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Rural Community Assistance Partnership

RCAP Solutions

Increasing Your Chances to Access Infrastructure Funding through Effective Utility Management

February 3, 2022

Thank you to our funder!

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Acknowledgement

This project has been funded wholly or in part by the United States Environmental Protection Agency under an EPA Training and Technical Assistance for Small Drinking Water Systems to Achieve and Maintain Compliance.

Our Panel

COYE GERALD
Moderator

GLENN BARNES
Presenter

MARK JOHNSON
Presenter

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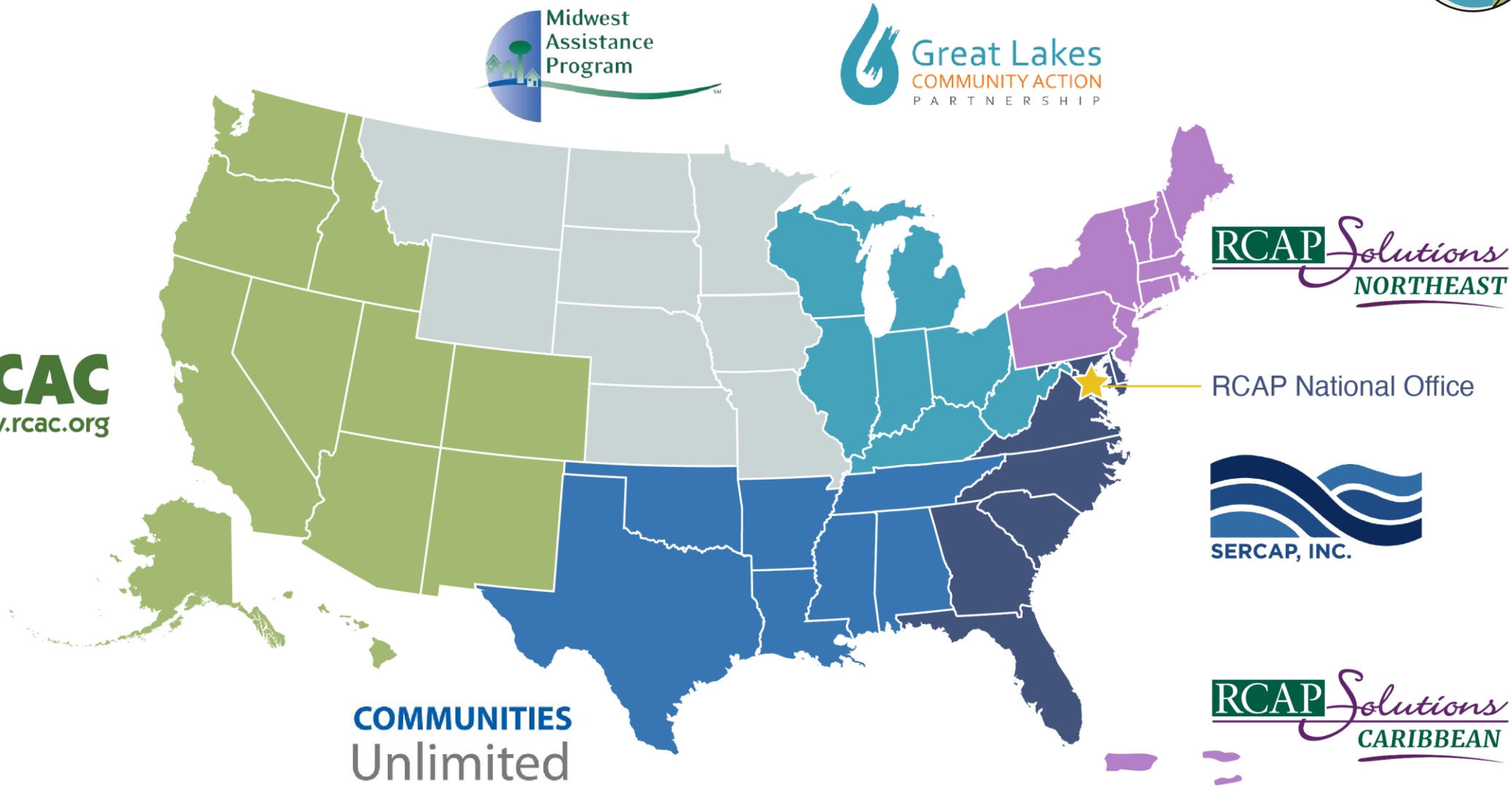

Agenda

Funding program update

Overview of Effective Utility Management

Success story from the field

Resources

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Money! Money! Money!

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Biden signs $1T infrastructure deal with bipartisan crowd

By JOSH BOAK and COLLEEN LONG November 15, 2021

WASHINGTON (AP) — President Joe Biden signed his hard-fought $1 trillion infrastructure deal into law Monday before a bipartisan, celebratory crowd on the White House lawn, declaring that the new infusion of cash for roads, bridges, ports and more is going to make life "change for the better" for the American people.

But prospects are tougher for further bipartisanship ahead of the 2022 midterm elections as Biden pivots back to more difficult negotiations over his broader $1.85 trillion social spending package.

The president hopes to use the infrastructure law to build back his popularity, which has taken a hit amid rising inflation and the inability to fully shake the public health and economic risks from COVID-19.

"My message to the American people is this: America is moving again and your life is going to change for the better," he said.

With the bipartisan deal, the president had to choose between his promise of fostering national unity and a commitment to transformative change. The final measure whittled down much of his initial vision for infrastructure. Yet the administration hopes to sell the new law as a success that bridged partisan divides and will elevate the country with clean drinking water, high-speed internet and a shift away from fossil fuels.

"Folks, too often in Washington, the reason we didn't get things done is because we insisted on getting everything we want. Everything," Biden said. "With this law, we focused on getting things


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ENVIRONMENTAL PROTECTION AGENCY


USDA


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SBA


INDIAN HEALTH SERVICE
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SBA


INDIAN HEALTH SERVICE
PHS · 1955 ·

$3.5 Billion for Tribal Water & Wastewater Infrastructure

$11.7 Billion for Drinking Water SRF
plus $5 Billion for lead service lines
plus $4 Billion for PFAS

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This is an unprecedented amount of funding…

…with lots going out as grants…

…and technical assistance will be available…

…and EPA is stressing serving small and disadvantaged communities through the Justice 40 initiative…

…You should expect funding to be competitive!

