

News & Notes



Local Governments and Rural Water Systems Improvements Board

Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) and Drinking Water Systems Emergency Loan Fund (DWSSELF)

March 2019

Who can apply?

Cities or Towns

Rural Water Associations

Water Districts or
Water/Sewer Districts

County Boards of
Supervisors

State Agencies

What can be funded?

Water Wells

Water Storage Tanks

Water Treatment Plants

Water Distribution Lines and
Pumps

Source Water Protection

Generator Sets

System Consolidation

Water Meters

SCADA



1.95% Interest Loans for Water Supplies

Public Water Supplies are required to deliver safe, dependable drinking water to customers. As a responsible official, certified operator, or consulting engineer, you may be concerned about the ability of your water system to cope with aging infrastructure and changing regulations. Are there improvements that need to be made? Does the system have adequate financial resources? Will you be able

to maintain compliance with future regulations?

The Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) can help finance capital construction costs to improve water quality for your consumers and to maintain compliance with drinking water regulations.

The interest rate is currently set at 1.95% with a loan limit up of \$5,000,000. Larger loans are available at

the discretion of the Board. The maximum repayment period is 30 years.

The Board encourages all loan applicants with projects on the Federal Fiscal Year (FFY)-2019 Priority List and those with projects on the FFY-2020 and After Planning List to proceed with the planning of their projects. Any remaining funds will be available on a first come, first-served basis in accordance with DWSIRLF Regulations.

What we can learn from consolidated utilities

With the growing uncertainty and change in the water sector, collaboration between water utilities and authorities is increasingly important. Consolidation is one of many options that can be considered.

The U.S. Water Alliance and the UNC Environmental Finance Center have released a report, *Strengthening Utilities through Consolidation: The Financial Impact*. This report presents eight case studies of

communities who have consolidated utility service. The report can be accessed at www.msdh.ms.gov/dwsrf under NEWS. Contact us to see how we can help.

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DWSIRLF Deadlines/Target Dates

- **Now:** Hire a Professional Engineer registered in Mississippi for the FFY-2019 funding cycle
- **By May 1, 2019:** Submit Completed FFY-2019 Loan Application Package for FFY-2019 Projects. After this date released funds may be available for "catch-up projects"
- **By May 15, 2019:** Complete and Submit the enclosed FFY-2019 Ranking Form
- **By July 1, 2019:** Complete and Submit Draft Facilities Plan to Intergovernmental Relations agencies (FFY-2019)
- **By October 1, 2019:** Submit a Complete Facilities Plan (FFY-2019)
- **December 2019:** Draft FFY-2019 Intended Use Plan (IUP) is published.



Communities may avoid using general obligation bonding capacity to fund a water project. Also, communities with limited or no bonding capacity now have another source of funding.



The Board

The State Legislature created the Local Governments and Rural Water Systems Improvements Board (Section 41-3-16, MS Code of 1972 Annotated) and specified that its membership would be comprised of the following nine (9) members: the State Health Officer (who shall serve as Chairman of the Board); the Executive Director of the Mississippi Development Authority

(MDA); the Executive Director of the Mississippi Department of Environmental Quality (MDEQ); the Executive Director of the Mississippi Department of Finance and Administration (DFA); the Executive Director of the Mississippi Association of Supervisors (MAS); the Executive Director of the Mississippi Municipal League (MML); the Executive Director of the American Council of

Engineering Companies (ACEC); the State Director of the U.S. Department of Agriculture-Rural Development (USDA-RD); and a manager of a rural water system. Each agency director may appoint a designee to serve in his or her place on the Board. The rural water system manager is appointed by the Governor.

“The SRF program is super for Rural Water Associations. It provides an easy method to fund needed projects, at an interest rate that is much lower than normal bank funding. The staff at the Mississippi State Department of Health is knowledgeable and helped us through the process if we had questions. We hope to continue using the program for qualifying projects.”

Nolan Williamson, P.E., General Manager, Bear Creek Water Association

Funding Facts – The Benefits

The DWSIRLF Program has many benefits such as:

- Funding up to 100% of costs for “one stop financing”
- Lending limit set at the discretion of the Board
- Funds can be used to match funding from other sources such as CDBG, ARC, RUS, etc.
- Communities can avoid using general obligation bonding capacity to fund a water project. Also, communities with limited or no bonding capacity now have another source of funding.
- The loan interest rate is set below market rates each year with up to a 30-year repayment period.
- Interest does not accrue until the end of the original construction period or one year after initiation of the earliest construction contract.
- Repayments do not begin until construction is completed.
- Cost of real property for water supply, treatment, storage, consolidation projects, and source water protection projects are eligible costs.
- State purchasing requirements for local governments, rather than federal purchasing requirements, apply to projects.
- After loan award, recommended allowances for planning/design and other professional services can be provided based on a percentage of construction cost.

