DEVELOPING PROJECTS AND PREPARING TO OBTAIN FUNDING

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PART 1: MAJOR STEPS IN THE FUNDING PROCESS

GOOD STARTING PLACE: DO YOU HAVE A PROBLEM THAT NEEDS SOLVED?

WOULD ADDRESSING THAT PROBLEM IMPROVE SERVICE TO YOUR CUSTOMERS?

IS THERE DATA TO BACK UP THE NEED FOR YOUR PROJECT?

IF THERE IS A PROBLEM THAT NEEDS SOLVED, DO YOU KNOW THE BEST WAY TO SOLVE THE PROBLEM?

WILL SOLVING THE PROBLEM INVOLVE THE ADDITION OF ASSETS (E.G., CONSTRUCTION)?

IS THERE A NON-ASSET WAY TO SOLVE THE PROBLEM?

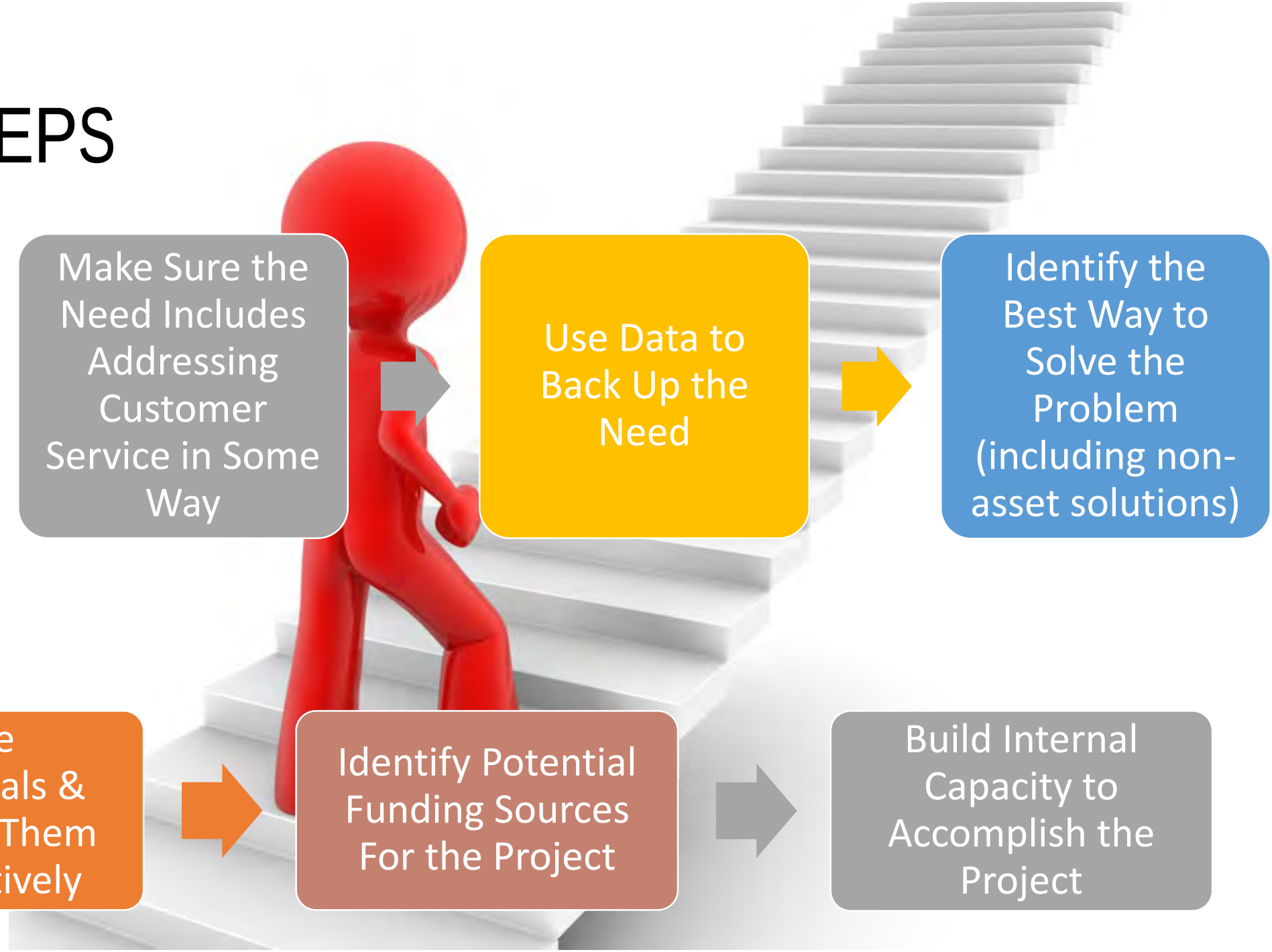
WILL YOU NEED TO ENGAGE OUTSIDE PROFESSIONALS, INCLUDING ENGINEERS, TO HELP YOU PLAN FOR THE PROJECT, DESIGN THE PROJECT, OR CONSTRUCT THE PROJECT?

CAN YOU AFFORD TO PAY FOR THE PROJECT YOURSELF (OUT OF YOUR RESERVES OR OTHER INTERNAL FUNDS)?

WILL YOU NEED TO SEEK OUTSIDE FUNDING?

DO YOU NEED TO BUILD INTERNAL CAPACITY TO QUALIFY FUNDING, ACCOMPLISH THE PROJECT, OR ACHIEVE SUSTAINABILITY ?

BASIC STEPS



Identify the Need for the Project

Make Sure the Need Includes Addressing Customer Service in Some Way

Use Data to Back Up the Need

Identify the Best Way to Solve the Problem (including non-asset solutions)

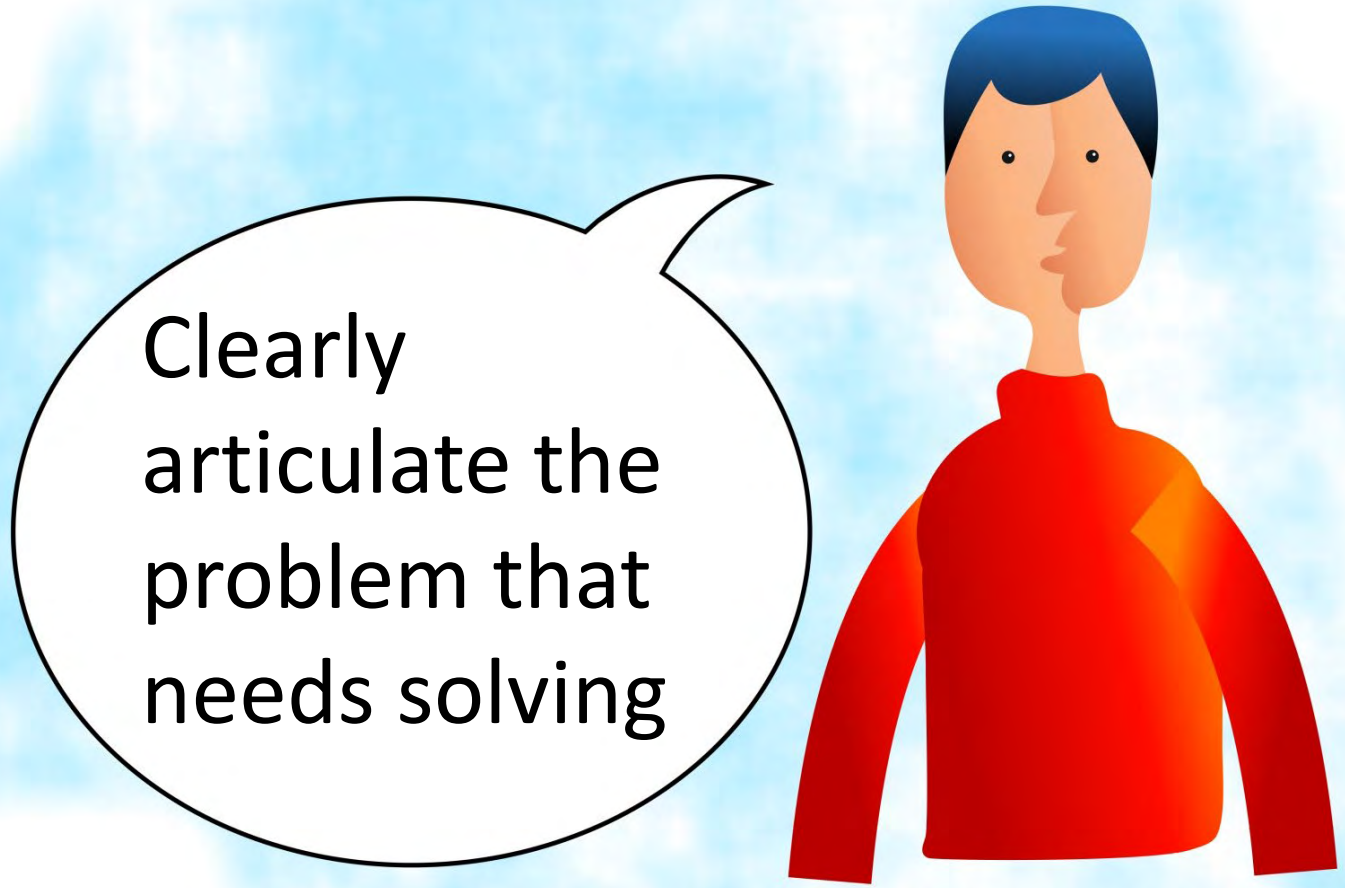
Engage Professionals & Work with Them Collaboratively

Identify Potential Funding Sources For the Project

Build Internal Capacity to Accomplish the Project

PART 2: IDENTIFY THE NEED FOR THE PROJECT

What problem are you trying to solve?



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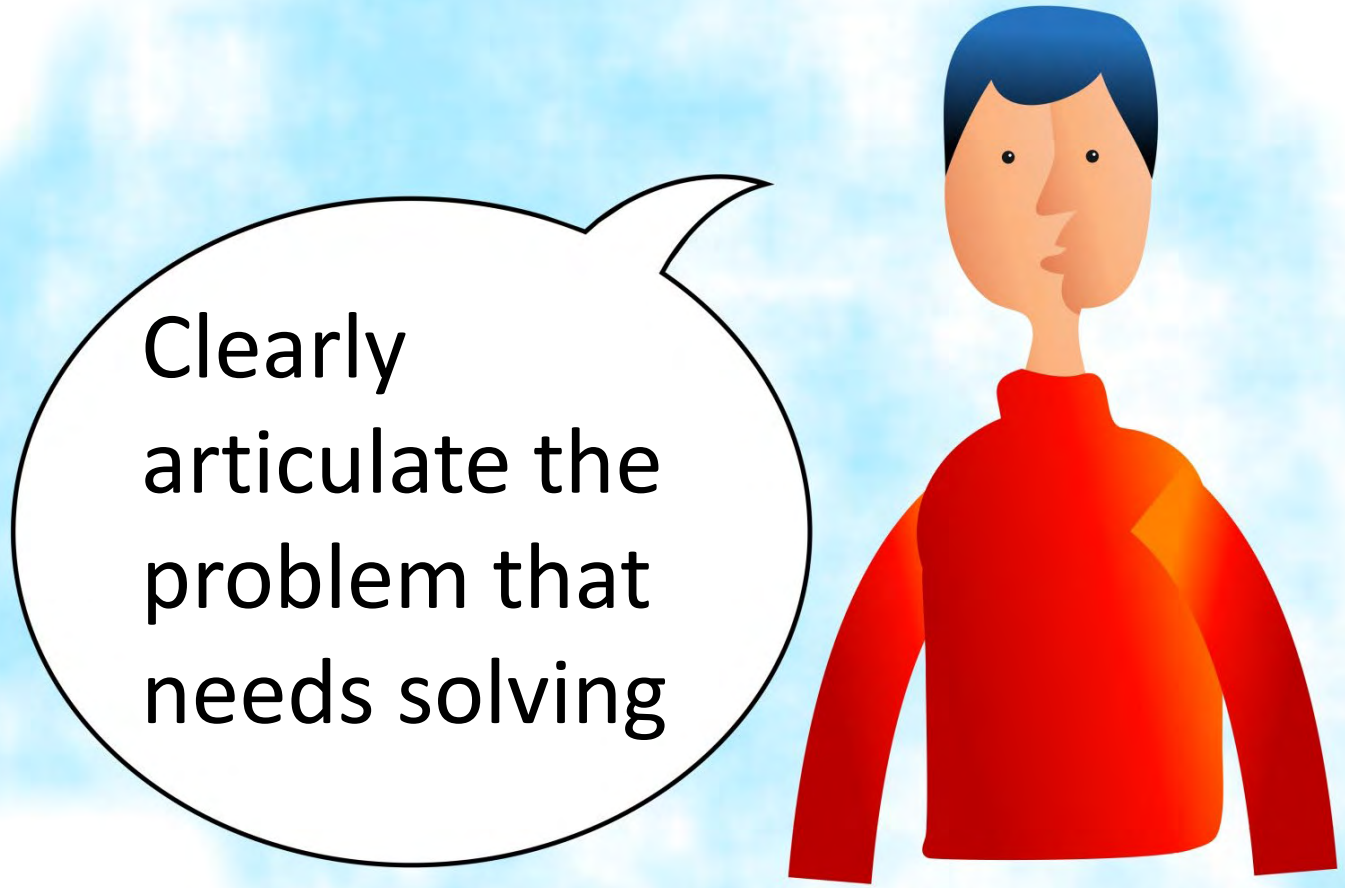


If you can't articulate it well internally, it will be very difficult to explain the project to anyone else, especially the funders. It is also difficult to develop RFPs for planners, engineers, or other professionals when the project is not well defined.

Clearly identify & articulate: What are the risks of not doing the project? What are the benefits of doing it?

Consider all Three Categories

Do the benefits include improving service to your customers in any way?

If not, should the project proceed? Why is the project being done, if customers don't benefit?

If yes, in what way do customers benefit?

A few words about customer service...

Water utilities are first and foremost customer service businesses

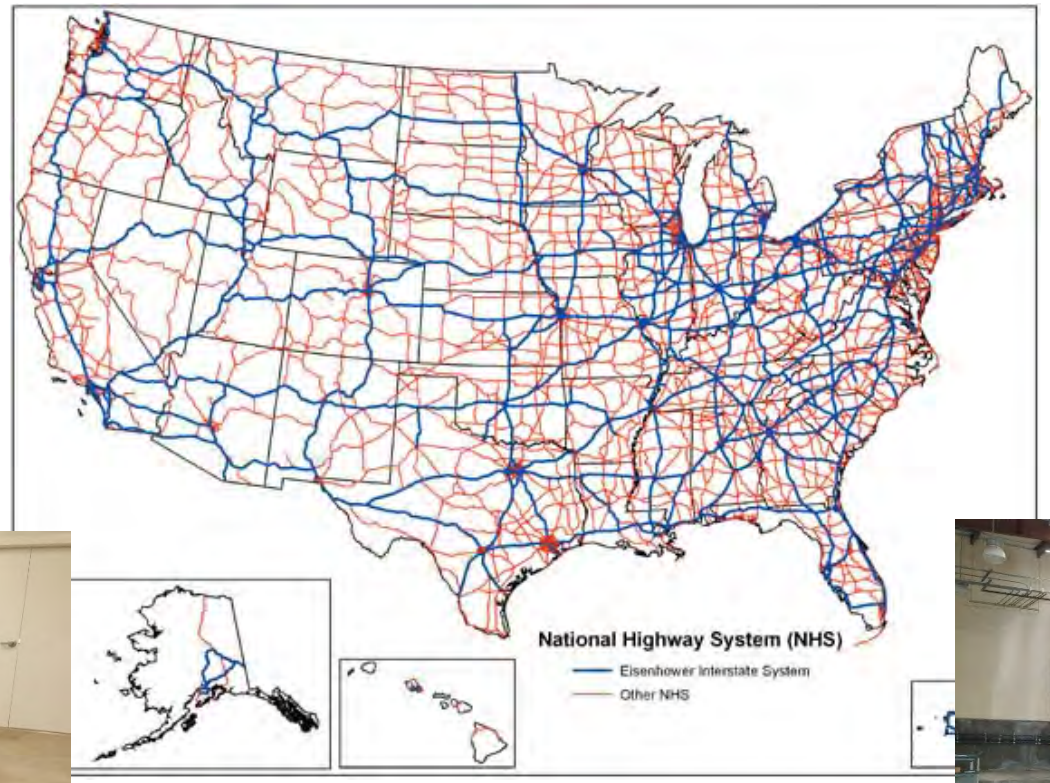
Everything you do should be about the customers

The service we provide our customers is called:

Level of Service

Goals

Level of Service is the Roadmap to Where You're Going & How You'll Get There



Why are we talking about Level of Service and Level of Service Goals as part of funding infrastructure projects?

LoS

Level of Service

Whether and how the new project effects customer service levels is important.

If the project has no positive impact on LOS, is it the right project?

LoS
Level of Service

It’s important to think about the project cost compared to the increase in customer service. Are the customer improvements worth the cost?