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Economy

‘The mother lode’: Cities and counties across America clamor for slice of new infrastructure funds

Municipalities are hiring lobbyists to secure funding even as the Biden administration tries to make the money more accessible

Listen to article 12 min

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What You Should Do Right Now

- Use asset management to identify worthy infrastructure projects within your utility
- Start thinking about lead service lines if you have not done so already
- Make your utility as attractive to the funding programs as possible

Effective Utility Management (EUM)

The Problem

- There are many different types of activities that make up a successful water utility
- We tend to look at them individually instead of focusing on how they are interconnected

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Effective Utility Management Initiative

- 360-degree look at your utility
- Allows you to set individualized priorities for your community
- Moves you from reacting only to the hot priorities of the day to proactively planning for the future
- Helps you engage your staff in the process of assessing and charting your own course for the future

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Ten Attributes of Effectively Managed Water Sector Utilities

The Ten Attributes of Effectively Managed Water Sector Utilities describe desired outcomes that are applicable to all water and wastewater utilities. The Attributes provide indication of where effectively-managed utilities focus and what they strive to achieve.

- Product Quality
- Customer Satisfaction
- Employee and Leadership Development
- Operational Optimization
- Financial Viability
- Infrastructure Stability
- Operational Resiliency
- Community Sustainability
- Water Resource Adequacy
- Stakeholder Understanding and Support

Search

Adapted for Small Systems

- USDA and EPA partnered to adapt this framework for small systems

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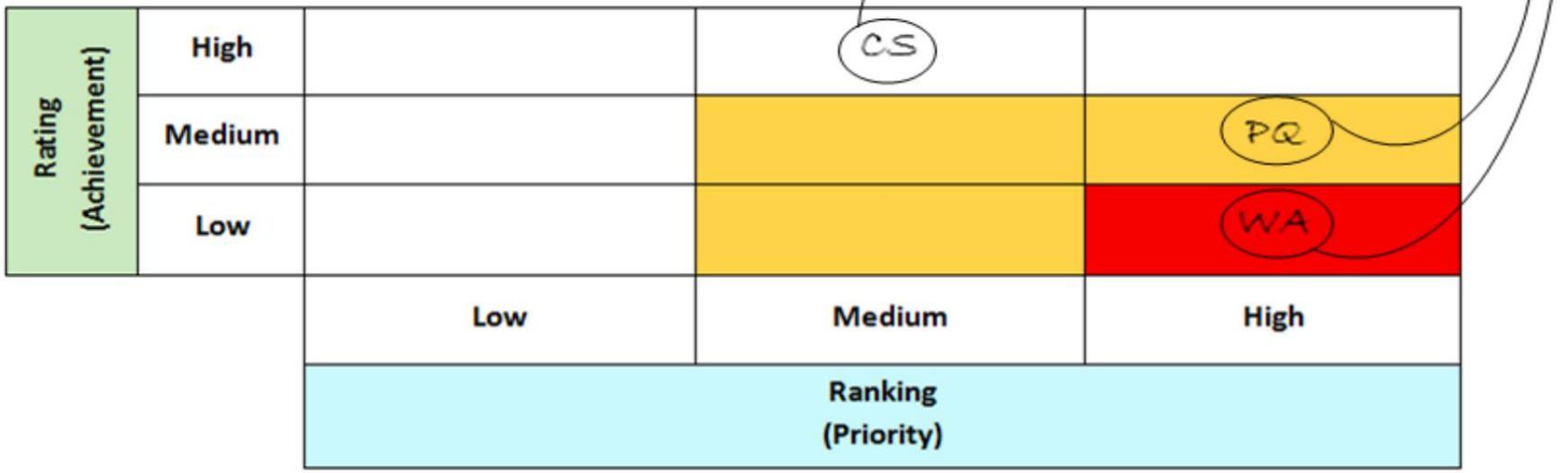
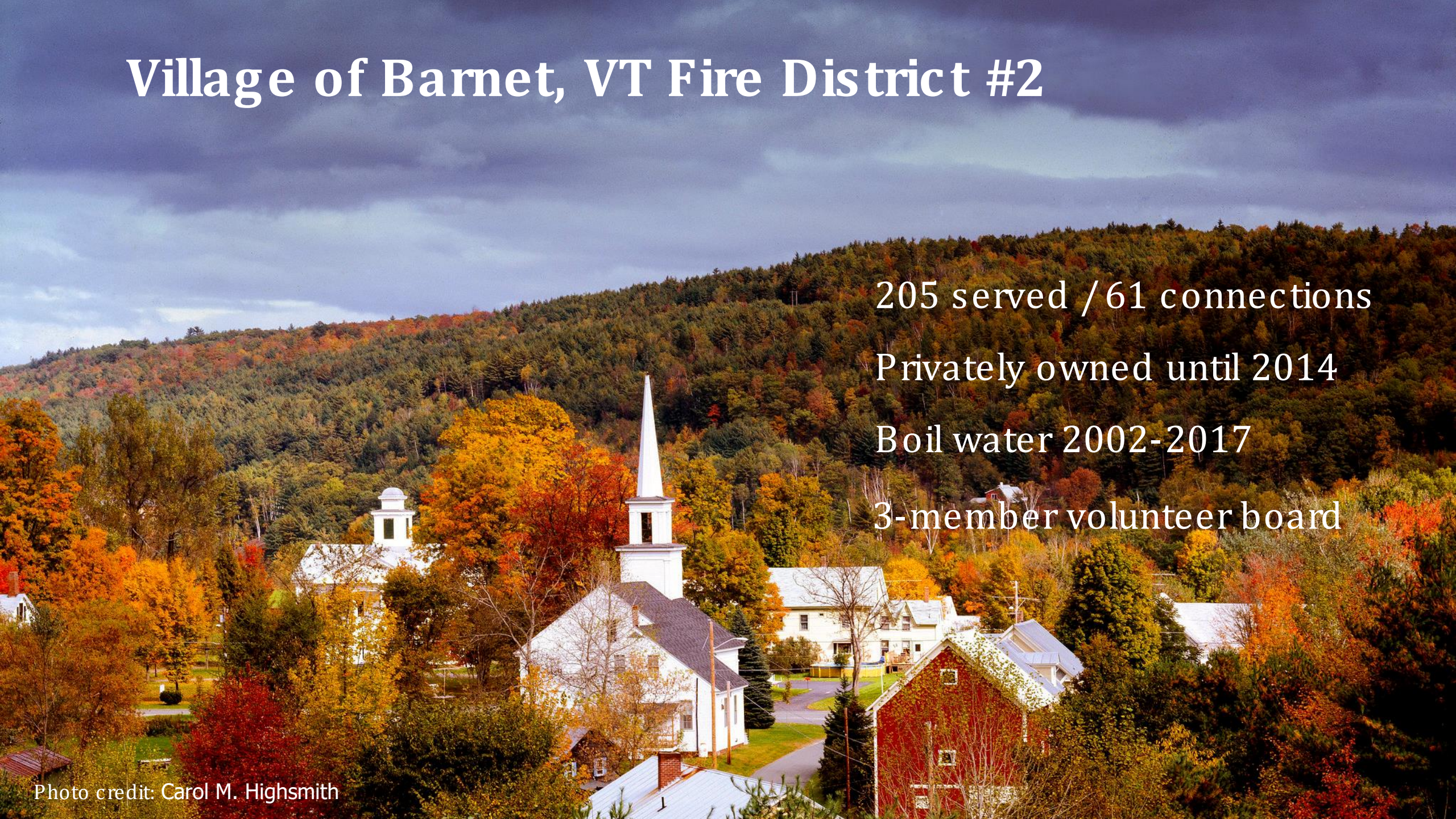
Key Management Area	Management Area Description	Step 1: Rate Achievement (Low – High)	Step 2: Rank Priority (Low – High)
1. Water Resource Adequacy (e.g., water quantity)	• My system is able to meet the water or sanitation needs of its customers now and for the reasonable future. • My utility or community has performed a long-term water supply and demand analysis. (Applies to drinking water systems only) • My system understands its relationship to local water availability. (Drinking water utilities should focus on utilization rates relative to any local water stress conditions, wastewater utilities should focus on return flows)	Low	High
2. Product Quality (e.g., clean & safe water)	• My system is in compliance with permit requirements and other regulatory or reliability requirements. • My utility meets local community expectations for the potable water and/or treated effluent and process residual that it produces.	Medium	High
3. Customer Satisfaction	• Customers are satisfied with the services my system provides. • My system has procedures in place to receive and respond to customer feedback in a timely fashion.	High	Medium



