consolidated Appropriations Act, 2014 was signed into Law January 17, 2014
 - Attachments I & J
 - Certifications
 - Project Name
 - What it is/What it is for
 - City and State
 - Signature



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Requirements

- American Iron & Steel (AIS)
 - Inspections
 - Online Information: <http://www.in.gov/ifa/srf/2376.htm>
 - Contact Amy Henninger
 - 317-234-3080
 - ahenning@ifa.in.gov



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Requirements

- Disbursements
 - Waiver of Lien
 - GPR Tracking
 - Contact Gayle Hicks
 - 317-234-6730
 - ghicks@ifa.in.gov
- Inspections
 - Virtual Inspections
 - On Site Inspections
 - Project Components
 - Davis Bacon
 - AIS



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Water Resources Reform & Development Act WRRDA

- Signed into law June 10th, 2014
- Impacts CLEAN WATER (WW) projects ONLY
- SRF Link: <http://www.in.gov/ifa/srf/2376.htm>

Topics

- Fiscal Sustainability Plans (FSP)
- Cost & Effectiveness Analysis (C/E)
- Architectural/Engineering Services Procurement (A/E)



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Fiscal Sustainability Plans (FSP)

- Interpretive guidance released January 6, 2015 – EPA
- Any application on or after **October 1, 2014**
- **ALL WASTEWATER PROJECTS**
- Started including in PER comment letter
- Eligible Expense
- Currently working on guidance and an example
 - Fact Sheet located here:
http://www.in.gov/ifa/srf/files/SRF_FSP_Fact_Sheet_September_2015.pdf



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Fiscal Sustainability Plans (FSP)

Minimum Requirements:

- An inventory of critical assets that are part of the treatment works project
- An evaluation of the condition and performance of inventoried assets or asset groupings
- A certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan
- A plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities

PROPOSED PROJECT COMPONENTS ONLY



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Fiscal Sustainability Plans (FSP)

Required Certifications

*Included in revised PER guidance

Already have an FSP?

Certify before the PER is approved.

Don't have an FSP?

Certify prior to final disbursement of main project.



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Fiscal Sustainability Plans (FSP)

PER Requirements

- Do not include the FSP in the PER as an appendix
- Do include appropriate certification if FSP is already prepared
- Do include an FSP preparation status as presented in revised guidance (Ch. 7)

Will SRF review the FSP?

- Final site inspection
- Check for requirements



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Fiscal Sustainability Plans (FSP)

FSP Requirements

1. “Inventory of critical assets that are part of the treatment works project”
 - Assessment of “critical assets”
 - Value > \$5,000 and useful life > 1 year
 - Relating only to the proposed project
 - Examples:
 - Treatment Related
 - Pumps
 - Controls
 - Sludge Processing Equipment
 - UV lamps
 - Flow Meters
 - SCADA
 - Collection System Related
 - Pumps
 - Controls
 - Alarms and Telemetry



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Fiscal Sustainability Plans (FSP)

FSP Requirements

2. "Evaluation of the conditions and performance of those assets"
 - Items may be new or combination – related assets
 - Include the following
 - Installation date
 - Life expectancy
 - Expected replacement cost
 - Annual set aside amount

3. "Certification that the loan recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan"
 - Brief discussion of alternatives for major components
 - Relate to GPR checklist



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Fiscal Sustainability Plans (FSP)

FSP Requirements

4. “A plan for maintaining, repairing and replacing the assets and a plan for funding such activities”
 - Recommend 20 year plan, focus on next 5 years
 - NOT a capital improvement plan
 - Built into rate?

EXCEPTIONS?

- Only a CIPP project?
- Interceptor lines?
- Items with life expectancy greater than 20 yrs?
- Guidance to clarify



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Cost & Effectiveness (C/E)

Any application on or after **October 1, 2015**

Minimum Requirements:

- Study and evaluate 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 this title (WRRDA).
- Select, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account:
 - The cost of constructing the project or activity
 - The cost of operating and maintaining the project or activity over the life of the project or activity
 - The cost of replacing the project or activity



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Cost & Effectiveness (C/E)