We want to be able to tell our customers what they will receive as a benefit of the project. They are paying, what are they getting?

The water quality will improve because…

We will now have fire flow

We’re replacing a pipe to prevent future breaks

We have more water to cover drought situations

We’re providing service to those who didn’t have it

Help Setting LOS Goals

http://alphastockimages.com/

Southwest Environmental Finance Center

LEVEL OF SERVICE

Guidelines, Categories and Example Goals

Guidelines

The Level of Service Goals should define what your customers and employees can expect from the water utility. When customers understand what the utility is providing for them in terms of service and they are given a say in what the utility may provide in the future, they are more willing to pay. Customers need to understand that service is related to cost and typically the higher the level of service desired, the higher the costs associated with producing that level of service. Determining what the customer wants and is willing to pay for drives the decision making for the utility.

When defining your level of service goals, remember to write SMART goals – Specific, Measurable, Attainable, Realistic and Time Bound (when appropriate). This will allow the utility to track its performance, show successes and failures and revise for improvement each year. Goals can be changed or adjusted over time. Goals can also be added or removed from the list.

It's important to involve customers and staff in the process of establishing the goals or service levels. The goals can be either internal or external. External goals are those that directly impact the customers. Internal goals are those that are related to operations and that would not be easily understood by customers. Progress towards meeting the goals should be tracked and reported to upper management and the public.

Determining your Level of Service goals should not be overwhelming. Keep it simple; develop 10 – 12 goals around the most important aspects for your utility. The information below can be used as a resource in setting your utility's goals.

https://swefc.unm.edu/home/resource/level-of-service-guidelines-categories-and-example-goals-for-water-systems/

PART 3: USE DATA TO BACK-UP THE NEED

Key Questions

What data backs up the need for the project?

Is the data compelling?

Would it be compelling to a funder?

Do we need to collect more data? Should we look at different data?

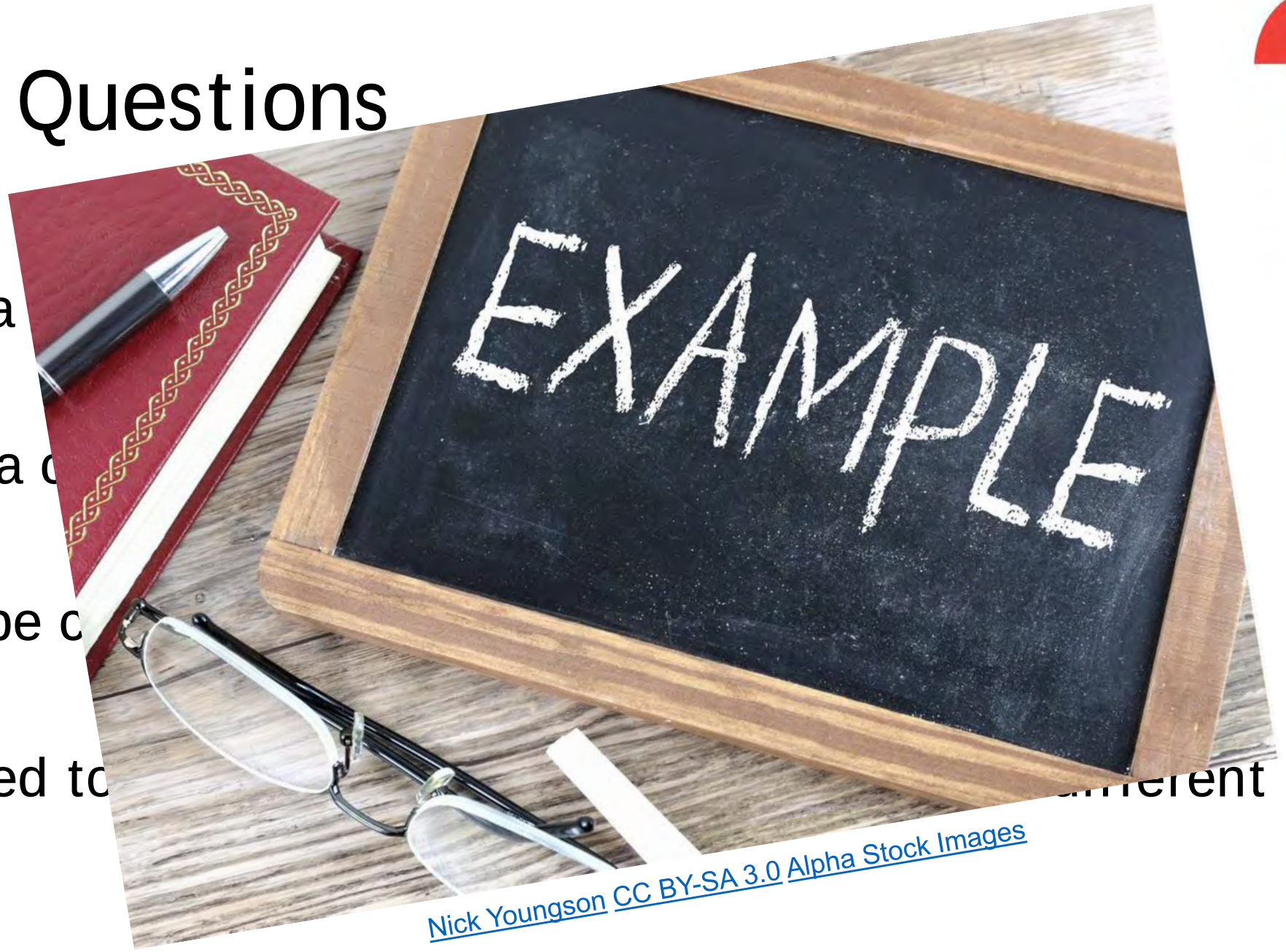
Key Questions

What data

Is the data c

Would it be c

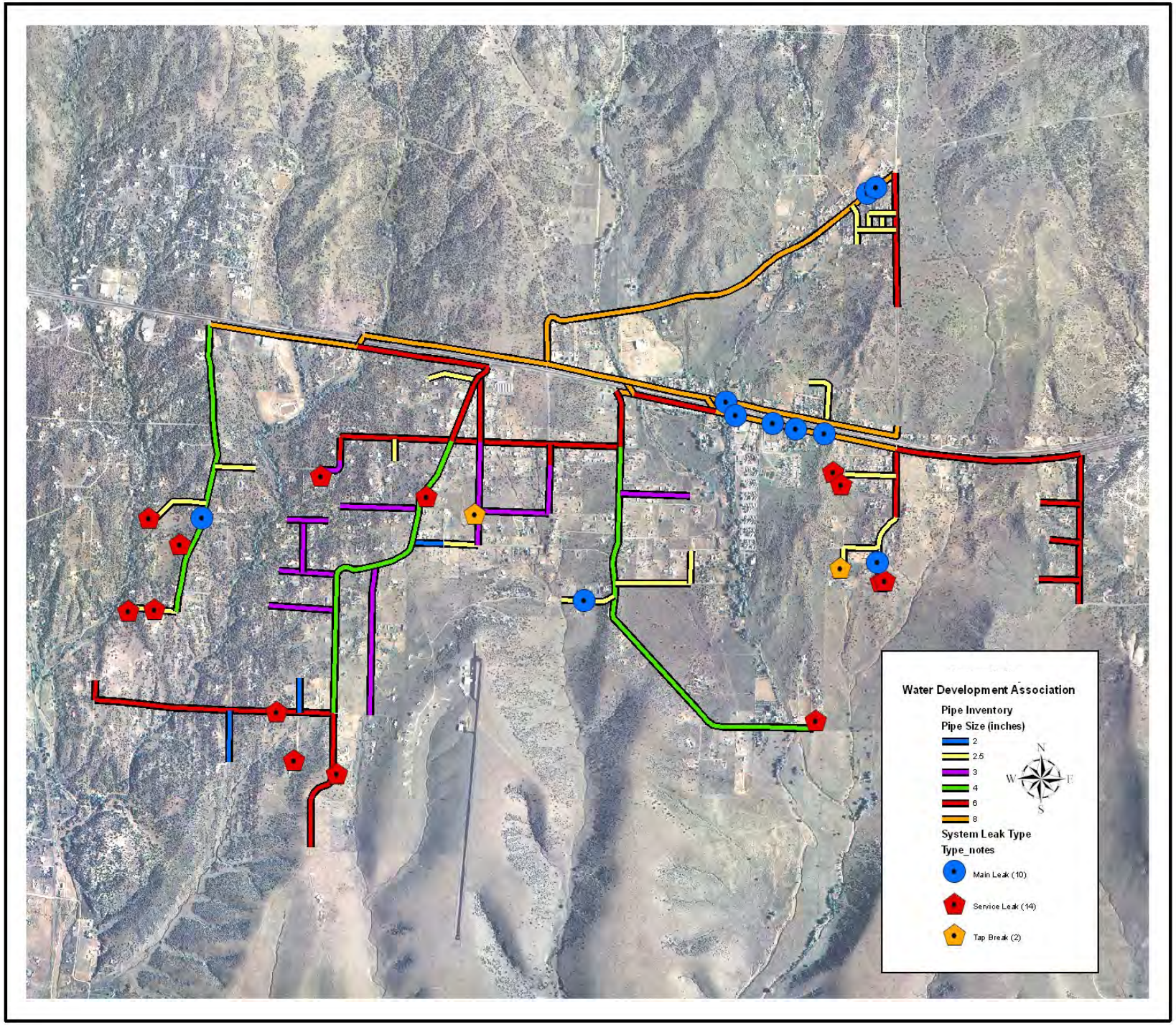
Do we need to different data?



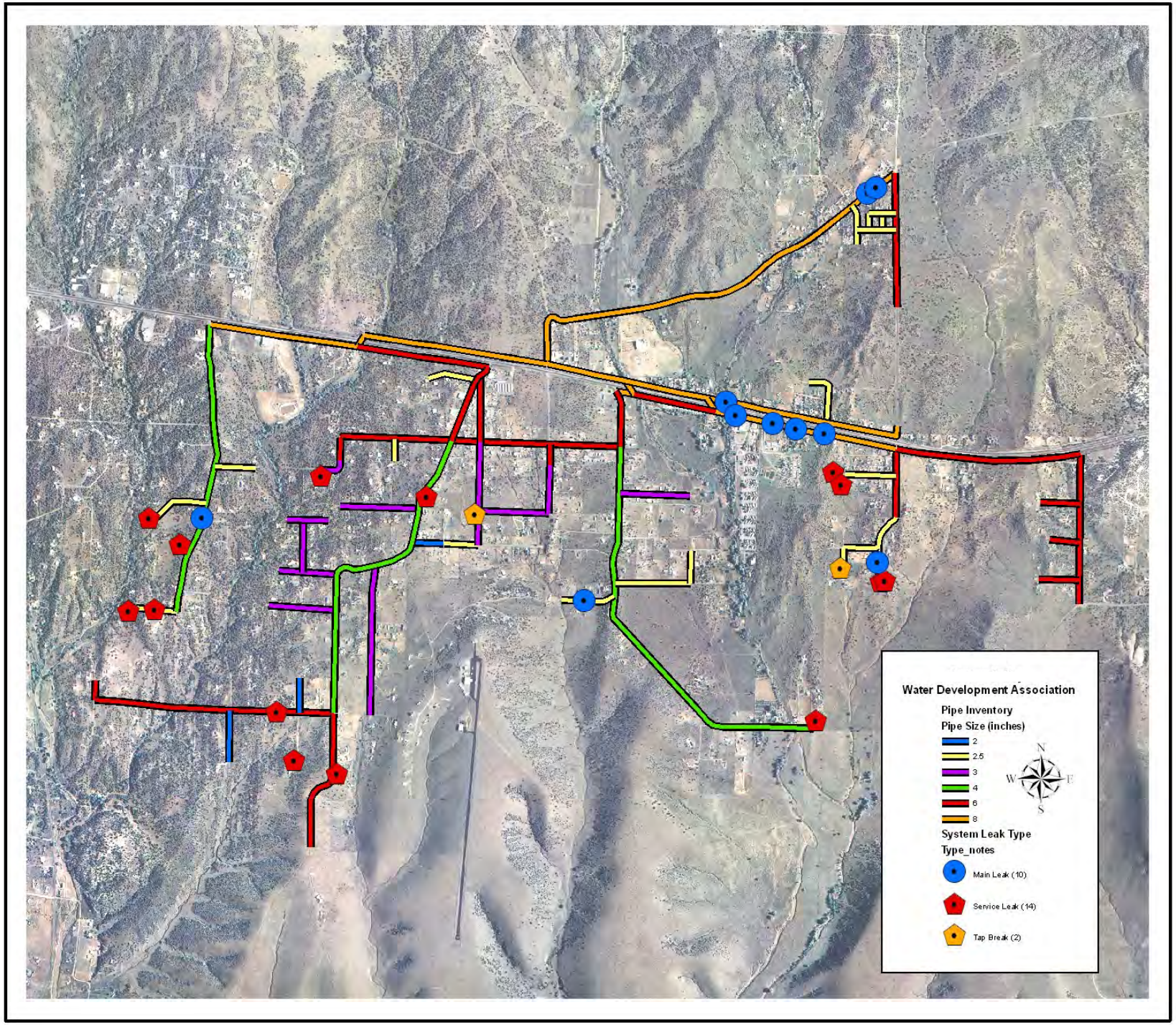
Small Community: Was Seeking Funding from State Sources for a $5 M Pipe Replacement Project

Do they really need the project?

What did the data show?

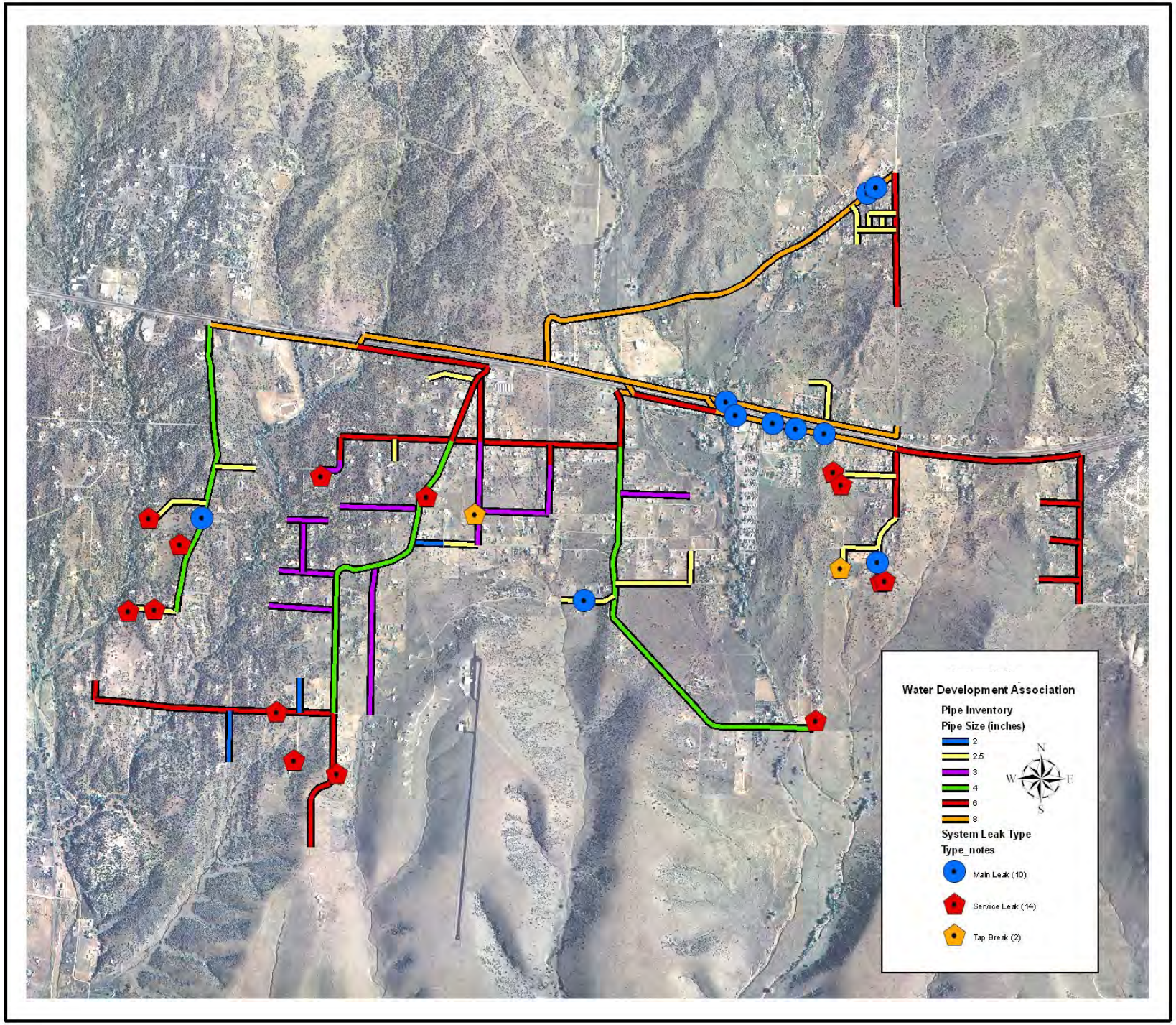


What was the outcome?