An Example From the Field

Village of Barnet, VT Fire District #2



205 served / 61 connections

Privately owned until 2014

Boil water 2002-2017

3-member volunteer board

Photo credit: Carol M. Highsmith

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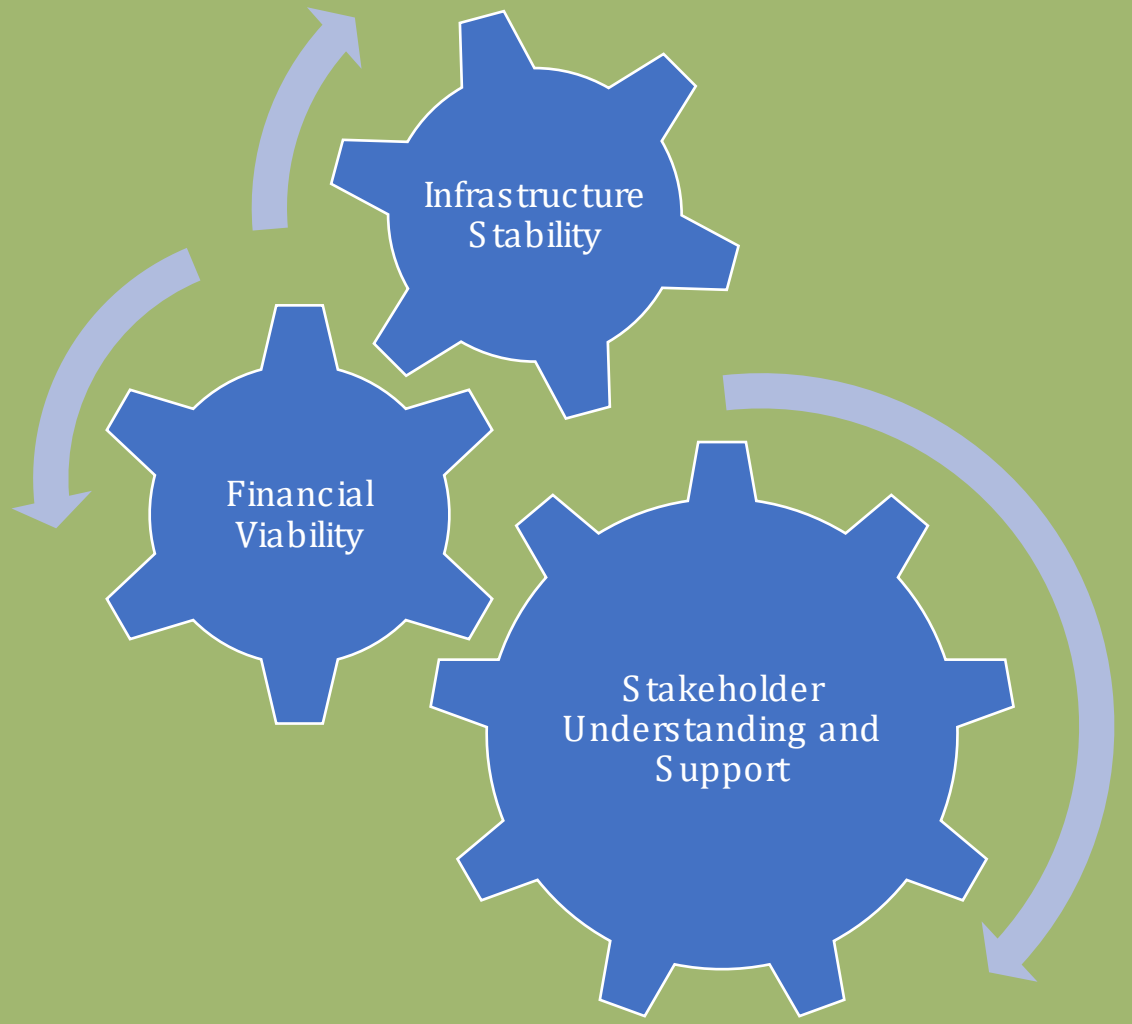
Timeline

- 2002: Boil Water Notice in effect
- 2013: Private owner requests 520% rate increase
- 2014: System was purchased
- 2016: Preliminary Engineering Report
- 2017: Source water improvements completed; boil water notice lifted
- 2018: **Action plan** to address distribution system failures

Action Plan

- Infrastructure Stability
- Financial Viability
- Stakeholder Understanding and Support



Infrastructure Stability

- ✓Hire an engineer
- ✓Complete AM plan
- ✓Prioritize pipe replacement

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Infrastructure Stability

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- ✓Prioritize pipe replacement

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Water Infrastructure
FINANCING PROGRAMS

Drinking Water State Revolving Fund (DWSRF)

Service Connection	Priority Points
< 100	20
101 to 330	15
331 to 1100	10
1101 to 3300	5

5. Project Benefiting School
Additional priority points will be provided for project(s) that directly benefit a non-profit school or non-profit person-care facility. The school or person-care facility does not necessarily need to be a regulated public water system. **20 points**

6. Preliminary Engineering Report or Permit to Construct
Additional priority points will be provided for project(s) that have completed a Preliminary Engineering Report or already obtained a Permit to Construct for the project(s) from the Drinking Water and Groundwater Protection Division (DWGWPD). Preliminary Engineering Reports must be submitted to the DWGWPD for review and acceptance. **15 points**

7. Voter Authorization to Incur Debt
Additional priority points will be provided for project(s) that have obtained the necessary voter authorization to incur debt. This does not include governing body authority to secure a planning or final design loan. **15 points**