PER Requirements

- Guidance added to **Chapter 4**
- Net Present Worth Analysis (Rural Utilities Services Bulletin 1780-2)
 - Perform for each **viable** alternative
 - Convert to present day dollars
 - 20 year planning period
 - Discount rate is the “real” rate from OMB circular A-94
www.whitehouse.gov/omb/circulars/a094/a94_appx-c.html
 - Include total project cost
 - Convert OM to present day cost
 - Subtract present worth of the salvage costs
 - Calculate Net Present Value (NPV)
 - Include in summary table



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Cost & Effectiveness (C/E)

PER Requirements

- Provide written statement in Chapter 4 including “A cost and effectiveness analysis was completed, and meets the minimum requirements of the Water Resources Reform and Development Act of 2014.”
- Certification
 - Include before PER approval
 - Requires community and engineer signature
 - Appendix in revised PER guidance
- The water and energy conservation component can be addressed through GPR analysis



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Cost & Effectiveness (C/E)

PRESENT WORTH ANALYSIS - COLLECTION SYSTEM ALTERNATIVES

	GRAVITY SEWERS	VACUUM SEWERS	LOW PRESSURE
Cost Summary			
Construction	\$ 2,433,250	\$ 2,507,500	\$ 2,171,350
Contingencies (10%)	\$ 243,325	\$ 250,750	\$ 217,135
Non Construction	\$ 461,500	\$ 319,600	\$ 446,600
Total Cost	\$ 3,138,075	\$ 3,077,850	\$ 2,835,085
Annual O, M & R	\$ 21,900	\$ 33,600	\$ 45,000
Salvage Value	\$ 605,975	\$ 440,000	\$ 217,750
Present Worth Description (20 years at 2.1%)			
Total Capital Cost	\$ 3,138,075	\$ 3,077,850	\$ 2,835,085
Present Worth O, M & R	\$ 387,352	\$ 594,293	\$ 795,928
Present Worth Salvage Value	\$ 477,358	\$ 346,611	\$ 171,533
Total Present Worth	\$ 3,048,069	\$ 3,325,532	\$ 3,459,480



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Cost & Effectiveness (C/E)

PRESENT WORTH ANALYSIS - GRAVITY SEWERS & TREATMENT

	Gravity Only	Regionalization	Mechanical Plant	Recirculating Media Filter
Cost Summary				
Construction	\$ 2,433,250	\$ 4,515,950	\$ 3,458,250	\$ 4,306,250
Contingencies (10%)	\$ 243,325	\$ 391,595	\$ 345,825	\$ 430,625
Non Construction	\$ 461,500	\$ 716,300	\$ 721,100	\$ 851,300
Total Cost	\$ 3,138,075	\$ 5,623,845	\$ 4,525,175	\$ 5,588,175
Annual O, M & R	\$ 21,900	\$ 45,400	\$ 102,700	\$ 95,900
Salvage Value	\$ 605,975	\$ 1,140,575	\$ 788,255	\$ 752,975
Present Worth Description (20 years at 1.2%)				
Total Capital Cost	\$ 3,138,075	\$ 5,623,845	\$ 4,525,175	\$ 5,588,175
Present Worth O, M & R	\$ 387,352	\$ 803,003	\$ 1,816,485	\$ 1,696,212
Regionalization Monthly User Charge		\$ 620,208		
Present Worth Salvage Value	\$ 477,358	\$ 898,491	\$ 620,950	\$ 593,158
Total Present Worth	\$ 3,048,069	\$ 6,148,566	\$ 5,720,711	\$ 6,691,229



Indiana Finance Authority State Revolving Loan Programs



Architectural & Engineering Services Procurement (A/E)

- Requires A/E services to be procured following 40 USC 1101
- Effective October 1, 2014
- CW **Equivalency** Projects only
 - Equivalency projects identified before closing
 - Equivalency – must match federal dollars
- Question on Application



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Signage Requirement

- Not part of WRRDA
- Part of the Capitalization Grant Agreement
- **DW and CW** Equivalency Projects
- Indiana selected press releases
 - Drafted by SRF
 - Sent to media outlets and community
 - Put on SRF's website
 - EPA verifies during audit



Indiana Finance Authority State Revolving Loan Programs



Summary

- **Program Update**
- **DWNS**
- **Davis Bacon**
- **AIS**
- **WRRDA – CW only!**
 - FSP – Application on or after 10/1/14
 - C/E – Application on or after 10/1/15
 - A/E – equivalency projects only
- **Signage**



Indiana Finance Authority State Revolving Loan Programs



Questions?

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