The use of data saved the community $4.95 Million

Data can be your friend!!



PART 4: EXAMINE ALL ALTERNATIVES, INCLUDING NON-ASSET

Three Options at early stages….

Project addresses a problem backed up by data, improves customer service. Move to the next step

Project not well-defined and/or backed up by data. Costs not justified based on customer service improvements. Project not quite right or doesn't address the right issues.

Project not needed. Data shows its not necessary. Or it is not the right time to do the project. Project should not go forward.

If Project addresses the correct issues….

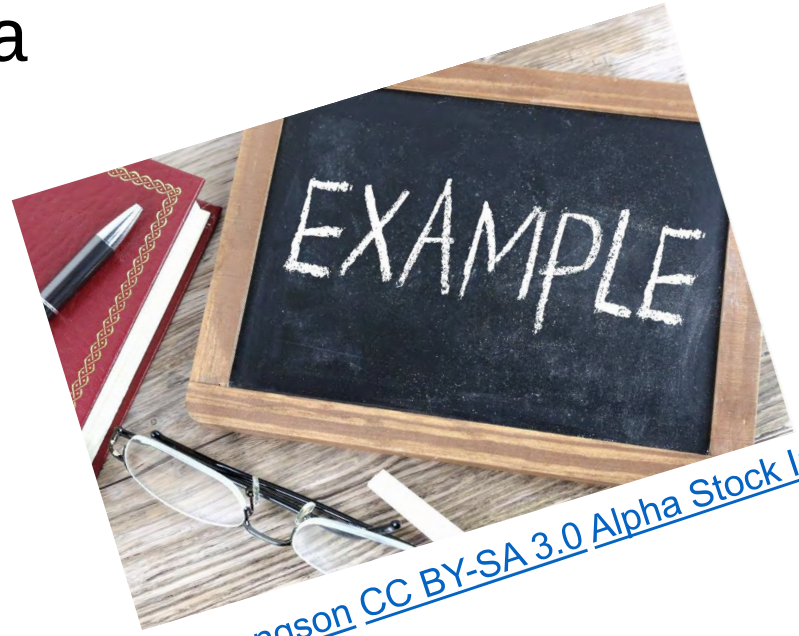
Project addresses a problem backed up by data, improves customer service. Move to the next step

What are possible ways to address the issue? (Alternatives)

Is there a non-asset solution?

Let’s try an example

Green Village wants a third well to provide additional capacity for the system. There is a large per capita water usage in town (125 gpcd) and it is much higher than neighboring systems (80 gpcd on average). There is also a relatively high water loss in the system. The water system manager is afraid the system won’t be able to keep up in the future.



Key Questions

Based on the information at hand..

What alternatives might exist to address the need?

Is construction the only option or could maintenance be done?

Are there any non-asset solutions?

What types of construction alternatives could be considered for the project (asset solutions)?

Project addresses a problem backed up by data, improves customer service. Move to the next step

Examples:

Surface source vs. well
Well locations
Which Aquifer(s)
Size of Well (2 smaller verses one bigger?)

What types of maintenance alternatives could be considered for the project (asset solutions)?

Project addresses a problem backed up by data, improves customer service. Move to the next step

Examples:

Well cleaning/rehabilitation

What non-asset solutions could be considered for the project (asset solutions)?

Project addresses a problem backed up by data, improves customer service. Move to the next step

Examples:

Customer conservation programs to reduce use

Rebate program to install low-flow devices

Are there large commercial users that drive up gpcd that could become more efficient?

A Few Words About Alternatives Evaluation

How are alternatives chosen?

Is it by the engineer only?

Do operators or managers get to input into the process?

Do you get to see an initial list to comment on it?

Are all viable alternatives considered? Or only certain types of alternatives?

Are alternatives suggested by operators or managers given serious consideration?

Are all alternatives given equal consideration or is one alternative pre-ordained?

Sometimes it might seem like a good idea to pick an alternative right from the start and go with it (either the one the system wants or the one that the engineer wants)

Resist this temptation!! Let the process determine the best alternative using data, costs, overall long-term, life cycle considerations

Are the long-term costs of the alternatives taken into consideration or just the initial costs?

In particular, are the following considered:

- O&M Costs over time
- Short & long-term replacement
- energy use/energy efficiency
- Water use/water efficiency
- Source water protection

Are new technologies considered or 'just standard technologies?

If new technologies are considered, are you given examples of utilities using the technology? Are you given a chance to speak to these utilities about their experiences?

What does the write up of the alternatives look like? Are they written up as if all were considered equally?

What does the costing portion look like? Were all alternatives given the same level of costing?

A few examples:

A water system that was given a reverse osmosis system when it was not needed.

A tank rehab over a tank replacement.

A system whose alternative evaluation process ignored cheaper, better alternatives; had to be rejected by the SRF agency during review

One Area of Concern: Alternatives Evaluation

A water system in which the engineer located the storage tanks at elevations that would not work. The head operator had pointed this out during design but was ignored. It cost considerable dollars to fix this problem later.

A system whose engineer designed a disinfection system that was operationally impossible for the operator (entry way too small). Got changed later.

Key Questions

Based

What

Why is it so important to consider these issues early in the process?

Is construction the only option or could maintenance be done?

Are there any non-asset solutions?

Consider the cost/influence relationship

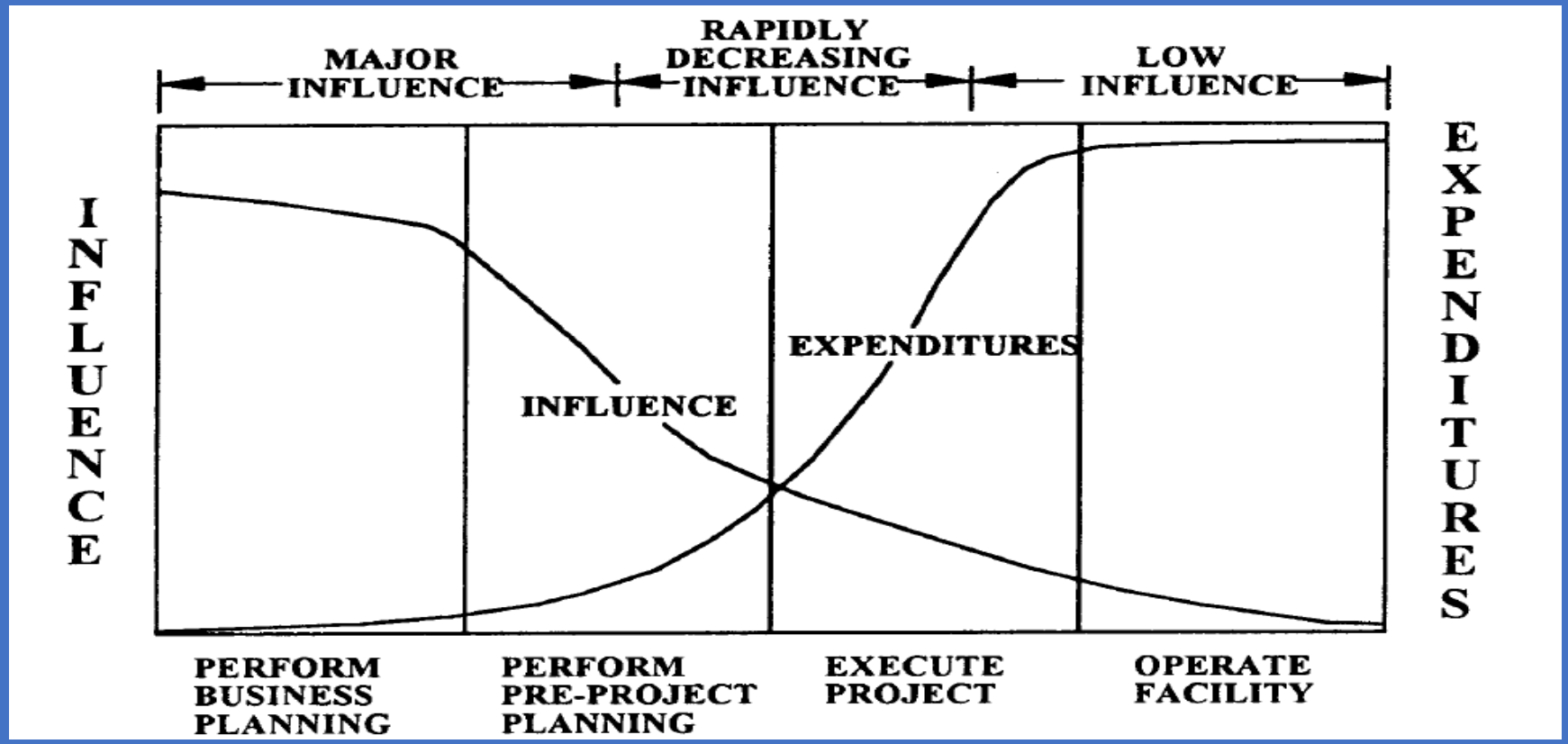


Figure 2. Relationship between influence and expenditures over project lifetime[2]

Initial Planning: Most Influence For The Least Cost

Need to determine best alternatives at this point, not later in the process

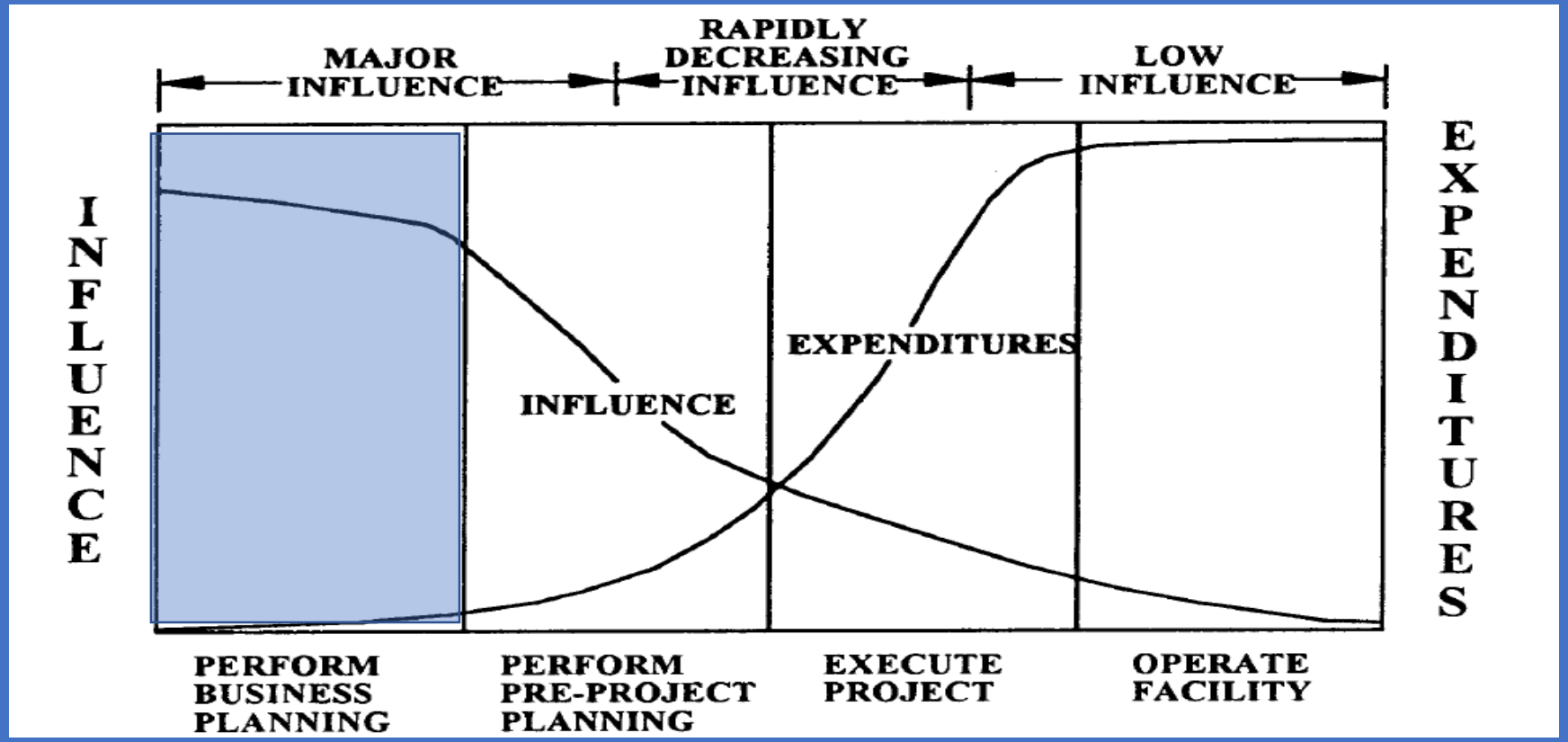


Figure 2. Relationship between influence and expenditures over project lifetime[2]

What about projects in the second category….

Project not well-defined and/or backed up by data.
Costs not justified based on customer service improvements.
Project not quite right or doesn't address the right issues.

What is the problem with the project? Is there a better way to address the issue?
Is the project missing something?
Are regulatory issues not being addressed?
What would improve the project?

What about projects in the second category….

Project not well-defined and/or backed up by data.
Costs not justified based on customer service improvements.
Project not quite right or doesn't address the right issues.

Think back to our example: Should Green Village be considering a water loss reduction project instead of a new well?

Should pipe replacement, meter replacement or some other project be done instead of the new well?

What about projects in the second category….

Project should be revised. Not quite right or doesn't address the right issues.

The most important thing is that the best project proceeds

What about projects in the final category….

In these cases, it is not the right time to move forward, put the project off

Project not needed. Data shows its not necessary. Or it is not the right time to do the project. Project should not go forward.

PART 5: ENGAGE PROFESSIONALS & WORK WITH THEM COLLABORATIVELY

Recall the best time to intervene in projects to reduce costs and have the greatest impact is during pre planning or design

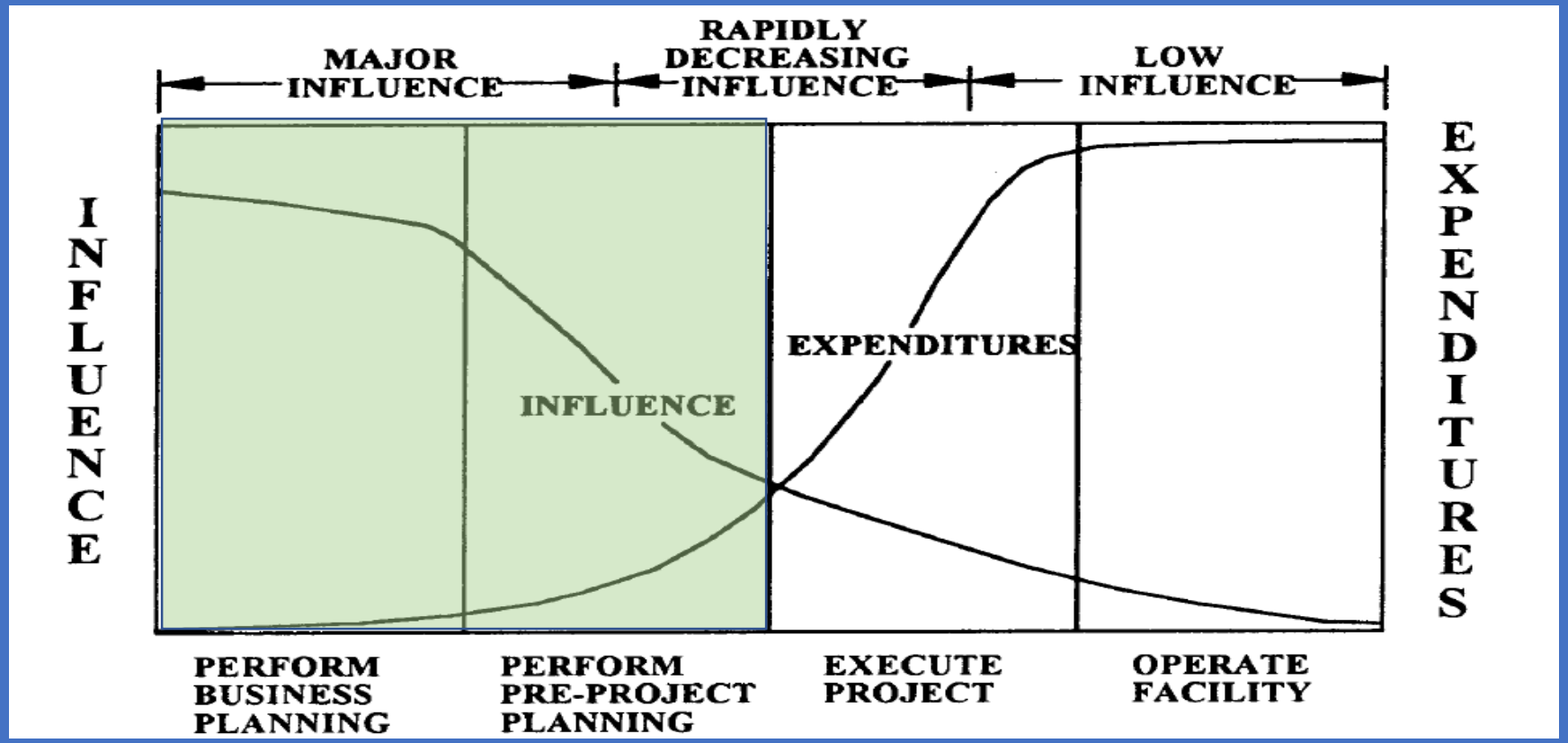


Figure 2. Relationship between influence and expenditures over project lifetime[2]