8. Asset Management
Additional priority points will be provided for project(s) with a DEC-approved asset management plan where the proposed project is ranked highest in the plan. **15 points**

9. Contamination below MCL/HAL
Additional priority points will be provided for project(s) that pro-actively address a regulated contaminant present at concentrations below the MCL. **10 points**

10. Flood Vulnerability
Additional priority points will be provided for project(s) that will improve water system infrastructure documented to be vulnerable to adverse effects from flood events. **10 points**

11. State or Federal Enforcement Action
Additional priority points will be provided for project(s) that will address a State or Federal enforcement action, including but not limited to enforcement orders (ex. Assurances of Discontinuance (AOD), or Administrative Orders (AO) of the court). **10 points**

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AGENCY OF NATURAL RESOURCES
Department of Environmental Conservation

Financial Viability

- ✓Multi-year budget
- ✓Rate adjustment
- ✓Plan for more sustainable practices, stop the bleeding, and get a handle on debt!
- ✓Work with local contractor on repayment plan

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Water Infrastructure
FINANCING PROGRAMS

Drinking Water
State Revolving Fund (DWSRF)

Description (points received for 1 of the 3 areas only)	Priority Points
Interconnection of PCWS (remaining a regulated PCWS)	15
Interconnection of non-community system	10

3. Financial Need/Affordability

Additional priority points will be provided for project(s) based on a comparison of state community median household income (SCMI), the median of the median, to the median household income (MHI) of the town(s) in which the system exists or the water system. For water systems that encompass more than one town, the MHI is based on the weighted number of household connections in each town. The formula for affordability involves first dividing the community water system MHI by the SCMI, and then multiplying this figure by one hundred (100) to yield a percentage. Different percentage brackets are then assigned points. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems. Beginning with the FY16 Project Priority List, MHI data is obtained using the currently available data from the 5-year American Communities Survey (ACS).

Affordability (Community MHI/SCMI x 100 = X)	Priority Points
$X < 60$	35
$61 \leq X \leq 70$	25
$71 \leq X \leq 80$	15
$81 \leq X \leq 90$	10
$91 \leq X \leq 100$	5
$101 \leq X \leq 120$	2
$X > 120$	0

4. Service Connection Criteria

Additional priority points will be provided for the project(s) based on system service connections. Small systems are generally at a disadvantage because of economies of scale (affects ability to do physical improvements, improve system capacity, etc.). Additionally, services connections, not population, are often more of a factor in water rates.

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Stakeholder Understanding and Support

- ✓Increase attendance at public meetings
- ✓Build support for bond vote to authorize borrowing
- ✓Communicate effectively with customers

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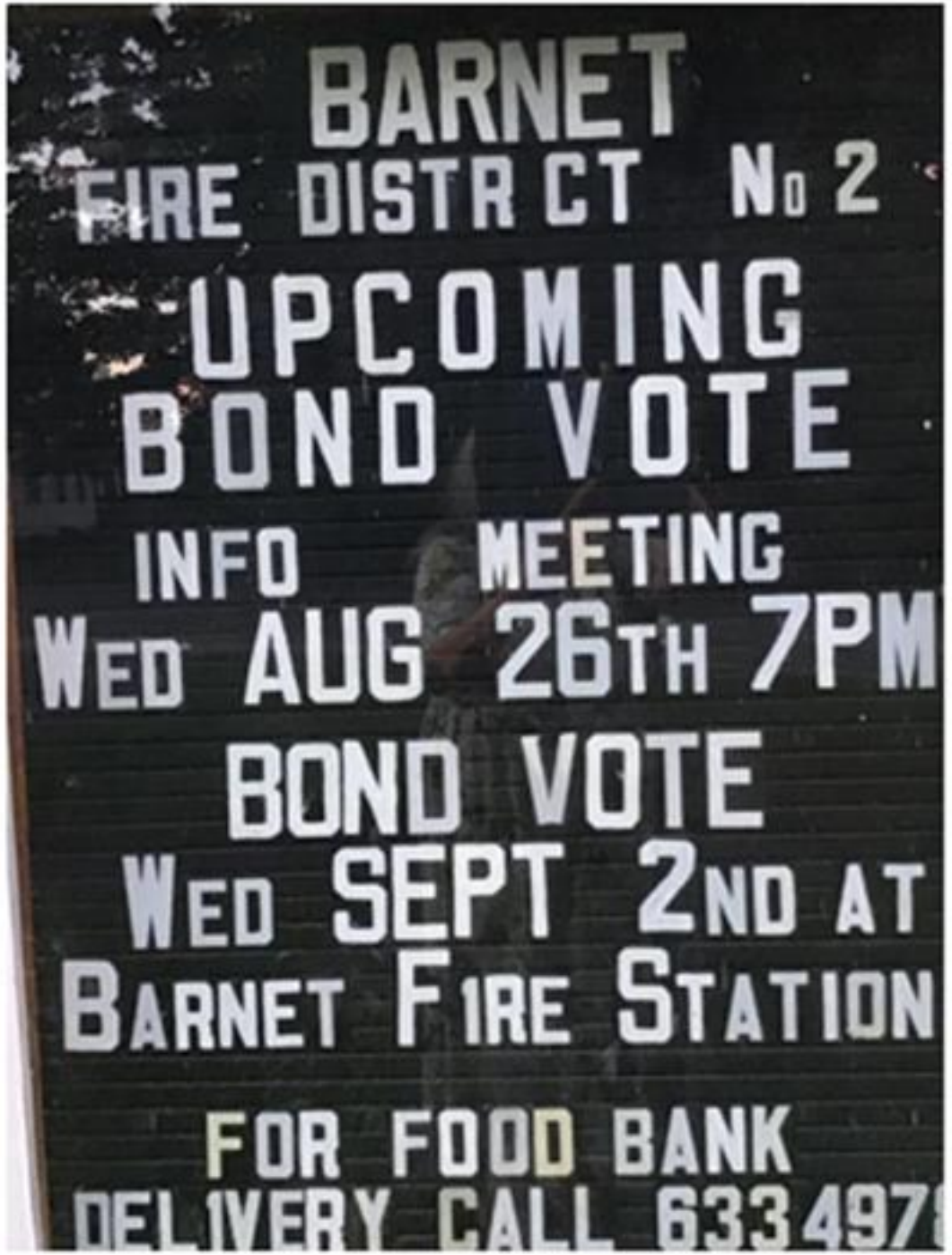

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Timeline (continued)

- 2019: New rates enacted (January)
- 2019: Asset management loan (forgivable) awarded
- 2019: Vermont passes Act 72 establishing *Hardship Municipalities*
- 2020: Completion of asset management plan

Timeline (continued)

- 2020: PER for river crossing (emergency SRF application)
- 2020: Successful bond vote to consider additional borrowing
- 2021: Construction begins on distribution system upgrades
- 2022: Project should be completed in the spring