Special Priority Points to Get a Leg Up

As a reminder, potential loan recipients can “Get a Leg Up” in the ranking categories by priority point modifiers. These modifiers give extra points equal to the factor times the Benefit/Cost (B/C) ratio. The factors include:

- Consolidation of Water Supplies (50% of B/C ratio)
- Participation in Short/Long Term Assistance Programs. (Note: Participation-only points equal to 5% of the B/C ratio. Implementation of technical assistance recommendation points equal to an additional 5% of B/C ratio.)
- Participation in Federal or State Drinking Water Needs Survey – points equal to 10% of B/C ratio. Documentation of these issues must be addressed within the facilities plan to be eligible for the extra priority points.

Principal Forgiveness

The program to provide additional assistance to projects funded for disadvantaged communities will continue*. Assistance in the form of "Principal Forgiveness" (PF) will be provided to communities that qualify and receive federal funds as part of their reimbursements for construction.

A community may qualify for as much as 45% PF. The amount of PF that a project may be granted will be determined as outlined in the FFY-2019 IUP for the Disadvantaged Community Program. The amount of PF that a system is granted is based on the ratio of the median household income (MHI) of the zip code areas that a system serves in

relation to the overall state MHI of \$42,009.

For projects selected in FFY-2019 the amount of PF for which a project is eligible is identified on the Priority List of the FFY-2019 IUP.

*PF is dependent on the Mississippi State Legislature providing appropriate match funds for the grant.



"The DWSELF may be used to add backup power sources to wells and treatment facilities."

As the engineer for several different water associations in South Mississippi, we have worked with the DWSRLF program many times on a variety of projects. When one of the water associations we work with asks about potential funding sources, I always recommend the DWSRLF program first. From a financial perspective, they are easily the best funding option available in the State, with a 1.95% interest rate over a 20-year payback period. On top of that, I have always found the staff to be very responsive and helpful throughout the entire loan process. If there is a water system with a need for infrastructure improvements, I highly recommend them contacting the DWSRLF program.

Jacob H. Smith, P.E.
O'Neal-Bond Engineering, Inc.

Drinking Water Systems Emergency Loan Fund

The Drinking Water Systems Emergency Loan Fund (DWSELF) Program provides loans to counties, municipalities, districts, or other tax-exempt water organizations for emergency construction, repair, or replacement of drinking water facilities. The DWSELF may also be used to add backup power sources to wells and treatment facilities. This loan program provides a ready funding source for emergency projects.

The Board encourages eligible water organizations to utilize this program whenever emergency drinking water projects are needed.

The basic provisions of this program are:

- A current interest rate of 2%
- No maximum loan limit
- A maximum repayment period of five (5) years
- A 5% administrative fee, and
- The project must meet the definition of an emergency as established in the program regulations which can be found at www.healthymys.com/dwsrf.

Loan recipients do not pay interest during the original construction period and loan repayments do not begin

until after project completion.

Allowable costs for the project may not be incurred prior to the budget period established in the loan agreement, which may not begin more than 30 days prior to receipt of the loan application.

Costs for the project will be paid on a reimbursement basis, based upon the actual allowable expenditures of the loan recipient.

Anyone interested in pursuing a DWSELF loan should see the back of this newsletter for contact information for assistance.





American Iron and Steel requirements apply to all DWSRF funded projects for construction, alteration, maintenance, and/or repair of public water systems and treatment works.



American Iron and Steel

American Iron and Steel (AIS) requirements were first introduced into the DWSRF Program through the passage of the Consolidated Appropriations Act of 2014 (P.L. 113-76) and has continued to be a requirement today through Continuing Resolutions and the passing of Continuing and Omnibus Appropriation Bills from 2015 to the present. And most recently has been extended through 2023 from passage of the America's Water Infrastructure Act of 2018. The requirements apply to all DWSRF funded projects for construction, alteration, maintenance, and/or repair of public water systems and treatment works.

Not to be confused with the requirement of Buy American from the American Recovery and Reinvestment Act of 2009, this requirement applies to products that are made primarily of iron or steel (greater than 50% iron or steel, measured by cost) and applies to all parts of the projects funded no matter the source of funding. Waivers to the AIS requirement are granted by EPA if the funding recipient can demonstrate any of the following:

- Application of the requirement is inconsistent with the public interest,
 - Iron and steel products are not produced in the United States (US) in sufficient and reasonably available quantities and satisfactory quality, or
 - Inclusion of iron and steel products in the US will increase the cost of the overall project by more than 25 percent.
- The following are the suggested documents that are needed to demonstrate compliance, and these documents should be acquired, completed, and maintained once the project begins construction and thereafter:
- Manufacturer certifications of all AIS compliant material that includes location of manufacture, some sort of individual product identification or serial number of the specific AIS products manufactured, and signature or certification marking.
 - Supplier certifications of the manufactured AIS compliant components that identify the specific AIS products being supplied to the contractors and subs.
 - Contractor AIS Certifications (required for DWSRF Payment Requests) that are provided with each scheduled pay estimate along with all supplier and manufacturer certifications.
 - Engineer Certification letter that certifies that all AIS documents have been received and filed for the project.
- More information is available on EPA's website: http://water.epa.gov/grants_funding/aisrequirement.cfm