By the time construction starts, it's very difficult and expensive to change things

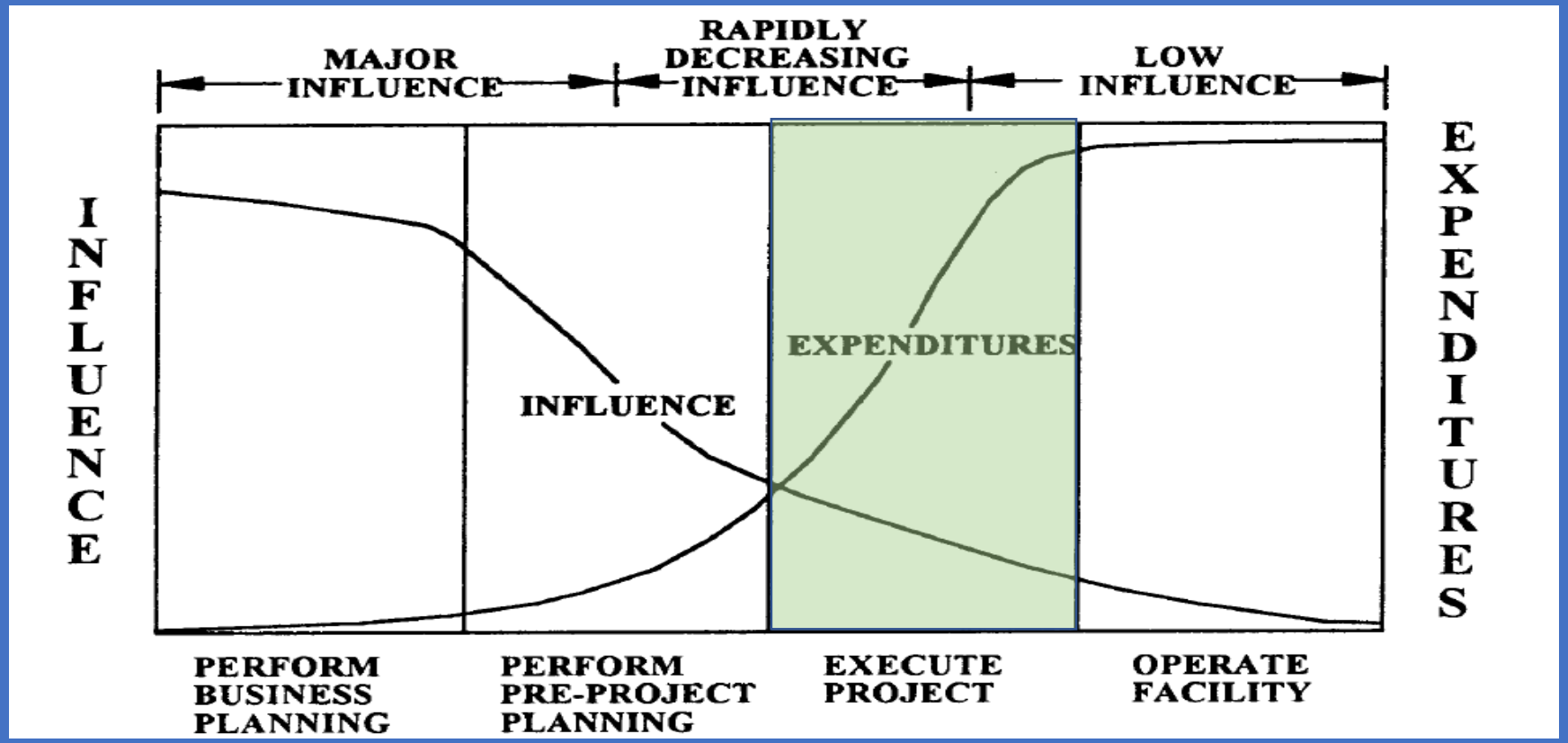


Figure 2. Relationship between influence and expenditures over project lifetime[2]

By the time the facility is turned over to operations, most of the costs are sunk

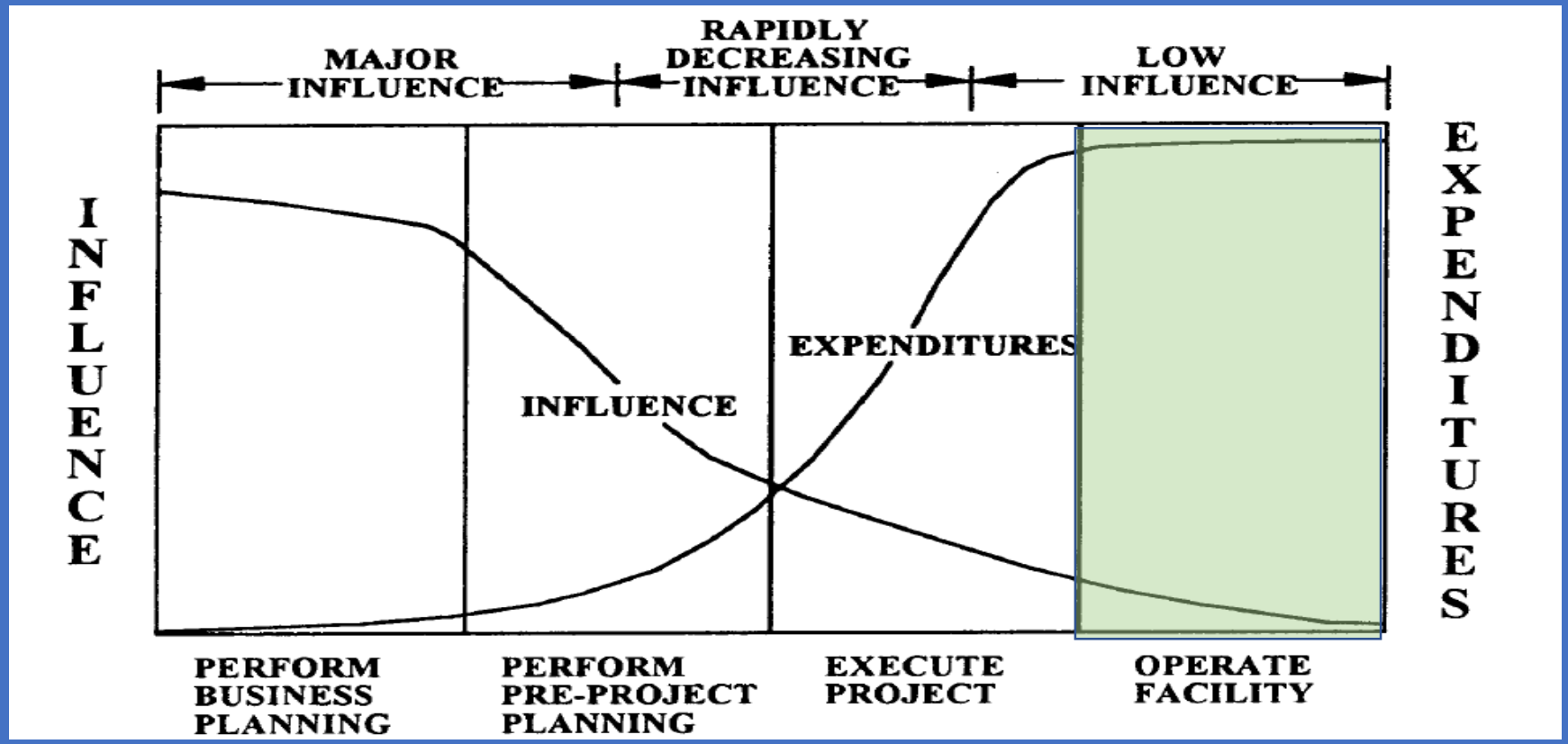


Figure 2. Relationship between influence and expenditures over project lifetime[2]

If your project involves construction, you will typically need outside professionals

Two Issues:

1) Engaging the Professionals

2) Working Collaboratively With Them

The RFP

Most of the time, we use an RFP to engage professionals

The RFP

Some Key Thoughts:

Make sure the scope of the work is WELL-DEFINED

The RFP

Some Key Thoughts:

Have clearly thought-out selection criteria & USE THEM

The RFP

Some Key Thoughts:

Make sure the RFP review team is diverse

The RFP

Some Key Thoughts:

Keep an open mind during selection; Choose the BEST CHOICE for you, not the one you know the best

The RFP

Some Key Thoughts:

Avoid promising the design for help with the application; you want an independent selection process

The RFP

Some Key Thoughts:

Indicate in the RFP that you want a collaborative relationship with the engineer

Design and operations are inextricably intertwined: The best design won't achieve its intended purpose without good operations

Likewise, the best operations will not fix a poor design

It is extremely important to think through operations as an integral part of design

Therefore, we want to be able to have a good relationship with the engineers

An Analogy: You are Building a House

Do you let someone else decide where the house is going to be built? Or are you involved in that decision?

Will you let the architect or designer decide how many bedrooms, where the kitchen is, what it looks like, etc?

Will you want to have input into items like the number of sinks, what type of cabinets, etc?

Why is it necessary to work collaboratively with the home builder?

An Analogy: You are Building a House

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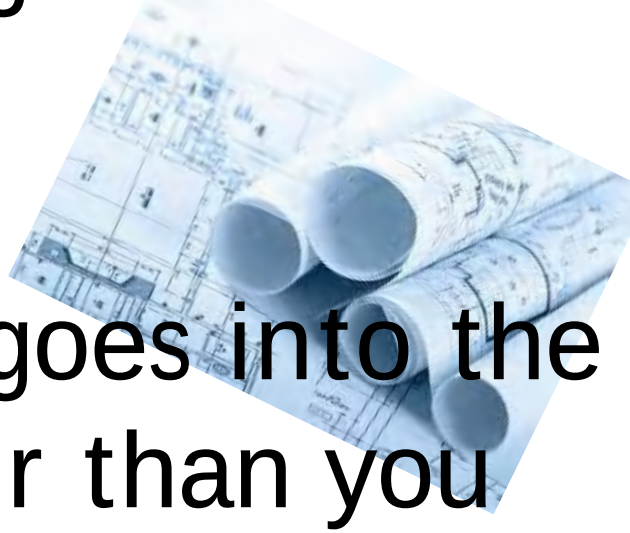
how many bedrooms, where the kitchen is, what it looks like, etc?

Will you want to

Do you think about your water and wastewater projects the same way? Why or Why not?

Why is it necessary to work collaboratively with the home builder?

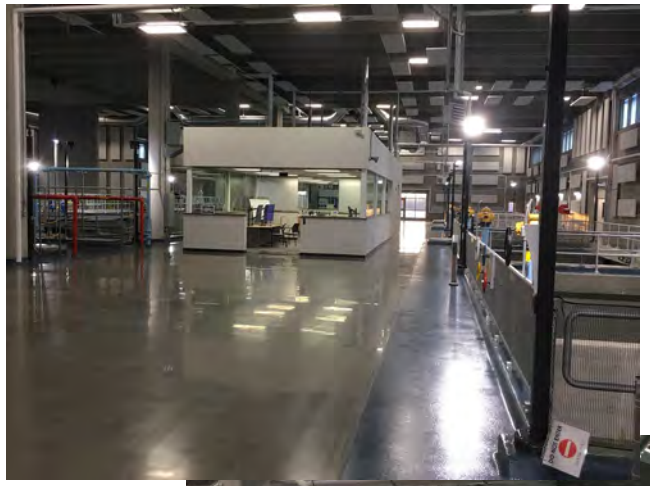
Remember that you know your specific system better than the engineer does

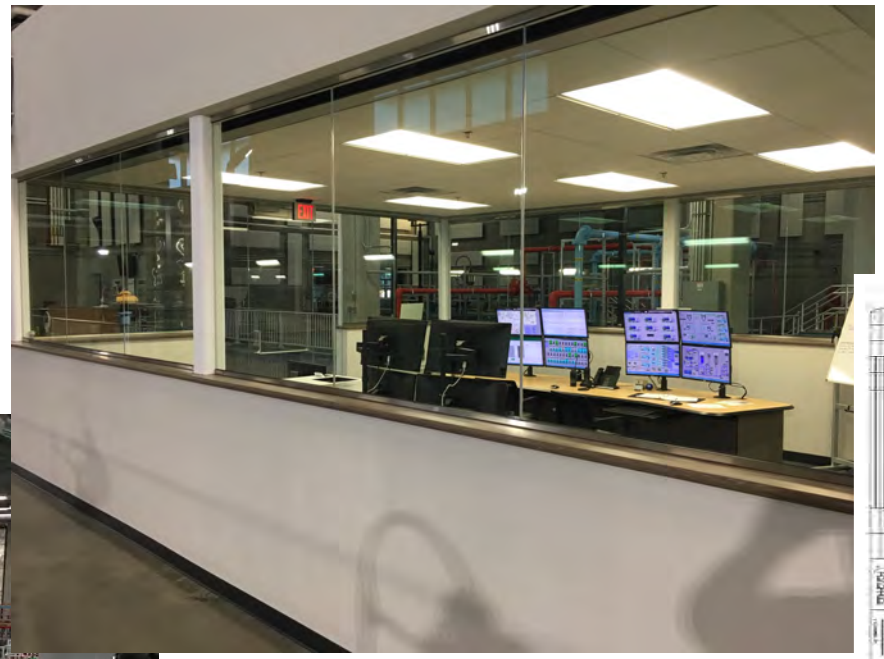


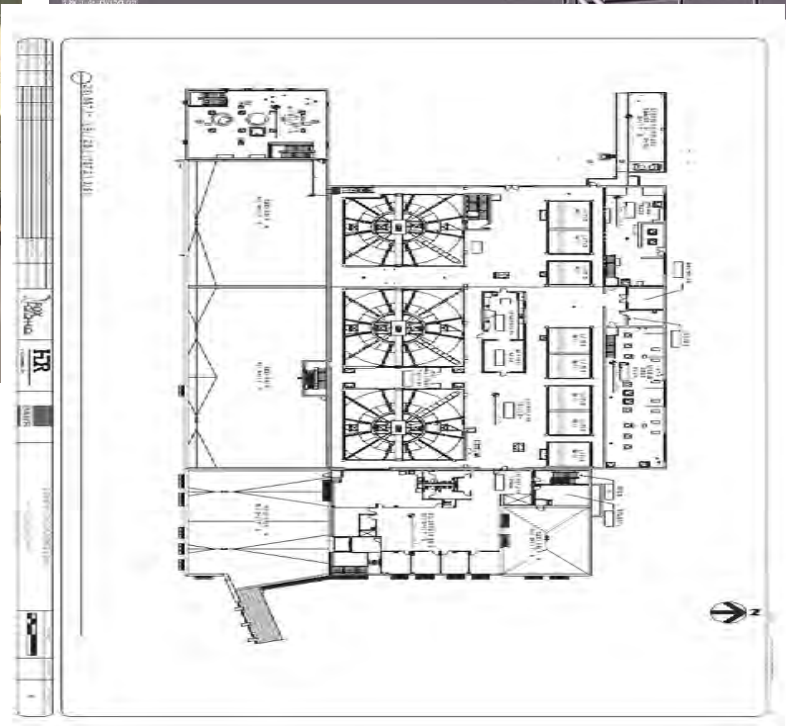
The engineer knows what goes into the design of the system better than you

Blending together is the best for both

Example: Involving Operations Personnel & Management Personnel in Pre-Design and Design







Benefits: Insufficient Data to Monetize

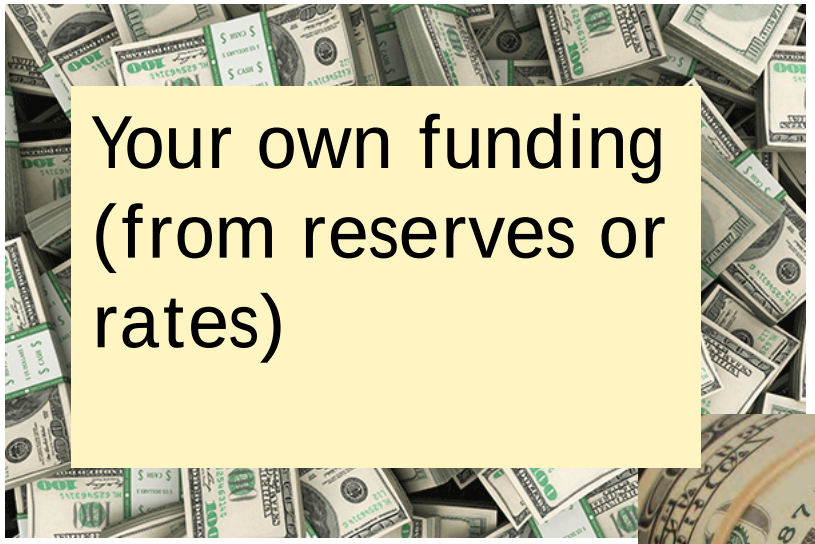
Compared to other projects

- Change orders were minimized
- Staff training was easier and minimized
- Fewer maintenance issues