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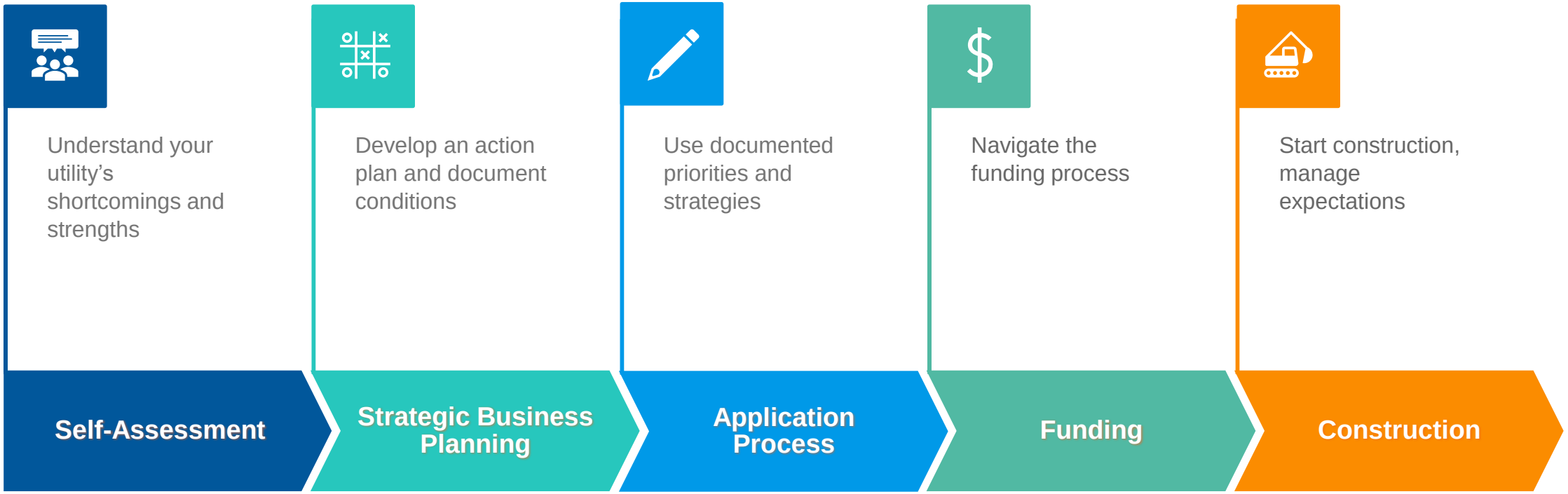
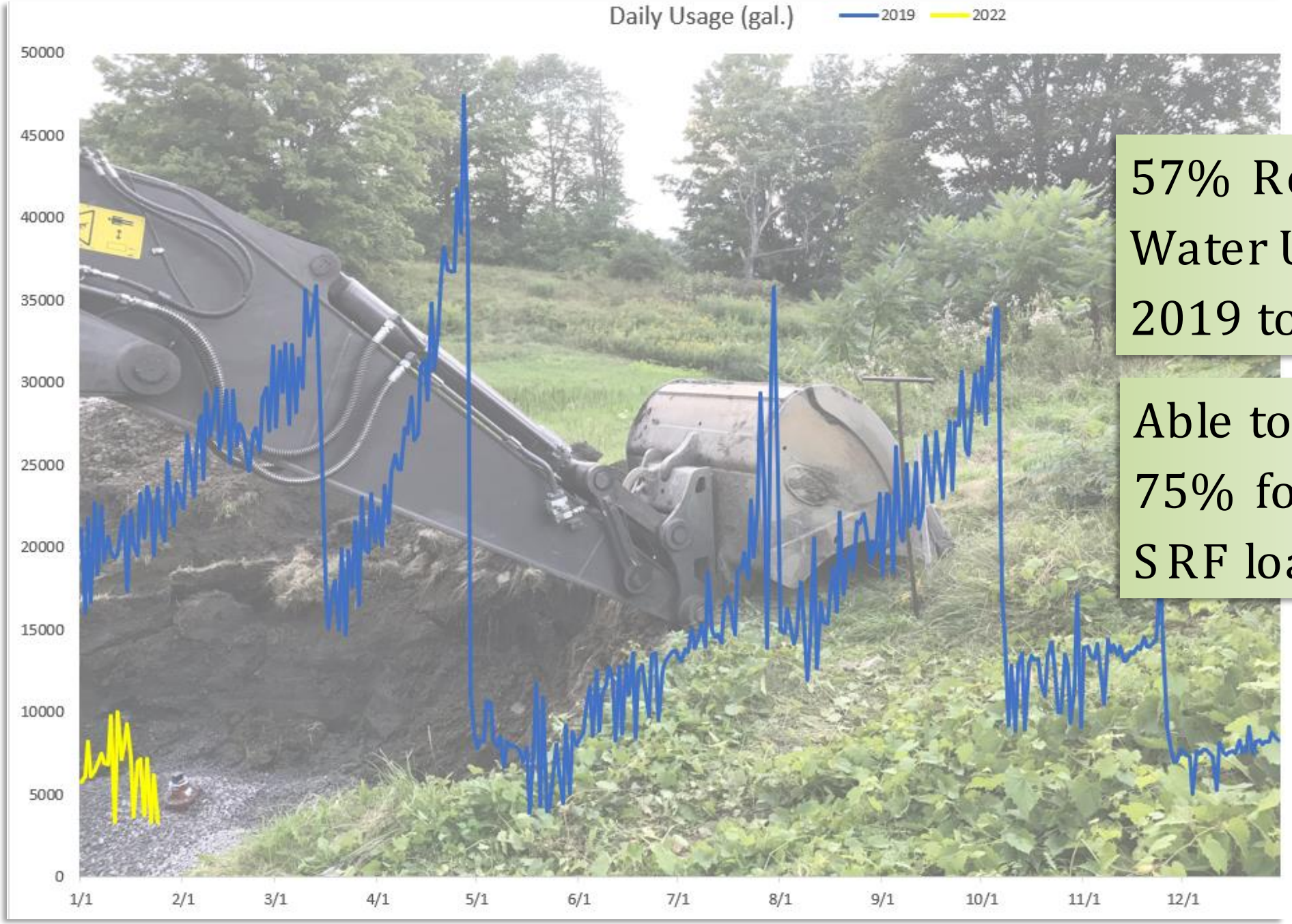
A Common Theme



Stakeholder Understanding and Support



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57% Reduction in Water Usage from 2019 to 2021

Able to secure over 75% forgiveness on SRF loan

> Having a plan for our system, and ultimately an **asset management** plan, really opened the doors to **state and federal funding**. We knew the funding programs existed but having a list of projects and priorities helped us to jump through their hoops and **get the money**.