Davis-Bacon Act Requirements

The Davis Bacon Act was introduced to the DWSRF Program in 2009 with the American Recovery and Reinvestment Act (ARRA), and continues to be a requirement of the Program. The Davis Bacon Act establishes a minimum wage for various classes of laborers and mechanics employed under a contract, with a monetary amount over \$2,000, to which the United States or District of Columbia is a party. The following are requirements of any construction contract, including subcontracts, being reimbursed by the DWSRF Program:

- The Davis Bacon poster and wage rates, included in the executed contract documents, should be posted at a site visible to all employees at the construction site
- Weekly payroll records should be available for every week during the construction period, beginning with the notice to proceed date and ending with the construction completion date
- Interviews should be conducted at least twice during the construction time period
- Davis Bacon certifications, executed by the Loan Recipient's authorize representative, should be submitted for each DWSRF payment request requesting reimbursement for construction

Disadvantaged Business Enterprises

Disadvantaged Business Enterprise (DBE) requirements have been a part of the DWSRF Program since its inception. DBEs are defined as a business that is owned by 51% or greater by a minority (MBE) or woman (WBE). The purpose of the DBE requirement is to promote a "fair share" of supply, construction, and service work for DBEs. The following are some requirements of the program:

- Fair Share Objective goals is 3.1% for MBEs and 1.1% for WBEs
- Must demonstrate continuing Good Faith

Efforts, throughout the project and when additional contract work is needed DBEs should be contacted to allow them the opportunity to respond.

- Applies to all contracts/subcontracts of at least \$10,000.

Not limited to only labor, it also is required when a contractor needs to procure equipment, supplies, and/or materials that are not in house at the time of bidding and throughout the construction period.

In order to demonstrate compliance it is encouraged that prime and subcontractors solicit certified DBEs (both MBE and WBE) for potential sub labor, equipment, and or supplies and submit a record of their efforts along with any correspondence and or justification for not using a DBE respondent. At any point that additional sub labor, equipment, and /or supplies are needed during construction, the contractor should be reminded that DBE solicitation is required throughout and documentation of their continued efforts must be supplied.

The purpose of the DBE requirement is to promote a "fair share" of supply, construction, and service work.

The Culkin Water District has conducted and financed many capital improvements projects over the last fifty years. The District has used various funding mechanisms. The Culkin Water District has found that the Mississippi State Department of Health Drinking Water State Revolving Loan Fund is an efficient, workable funding process that has allowed the District to move forward in a timely manner with many projects. The District is currently working through the sixth DWSRLF project.

John Gunn, General Manager for Culkin Water District

We are thankful for 1.95% 20-yr notes!

*John T. Hannah, PE, General Manager
WEST JACKSON COUNTY UTILITY DISTRICT*



Free Technical Assistance

One of the many benefits of the DWSIRLF Program is its ability to fund free technical assistance (TA) to public water supplies.

Through a funding set-aside, DWSIRLF provides the following TA at no cost to water systems:

- Board Management Training: Training for new water supply board members as required

by the Mississippi Safe Drinking Water Act.

- Hands-on Operator Training: provides a complete hands-on training approach for water system operators.
- PEER Review: Peer reviews are defined as on-site reviews, completed by knowledgeable peers,

of the financial, managerial, and technical operations of public water systems.

- Small Systems TA: This offers a broad spectrum of TA topics that are designed specifically for small water supplies.

Contact the DWSIRLF office at the Mississippi State Department of Health for information on any of these.



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Wellhead Abandonment Program

Does your system have an old well or open hole that poses a contamination risk or is a significant deficiency to your public water supply? The DWSIRLF program can help you abandon that well at no cost to you!

The Well Head Abandonment

Program will help you to properly abandon those wells and open holes.

Currently, the DWSIRLF is providing this opportunity to systems with well-related significant deficiencies and high-risk wells as defined in the system's source water

protection assessment. As available, services will also be provided for systems with medium- and low-risk wells.

Systems interested in more information should contact the Health Department's Engineering Manager, Ralph Hayes, at 601-576-7518.

Communications – Mailings/Email List

In an effort to save paper and reduce postage costs, we continually update our mailing list for individuals, firms, and/or organizations.

Documents that may be sent

electronically include the Intended Use Plan, possible regulation changes, updates, and newsletters.

If you prefer to have documents mailed to you

and/or to make sure we have your current contact information, contact Ulysses Conley or Desmone Black-Thompson, 601-576-7518, or via email.

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD
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