“Others are handed a system and told to make it work. We were involved the whole time and it was our system.” (Paraphrased Quote)

PART 6: APPLYING FOR FUNDING

Funding Options

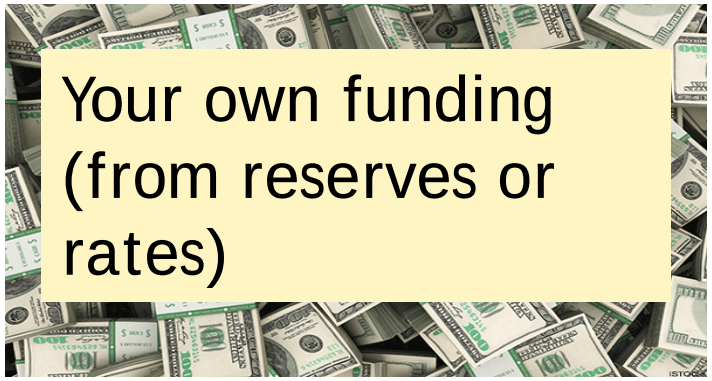


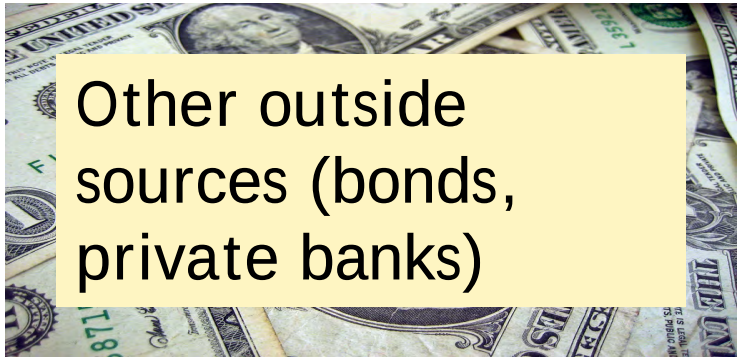
Your own funding (from reserves or rates)

Other outside sources (bonds, private banks)

Federal or state loans or grants

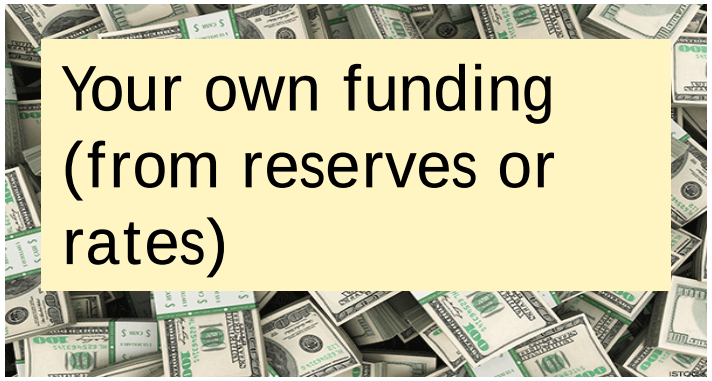
Considerations in the choices





- Total amount of money you need
- Length of time the assets will last (will today's customers be paying for tomorrow's or vise versa)
- Amount of money you have in your funds (do you have reserve accounts)
- Whether there are expected changes in the community in the future (either fewer or more customers)
- Your ability to apply for other funds
- Overall cost of the money

Your Own Sources

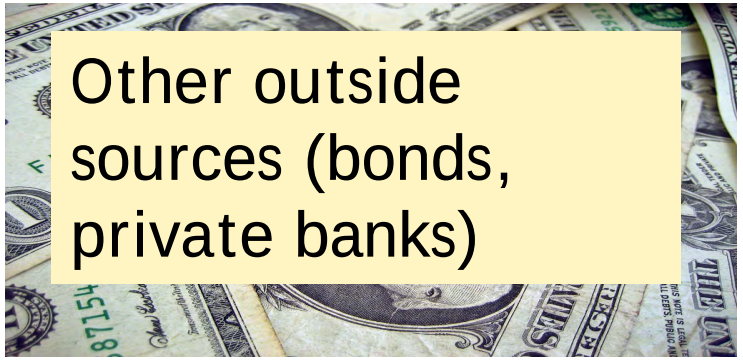


If you have reserve accounts, were any of them set up for replacing assets?

Can you use some of the reserve money while still leaving enough for emergencies?

What are your current rates? Can the rates be raised so that some of the money can be used for asset replacement?

Other Outside Sources

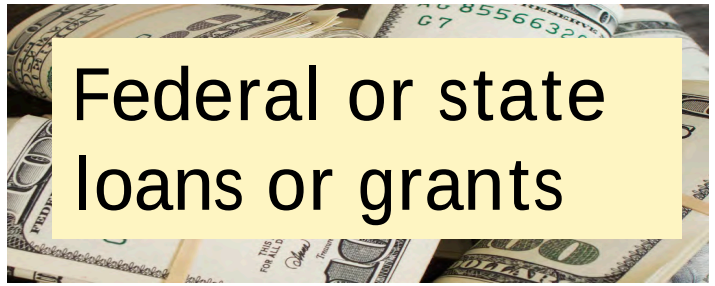


Is your system eligible for other outside sources, such as bonds?

If so, is your bond rating favorable enough to access this type of funding?

If you’re not eligible for state funding, the only option may be private funding sources, such as banks.

Federal or State Loans and Grants



There are numerous sources of funding in Nevada from various agencies

One source of Funding: SRF

State Revolving Loan Fund

THE DRINKING WATER STATE REVOLVING FUND

Protecting America's Public Health for Over 20 Years

Clean Water
State Revolving Fund

NDEP
NEVADA DIVISION OF ENVIRONMENTAL PROTECTION

Office of Financial Assistance for Drinking Water and Clean Water Project

Do you own or operate a public or private water system that needs funding to meet EPA standards, rehabilitate an aging system, or improve an existing system for efficiency and environmental changes?

Resources are available to help

Some considerations in managing your loan or grant funds

Milestones

Outputs &
Outcomes

Construction projects for water and wastewater utilities can last a long time, many months to several years

LONG TIME

What’s the likelihood everything would have run smoothly for that whole time period? Would we be able to make adjustments along the way? How well could we communicate to important stakeholders about the project?

What if a project lasted 2 years and we only checked in on the project at the beginning and end?

We need check-in points along the way

These are called milestones

What are milestones?

Major and minor (if significant enough) accomplishments along the way to completing the project

What are milestones?

These are NOT tasks. They have a duration of zero time. They mark an accomplishment or occurrence.

What are milestones?

They show forward movement and progress in the project, even to someone who doesn’t know what the steps to achieve the accomplishment were.

The milestones tell the story of the project from start to finish.

How many?

We need enough to monitor progress and allow for mid-course correction, but not so many that it is hard to manage or that they have no meaning.

How to tell if something is a milestone?

Is the event **highly important** to the execution of the overall project?

If the event, decision, or action is not met on time will there be a **serious impact** on the overall project completion?

Can the event, decision, or action be used as an **indicator of success**?

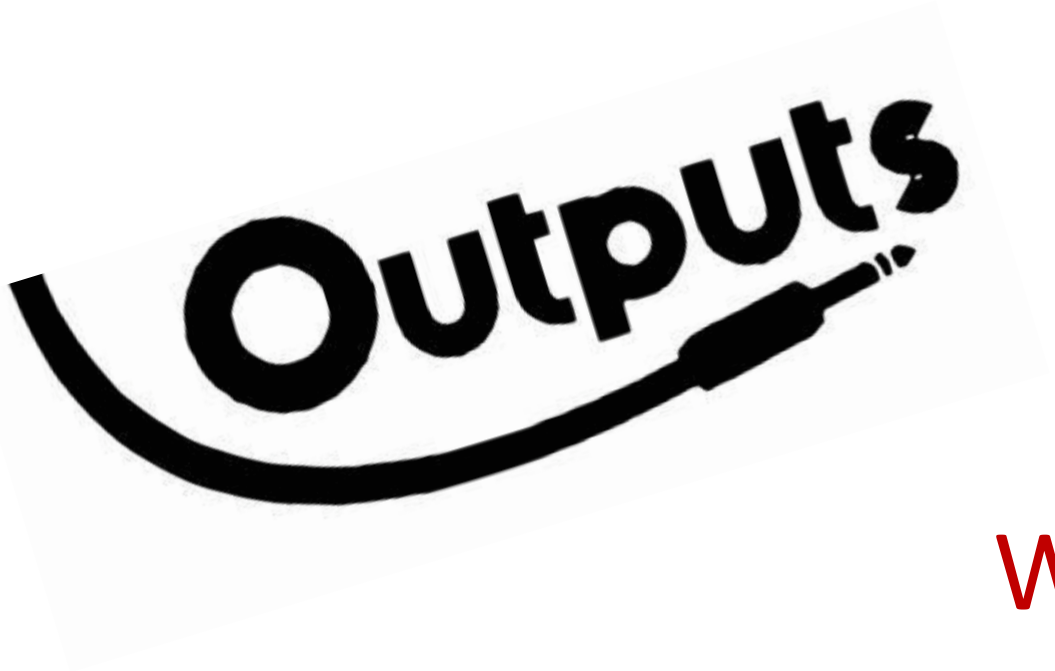
So, A Milestone……

Is **highly important**

Has a **serious impact**

Is an **indicator of success**

VS



What is created

The numeric results

Does not involve a consideration of quality; considers quantity

Examples:

The number of people served by a water system

The number of gallons of water produced

The number of miles of pipe put in the ground

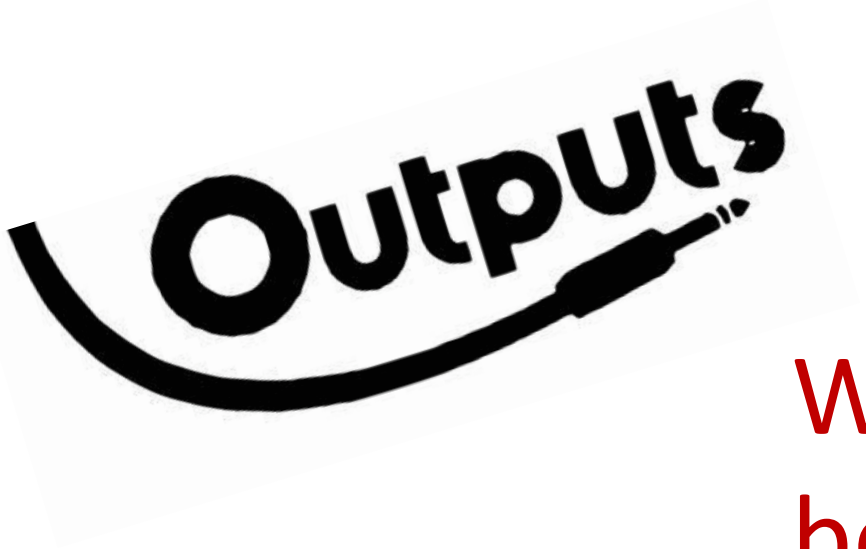
The level of performance, achievement, or quality that occurred because of the activity

A quantification of the performance and an assessment of the success of the process

Examples:

The increase in the % of people served by water meeting EPA's primary drinking water standards

Reduction of a particular contaminant in the drinking water (e.g., reduced arsenic concentration)



Which ones are better measures of the effectiveness of the project?

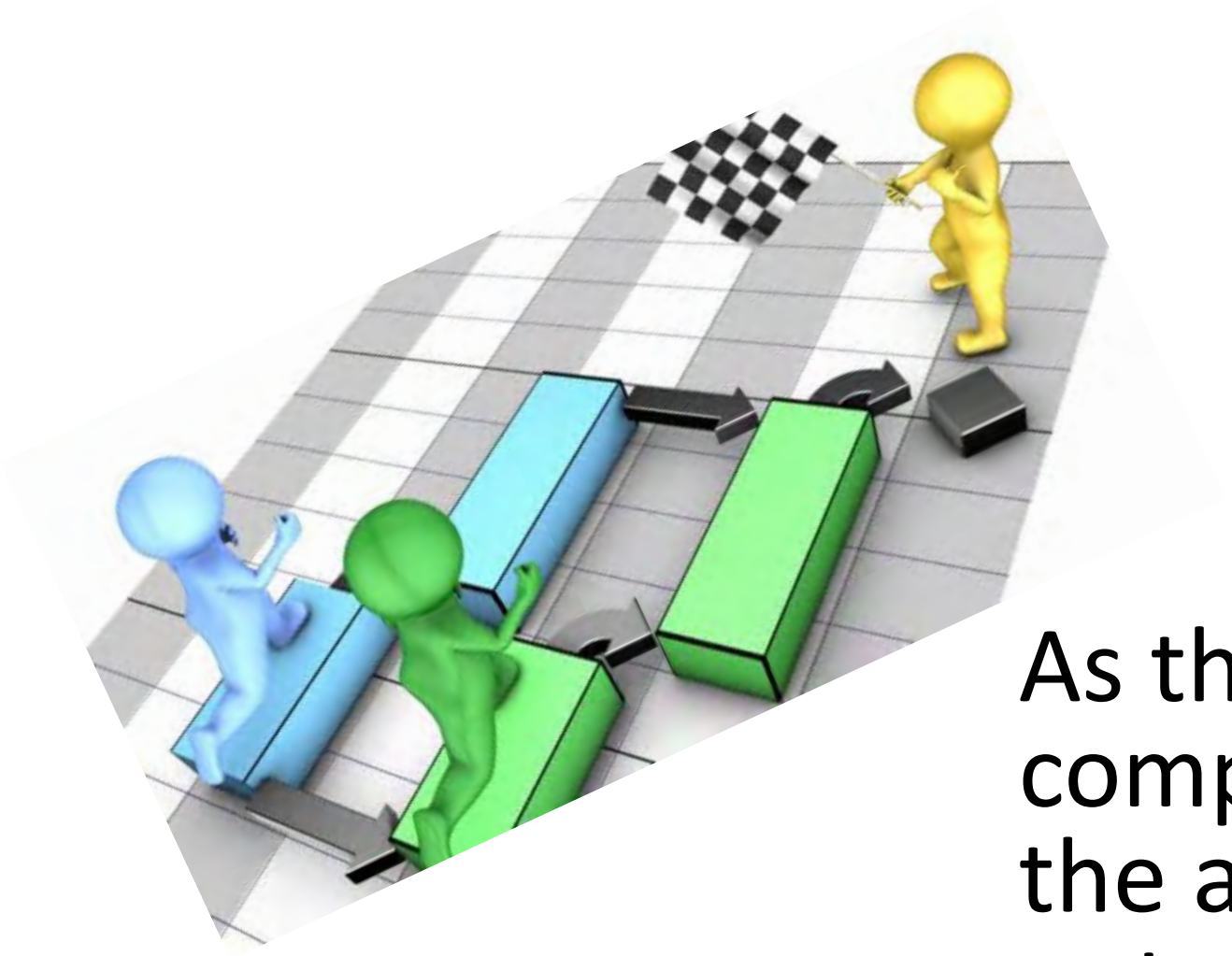
Why?

Building Projects to Achieve Outcomes:

1. Describe the outcomes you are trying to achieve with the project (why are you doing the project at all?)
2. Turn the outcomes you want to achieve (item 1) into something that can be measured (e.g., % increase in customers served by compliant drinking water or % increase in number of customers served by a community water system)

Building Projects to Achieve Outcomes:

3. Confirm that the outcomes are linked to the outputs and activities (can you expect to achieve the outcomes based on what you are doing?)
4. Implement the measurement of outcomes and track achievement over time
5. Demonstrate your success to regulatory agencies, elected leaders and customers based on your data



As the project is being completed, consider whether the anticipated outputs and outcomes are being achieved along the way

Part 7: Build Internal Capacity

DO YOU NEED TO BUILD INTERNAL CAPACITY TO QUALIFY FUNDING, ACCOMPLISH THE PROJECT, OR ACHIEVE SUSTAINABILITY ?