Photo credit: Otter Creek Engineering

> We were able to tackle a complex and daunting set of tasks by breaking it into manageable pieces. That approach has helped us to develop a sense of ownership and empowerment.

Photo credit: Otter Creek Engineering

Resources

https://www.rcap.org/managerialfinancialhub/

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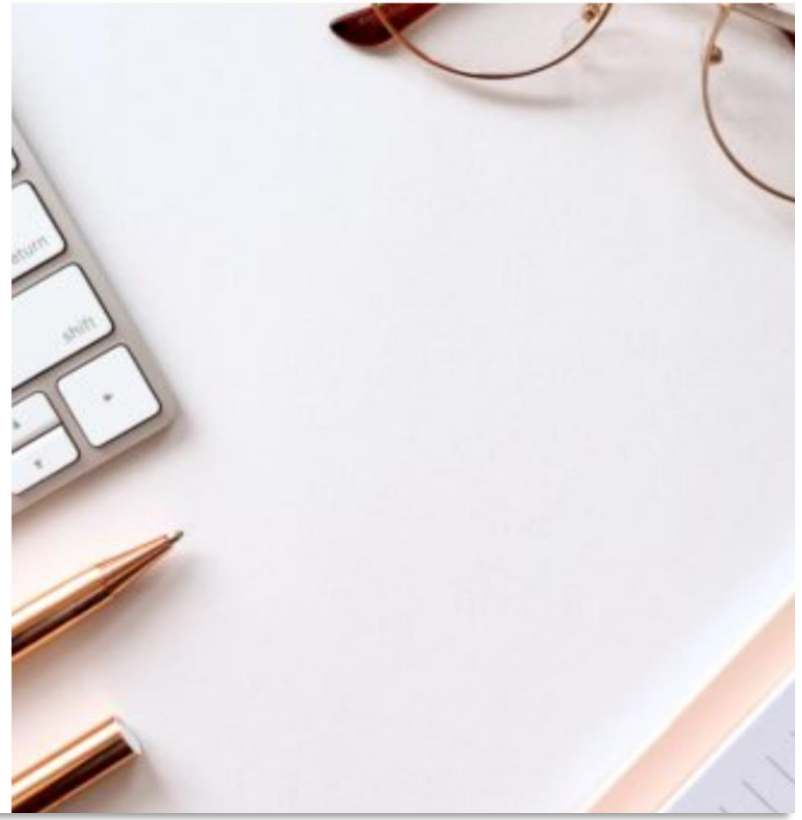
RCAP Managerial & Financial Hub

In order to protect public health and provide safe drinking water to communities, it is vital that water systems have strong managerial and financial capacity along with strong technical capacity.

RCAP's Managerial and Financial Hub is a one-stop shop for small water systems. The hub contains information about RCAP's upcoming finance and management trainings. In addition, there are links to



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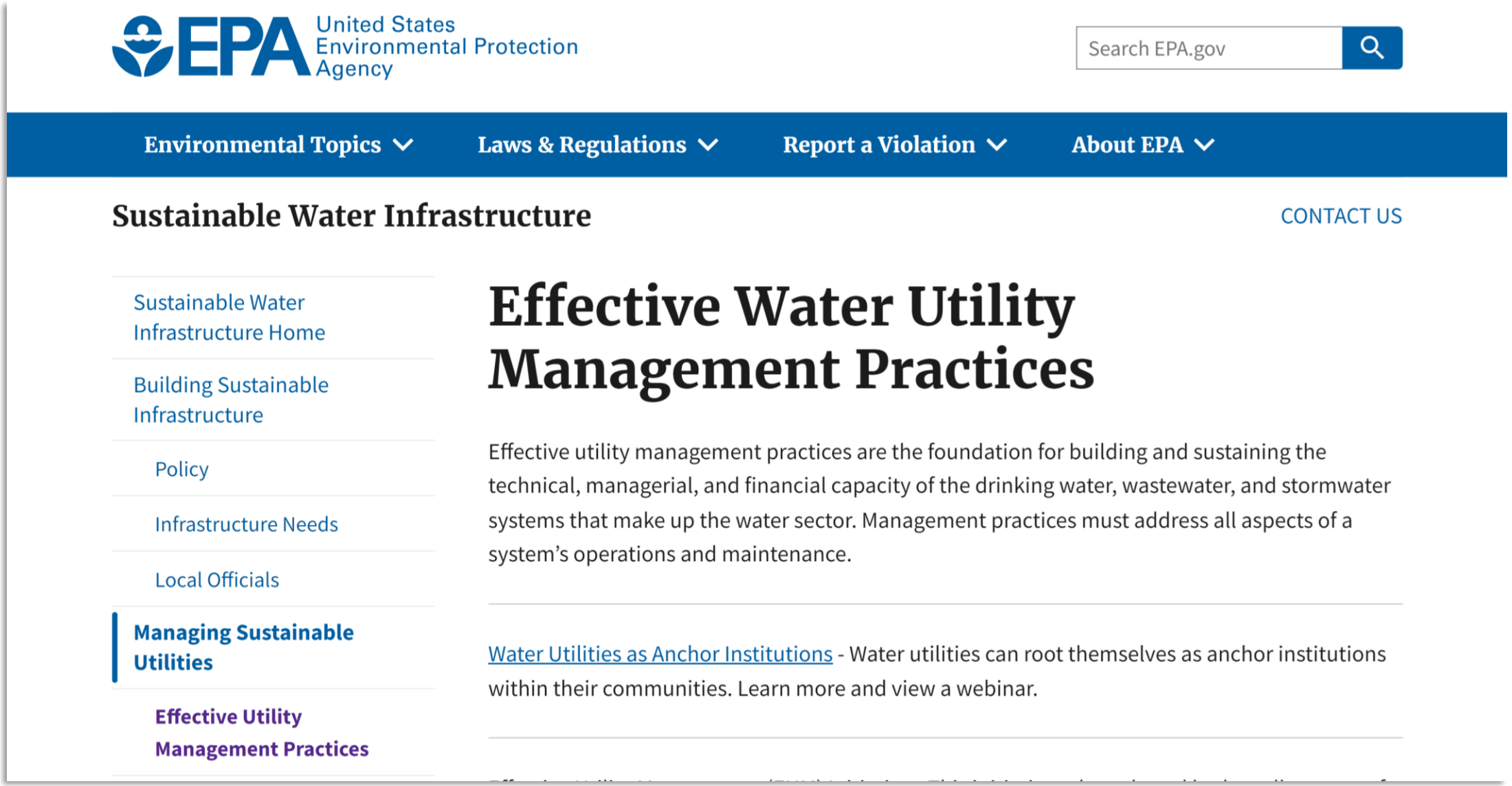
https://www.epa.gov/sustainable-water-infrastructure/effective-water-utility-management-practices



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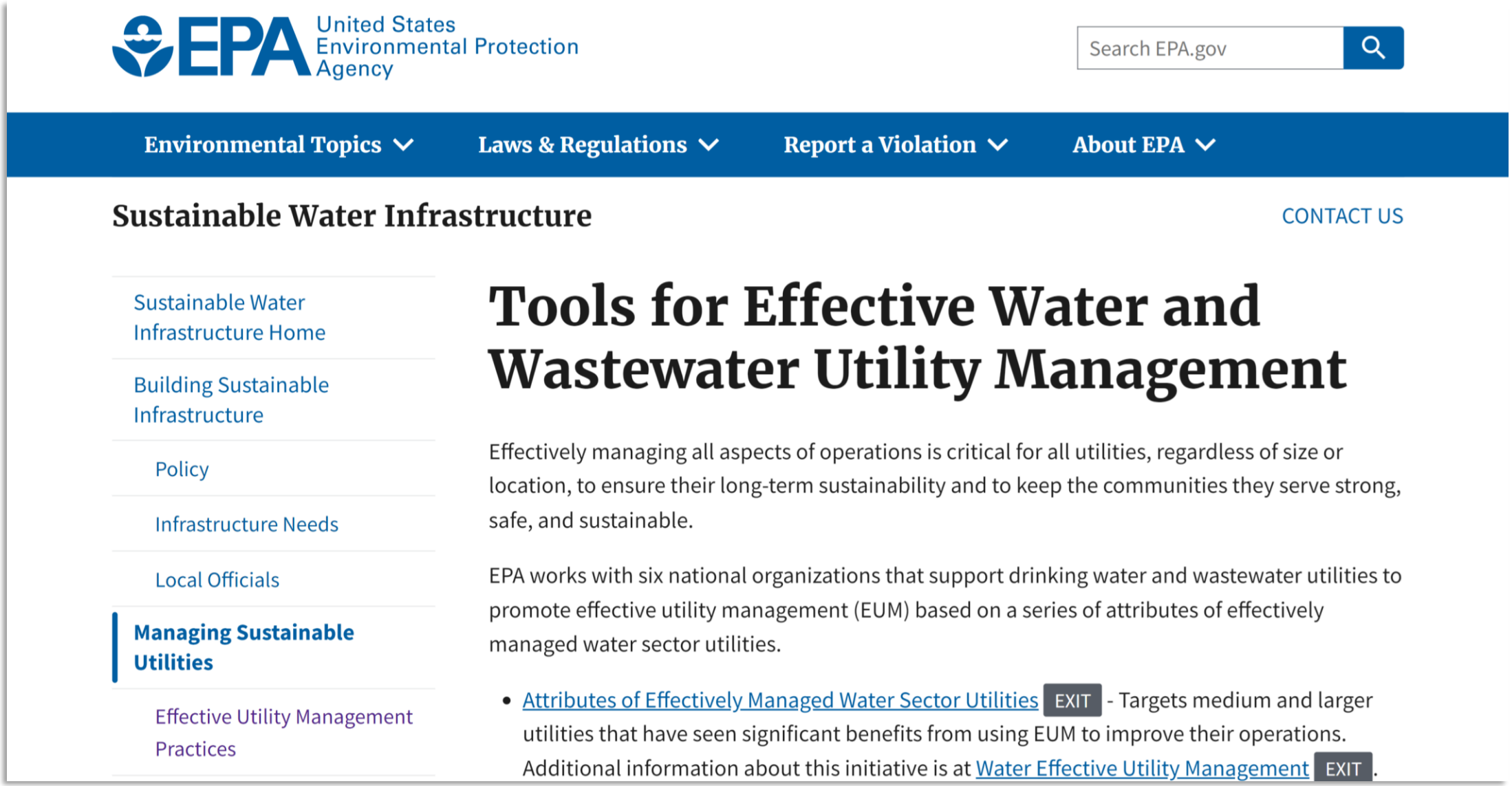
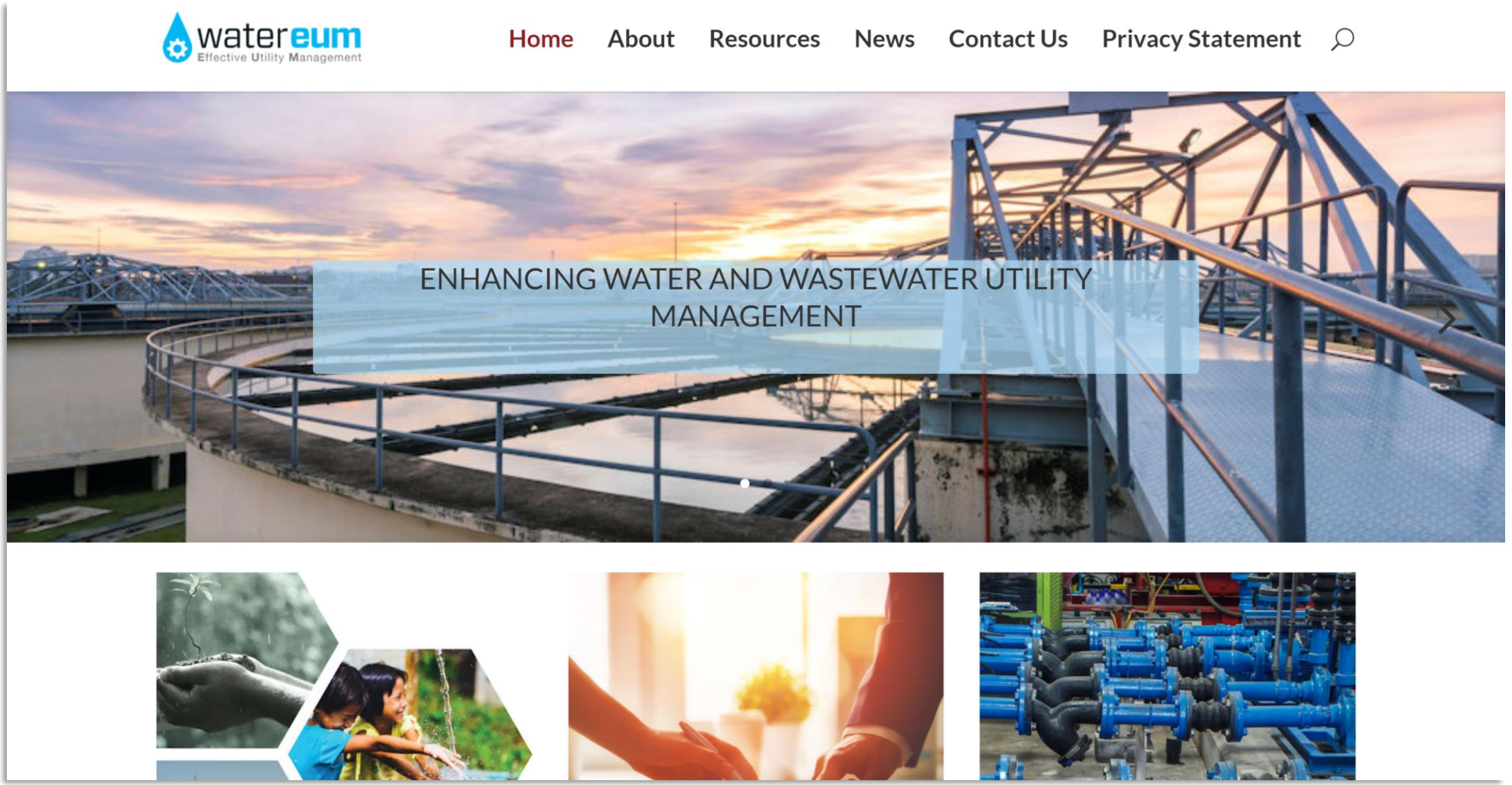
https://www.epa.gov/sustainable-water-infrastructure/tools-effective-water-and-wastewater-utility-management