1996: Enter Capacity Development

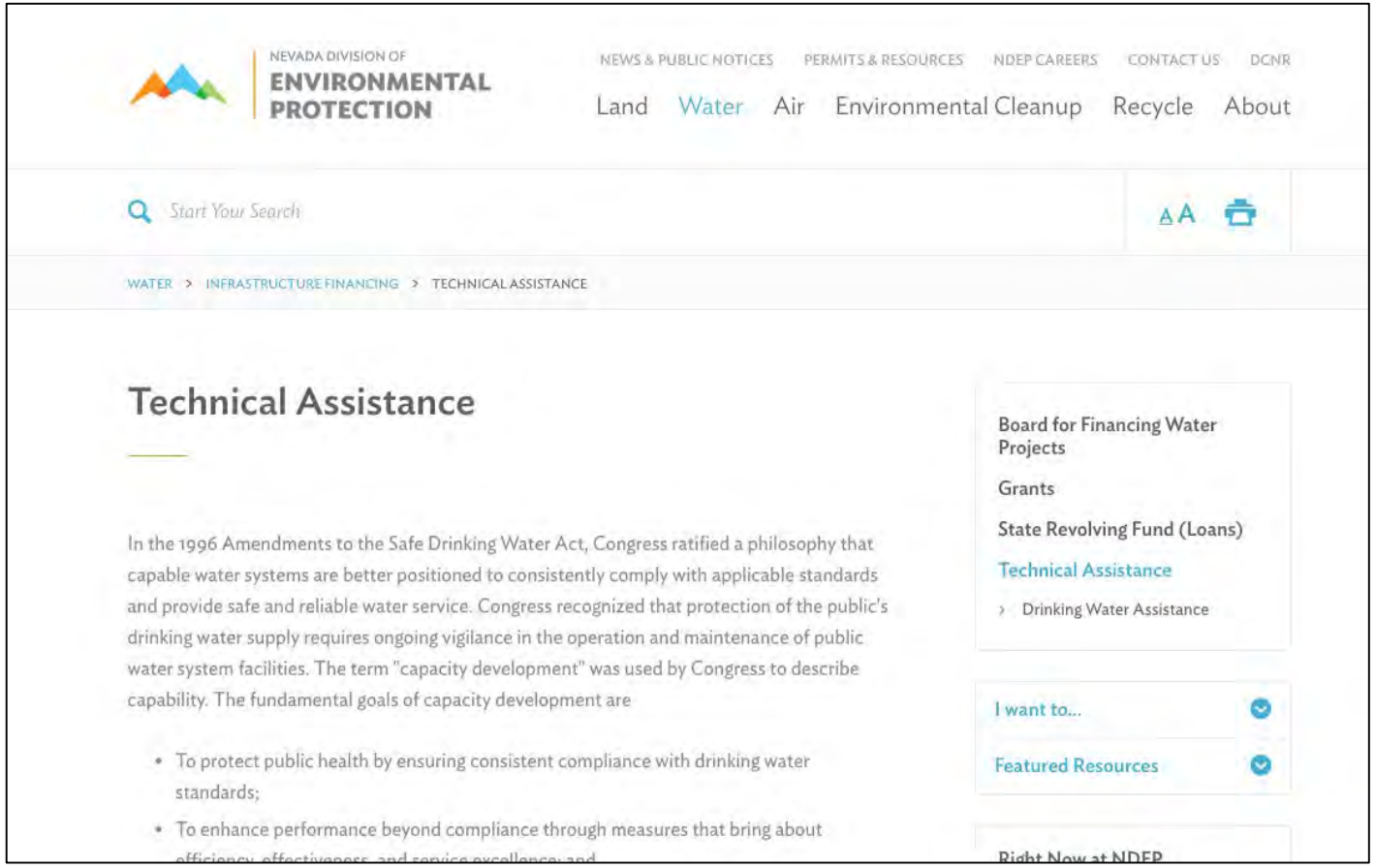
Capacity development is a continuous improvement process

Everyone can improve!!!

Nevada Capacity Assessment Form

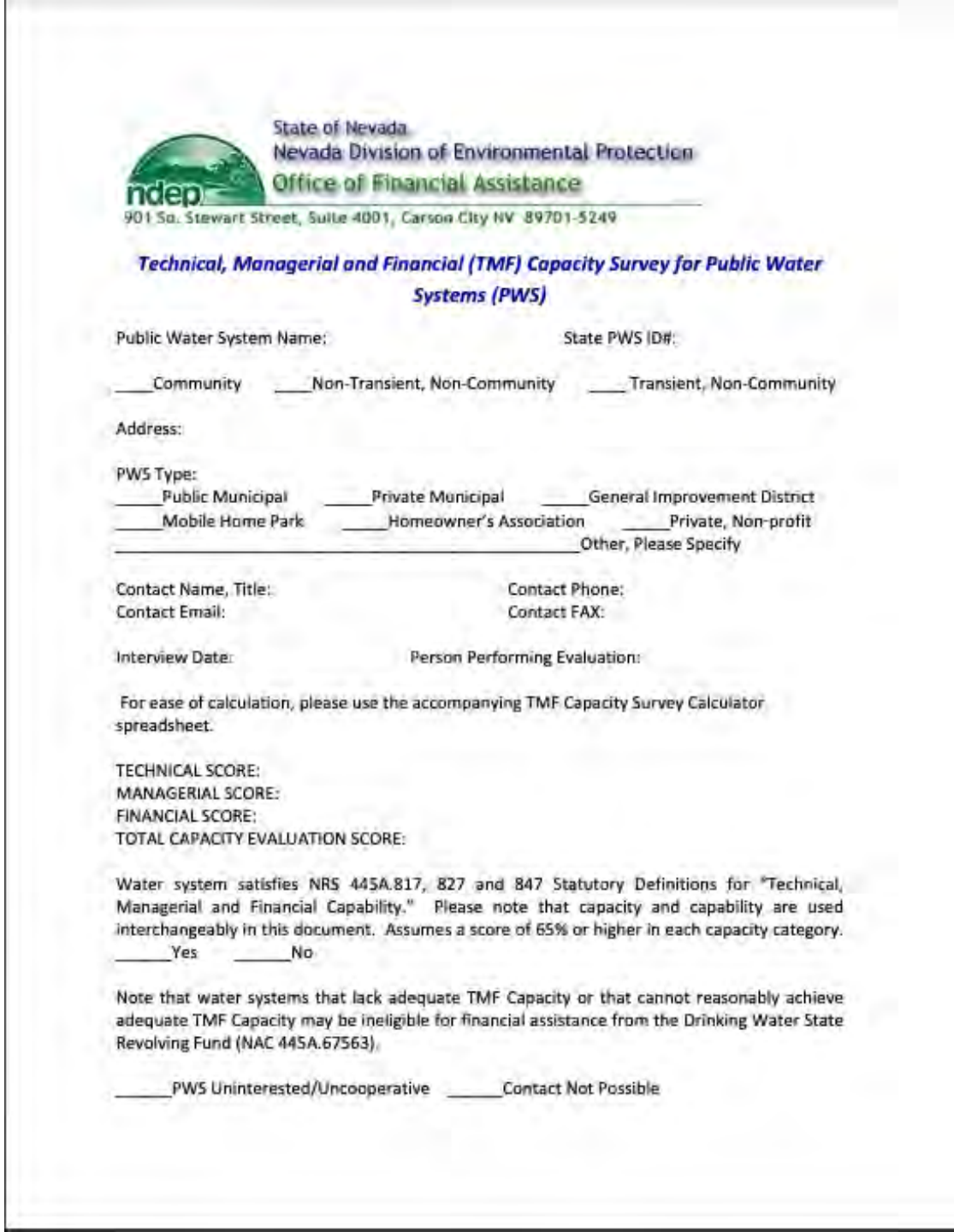
Can access on-line.

Lots of good information/ resources there



https://ndep.nv.gov/water/financing-infrastructure/capacity-development

NV Self-Assessment for Capacity Development



State of Nevada
Nevada Division of Environmental Protection
Office of Financial Assistance
901 So. Stewart Street, Suite 4001, Carson City NV 89701-5249

Technical, Managerial and Financial (TMF) Capacity Survey for Public Water Systems (PWS)

Public Water System Name: State PWS ID#:

____Community ____Non-Transient, Non-Community ____Transient, Non-Community

Address:

PWS Type:
_____Public Municipal _____Private Municipal _____General Improvement District
_____Mobile Home Park _____Homeowner's Association _____Private, Non-profit
_____Other, Please Specify

Contact Name, Title: Contact Phone:
Contact Email: Contact FAX:

Interview Date: Person Performing Evaluation:

For ease of calculation, please use the accompanying TMF Capacity Survey Calculator spreadsheet.

TECHNICAL SCORE:
MANAGERIAL SCORE:
FINANCIAL SCORE:
TOTAL CAPACITY EVALUATION SCORE:

Water system satisfies NRS 445A.817, 827 and 847 Statutory Definitions for "Technical, Managerial and Financial Capability." Please note that capacity and capability are used interchangeably in this document. Assumes a score of 65% or higher in each capacity category.
_____Yes _____No

Note that water systems that lack adequate TMF Capacity or that cannot reasonably achieve adequate TMF Capacity may be ineligible for financial assistance from the Drinking Water State Revolving Fund (NAC 445A.67563).

_____PWS Uninterested/Uncooperative _____Contact Not Possible

Good way to determine your starting place and areas for improvement

May be possible to roll some of the activities into the overall project

Others you can get help to improve

For each indicator, please rate yourself on a scale of 1-3, based on your system's current capacity. If your water system is interested in technical assistance for a particular question/indicator, please check the item labeled "Interested in TA" and provide any comments.

Technical Capacity

NRS 445A.847 "Technical capability" defined. *"Technical capability" means the ability of a public water system to:*

1. *Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system;*
2. *Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and*
3. *Employ operators who have the technical knowledge and ability to operate the system*

1. Does the water system have a digital utility map/service area map of the entire service area that includes the location of each water source, treatment facility, pumping station, reservoir, pressure zone and control and isolation valve? Are service area boundaries outlined? Does the map include future growth areas? Are precise "As-Built" plans or drawings prepared and maintained for all new facilities? The water system should have copies of the actual CAD drawings as well as paper copies.

_____ Interested in TA _____ N/A

Comments:

	Assessment			Score (1-3)
Mapping	**Strong Technical Capacity 3**	**Moderate Technical Capacity 2**	**Weak or deficient Technical Capacity 1**	
As-Built Plans	As-Built plans have been reviewed and are 100% accurate	As-Built plans have been reviewed but are <100% accurate	As-Built plans have not been reviewed, or are not accurate, or are not maintained for any facilities	
Computer Aided Design (CAD) Maps	PWS has up to date CAD maps both in digital and paper format	PWS has CAD maps in both digital and paper format, but they have not been updated to reflect recent water system changes (e.g. adding valves etc.)	PWS only has maps in paper format	
Water System Assets	All current water system assets are identified in maps including: sources, storage tanks, valves, booster pumps, water lines, hydrants, etc.	Because maps are not updated annually, some water system assets &/or minor changes have not yet been included	Because maps are not updated annually, many water system assets/changes have not yet been included	

Can get help from TA Providers:

EFCN
RWA
RCAP

For each indicator, please rate yourself on a scale of 1-3, based on your system's current capacity. If your water system is interested in technical assistance for a particular question/indicator, please check the item labeled "Interested in TA" and provide any comments.

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_____ Interested in TA _____ N/A

Comments:

	Assessment			Score (1-3)
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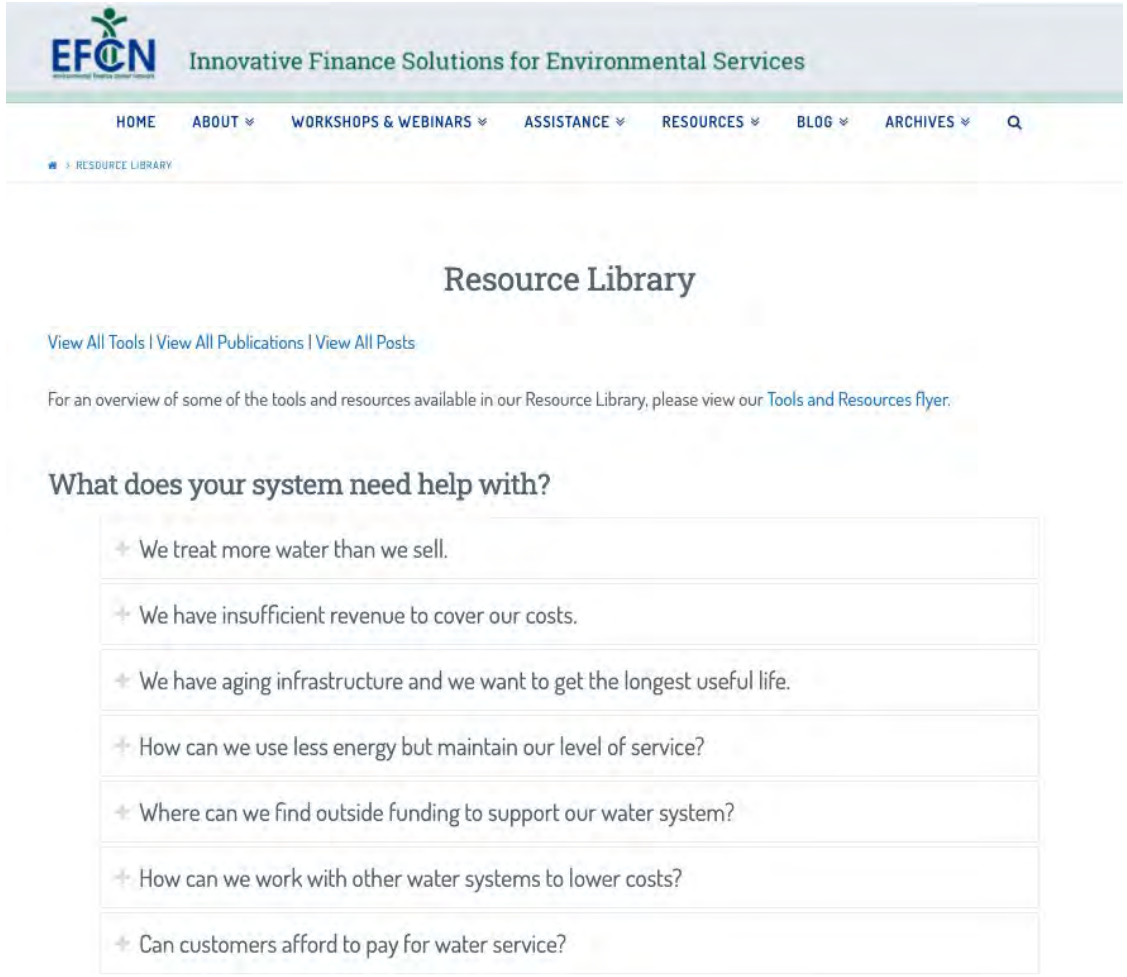
Free resources are out there as well



https://efcnetwork.org/

Build Capacity With Asset Management

What is the #1 reason your water, wastewater, or stormwater system exists?

To serve your customers

What is the best reason to take on Asset Management?

To ***Better*** serve your customers

https://www.piqsels.com/en/public-domain-photo-jfodp

By its very definition, Asset Management is meeting the desired level of service at the lowest life cycle cost.

By its very definition, Asset Management is meeting the *desired level of service* at the lowest life cycle cost.

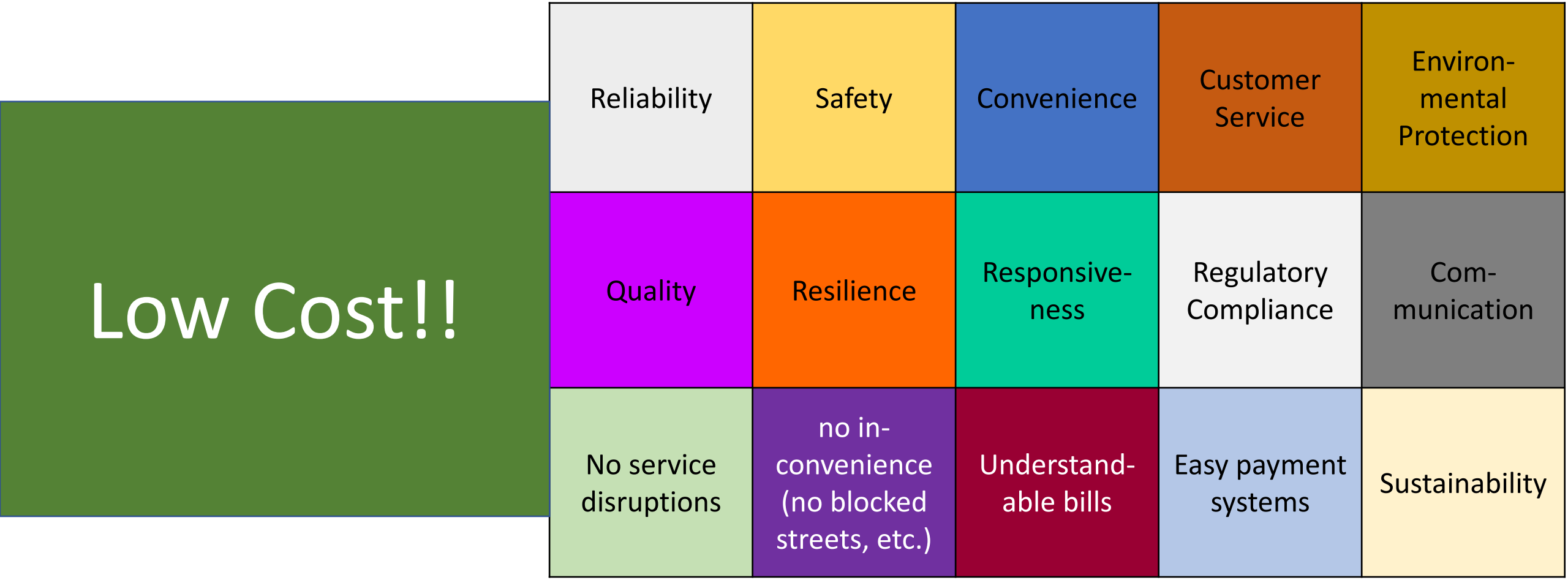
To serve your customers

By its very definition, Asset Management is meeting the *desired level of service* at the *lowest life cycle cost*.

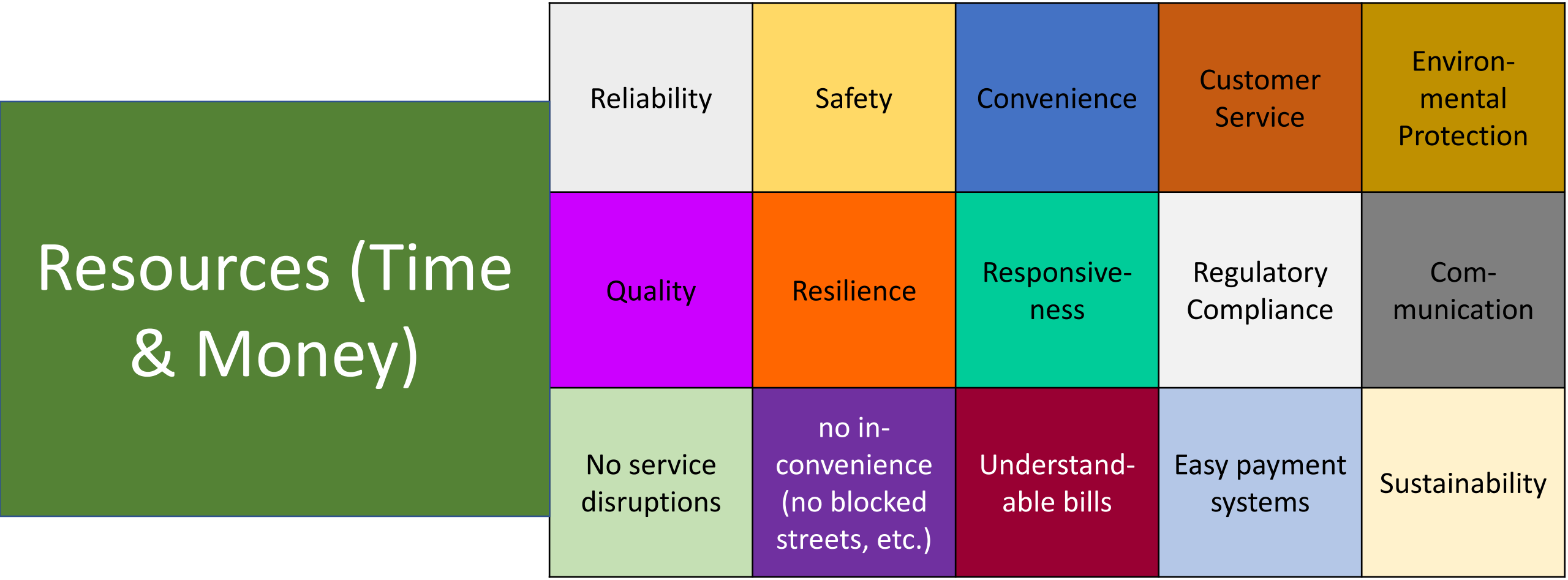
To ***Better*** serve your customers

Reliability	Safety	Convenience	Customer Service	Environ-mental Protection
Quality	Resilience	Responsive-ness	Regulatory Compliance	Com-munication
No service disruptions	no in-convenience (no blocked streets, etc.)	Understand-able bills	Easy payment systems	Sustainability

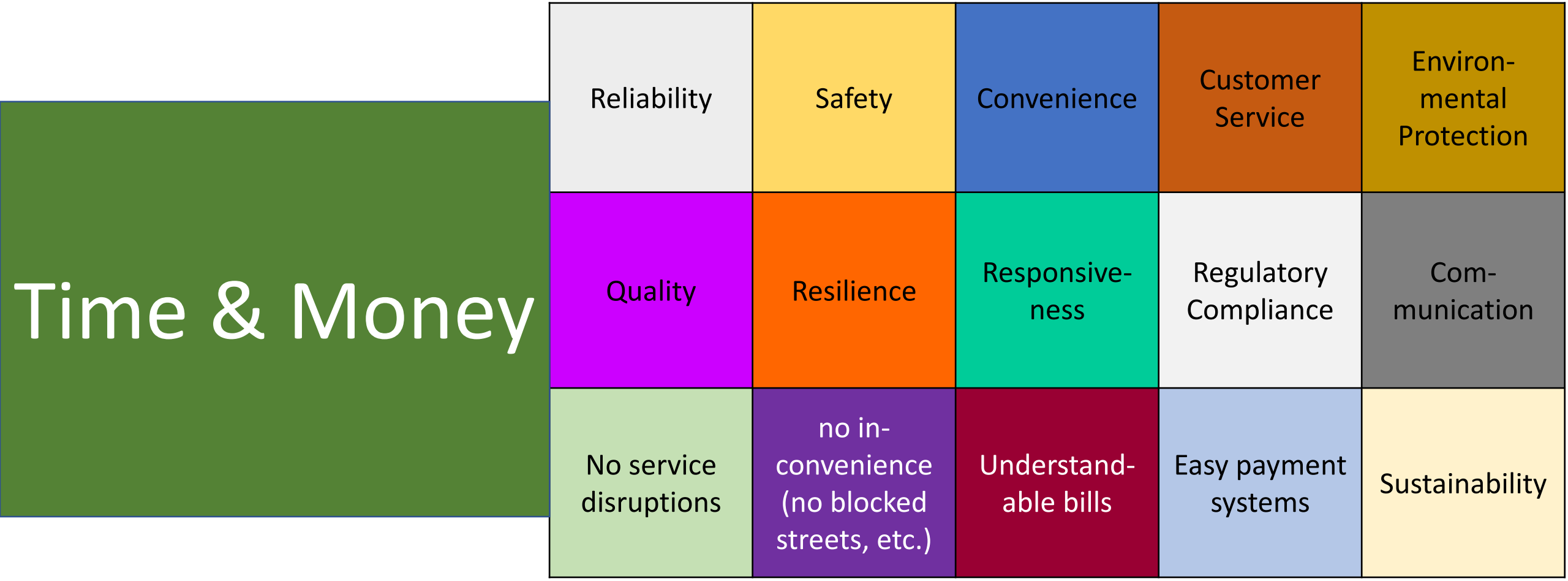
What kind of things do customers want?



One other big thing they want

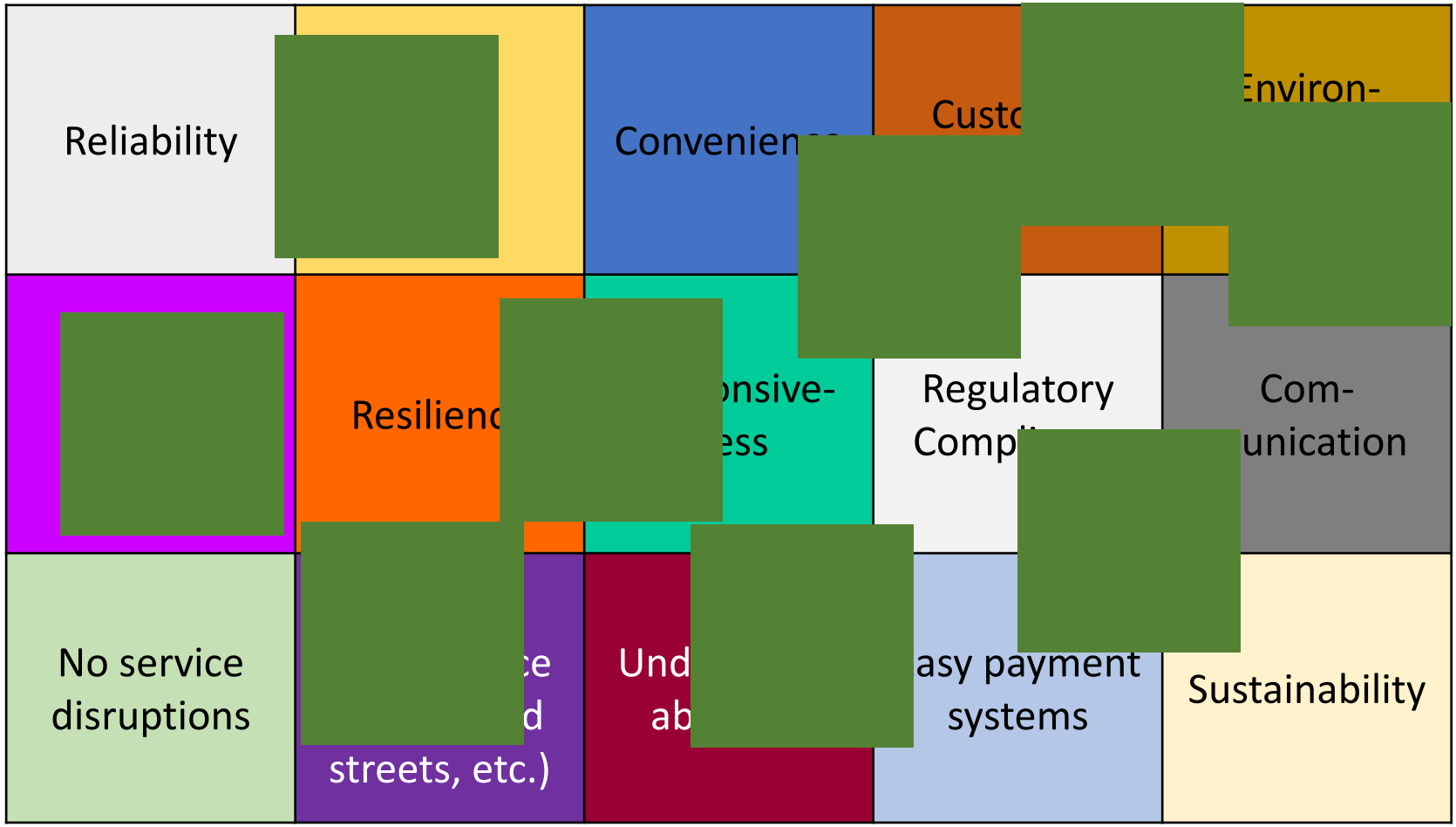


The amount customers pay (or is otherwise provided by Tribal government) provide the utility its resources



Financial resources don't always cover all the items. So, what happens?

Time and Money



Resources are spread around

What’s the impact of these choices?

Are the highest priority customer service requirements being met?

How would you know and what would you do if they’re not met?

Asset Management provides the framework to make these decisions in the best way for your customers

Picture credit: Markus Grossalber

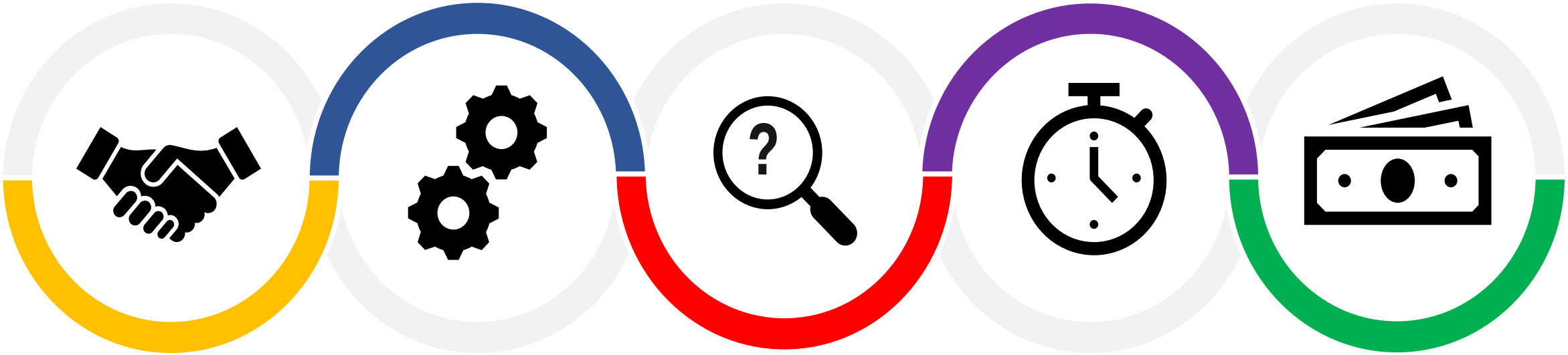
https://www.flickr.com/photos/58883622@N02/8417927326

Five Major Components

What service level do you want to provide?

Which ones are most critical to provide that service?

Do you have the money to get it all done?



What assets do you have?

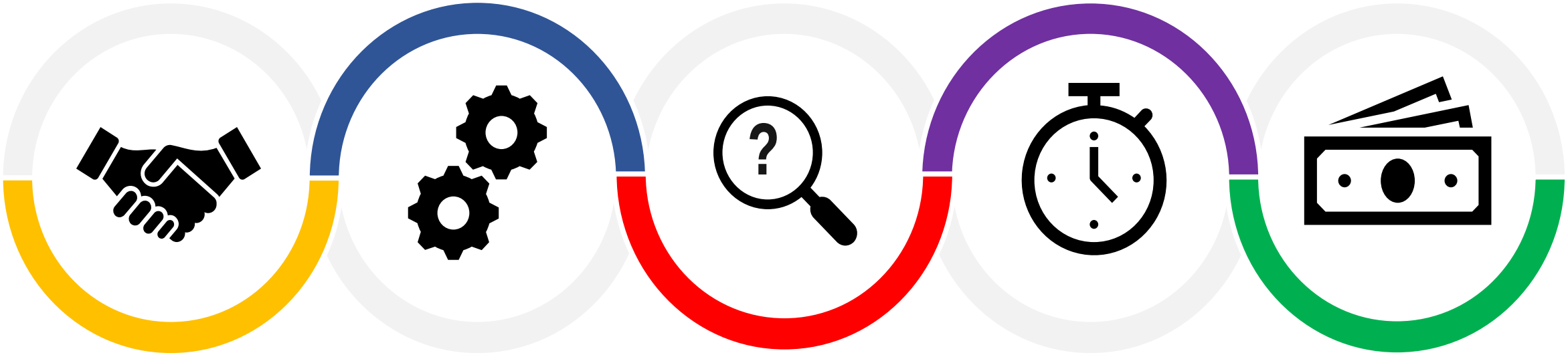
How do you ensure the assets do their job over their life spans?

Five Major Components

What service level of service do you want to provide?

Which ones are most critical to provide that service?

Do you have the money to get it all done?



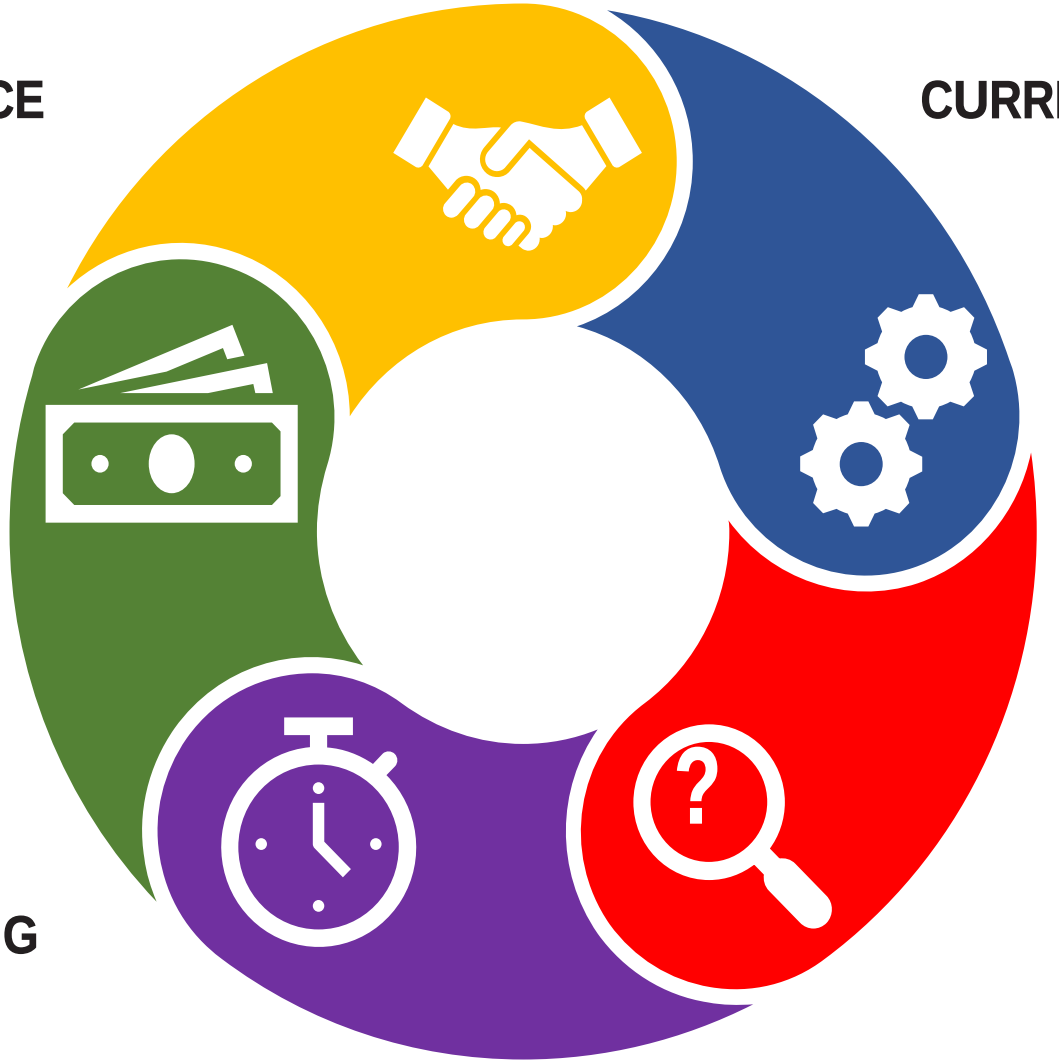
What state of the Assets are they in?