https://www.watereum.org/



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https://swefcsrfswitchboard.unm.edu/srf/

STATE REVOLVING FUND SWITCHBOARD

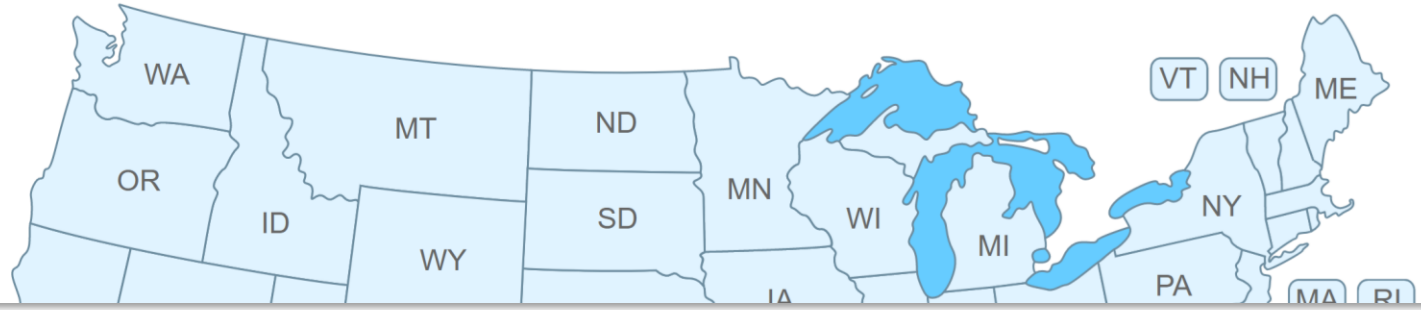
The Southwest Environmental Finance Center has partnered with Spring Point Partners to create a repository of documentation and tools related to State Revolving Funds.

The Funding Navigator Model

Funding Navigator Video

Funding Navigator Concept – I page

(Click on a state to navigate to its resources)



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SOUTHWEST ENVIRONMENTAL FINANCE CENTER

spring point

Menu

Vermont State Revolving Fund Resources

DESCRIPTION	TYPE	DATE	DOWNLOAD
Drinking Water State Revolving Fund - Legislation	PDF	1997	
Drinking Water State Revolving Fund - Intended Use Plan	PDF	2021	
Drinking Water State Revolving Fund - Project Priority List	PDF	2021	
Drinking Water State Revolving Fund - Annual Report			Not Available
Drinking Water State Revolving Fund - Loan Ranking Criteria	PDF	2019	
Clean Water State Revolving Fund - Legislation	PDF	1986	
Clean Water State Revolving Fund - Intended Use Plan	PDF	2021	
Clean Water State Revolving Fund - Project Priority List	PDF	2021	
Clean Water State Revolving Fund - Annual Report	PDF	2020	

Water Loss Webinars

from the Environmental Finance Centers

Sign up at: https://efcnetwork.org/upcoming-events/

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2022 Water Loss Webinar Series for Small Water Systems

Presented by The Environmental Finance Center Network

Join experts from the Southwest Environmental Finance Center for a no-cost webinar series on Water Loss. This series of six webinars will show small water systems why and how to complete a water audit, and will provide guidance on using the audit results to further water loss control within their utilities. Those interested must register for each session individually and are welcome to attend any number of the sessions.

Session 1: Importance of Water Auditing | January 27, 2022, 1:00 – 1:30 PM ET
Session 1 will explain the big picture of water loss control for small water utilities. A water loss audit is only a part of water loss control, and alone does not reduce water loss. Therefore, systems should understand what a water loss control program includes, its benefits, and the role a water audit plays in such programs. Register Here

Session 2: Developing a Results Oriented Water Loss Control Program | February 17, 2022, 1:00 – 2:00 PM ET
Session 2 will define the elements of a water loss control program, discuss how to establish a utility water loss control team, who to include, and how the utility can develop goals for the water loss control program. Register Here

Session 3: Water Loss Control and the Water Audit, Including new Version 6 | March 10, 2022, 1:00 – 2:00 PM ET
Session 3 will explain what the water audit is, what it reveals about a utility, what data is needed to complete the audit, where the data is entered into the audit and other types of analysis that can be completed to move beyond the audit. This session will also introduce AWWA's Free Water Audit Software Version 6. Register Here

Session 4: Taking Action to Address Apparent Losses | March 31, 2022, 1:00 – 2:00 PM ET
Session 4 will focus on taking action to address apparent water loss identified in the audit. In this session, we will discuss the resources and tools available for small systems to reduce apparent losses. Register Here

Session 5: Taking Action to Address Real Losses | April 14, 2022, 1:00 – 2:00 PM ET
Session 5 will focus on taking action to address real water loss identified in the audit. In this session, we will discuss the resources and tools available for small systems to reduce real losses. Register Here

Session 6: Mapping - the Water Loss Control and Asset Management Nexus | April 28, 2022, 1:00 – 2:00 PM ET
Water Loss Control and Asset Management go hand-in-hand; data is the common element. This session will cover how basic asset and event data collection and map visualization techniques can support your water loss control efforts, build a better picture of your infrastructure condition, and provide actionable information to guide maintenance efforts and future capital improvement projects. Register Here

EFCN environmental finance center network

Who Should Attend:
- Managers, owners, and operators of small water systems serving less than 10,000 people.
- Decision-makers for water utilities, including utility managers, finance officers and municipal staff.
- Consultants and technical assistance providers serving water systems.

Learn more at efcnetwork.org/upcoming-events/

Working Effectively with Your Board or Council

Next RCAP Finance & Management Webinar

Tuesday, March 15

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RCAP Solutions

Increasing Your Chances to Access Infrastructure Funding through Effective Utility Management

February 3, 2022