How do you ensure the assets do their job over their life spans?

Asset Management Is Not Actually Linear

LEVEL OF SERVICE

CURRENT STATE OF THE ASSETS



LONG-TERM FUNDING

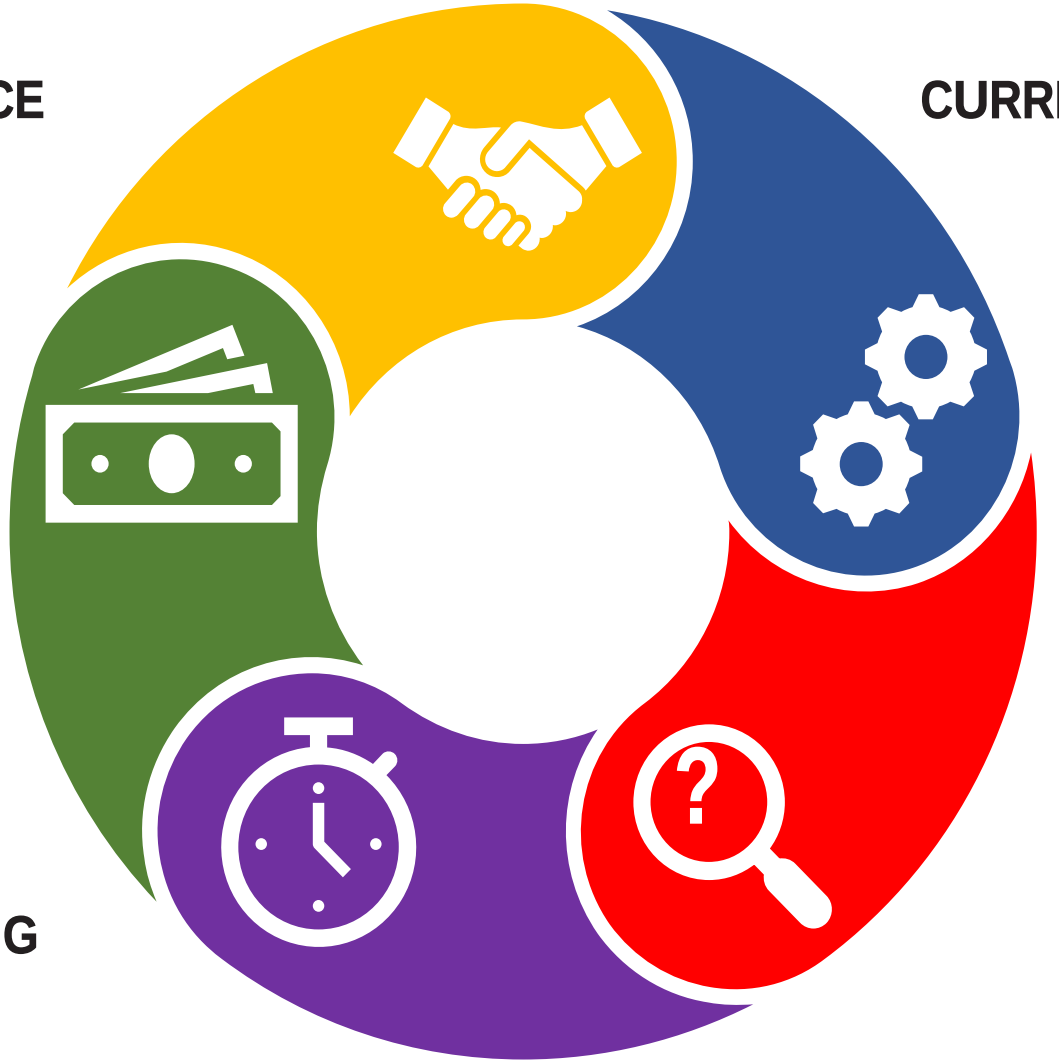
CRITICALITY

LIFE CYCLE COSTING

It has no beginning or end

LEVEL OF SERVICE

CURRENT STATE OF THE ASSETS



LONG-TERM FUNDING

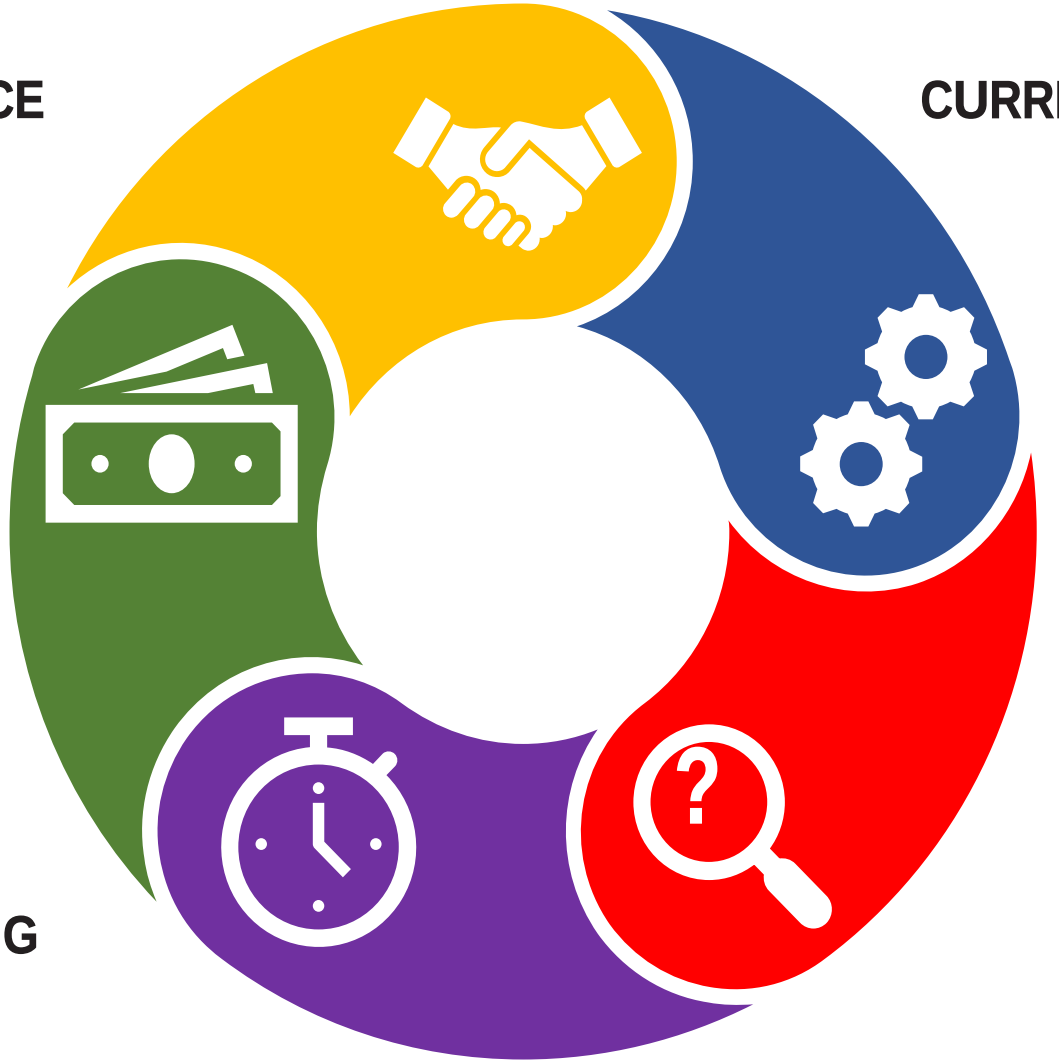
CRITICALITY

LIFE CYCLE COSTING

It is a journey not a destination

LEVEL OF SERVICE

CURRENT STATE OF THE ASSETS



LONG-TERM FUNDING

CRITICALITY

LIFE CYCLE COSTING

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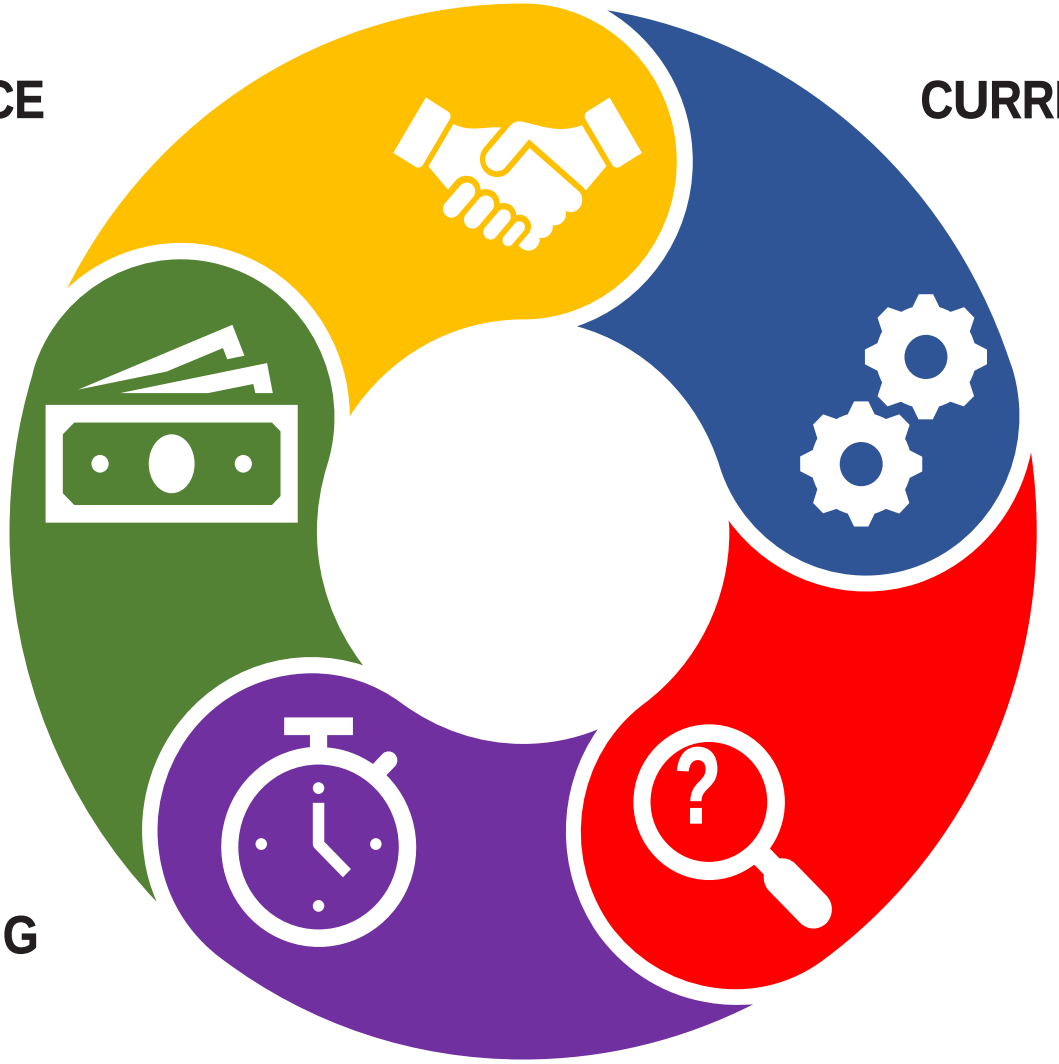
LEVEL OF SERVICE

CURRENT STATE OF THE ASSETS



LONG-TERM FUNDING

CRITICALITY

LIFE CYCLE COSTING

AM Addresses much of capacity but in a strategic framework

Can measure starting point

Can measure progress

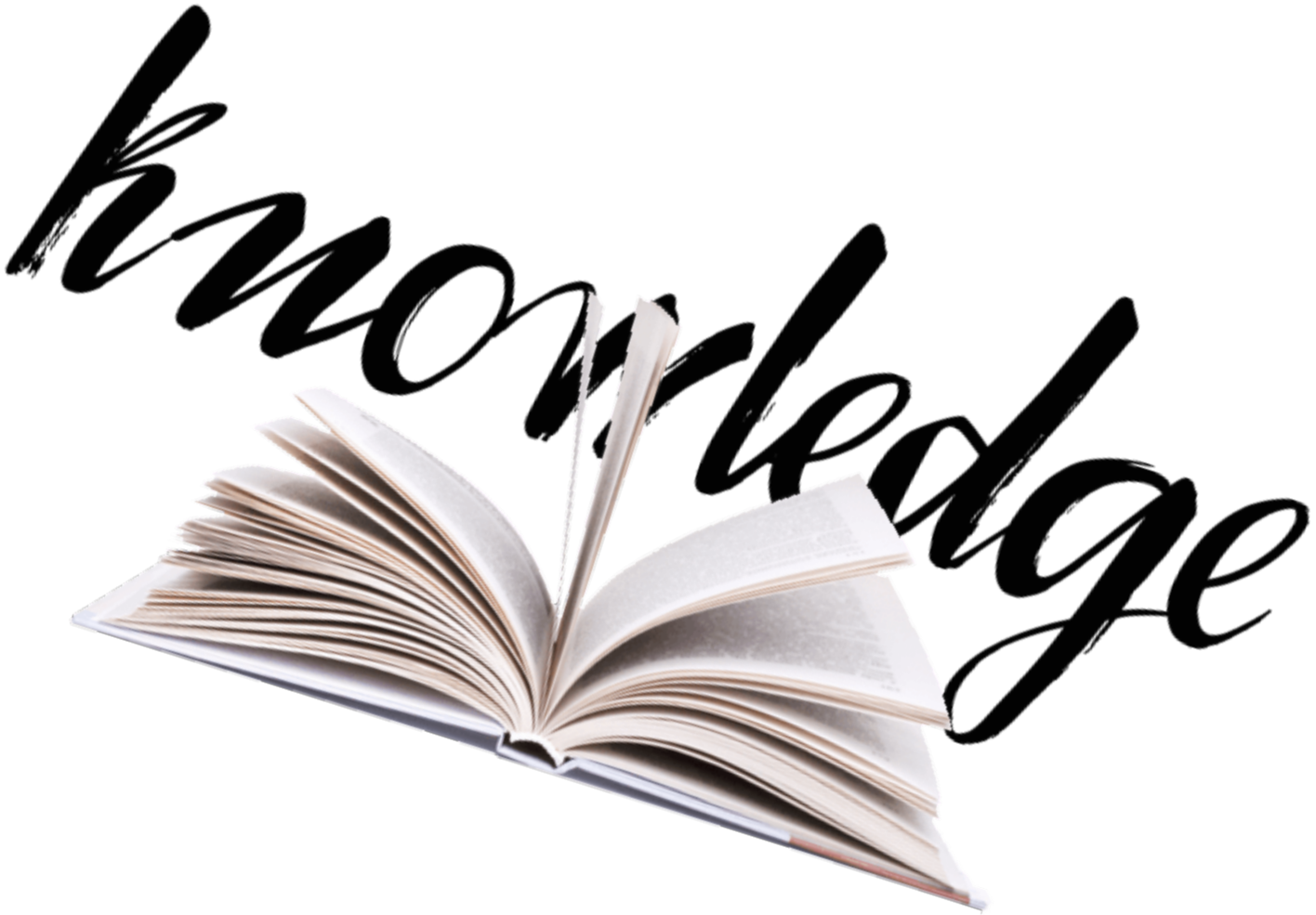
Continuous improvement process

So Where to Start?????

One Option: Start with a Map

To collect location data and asset attribute information on assets in the community

Where Else Can You Start?????



Establishing a legacy

How do you create a legacy of information from a long-term operator?

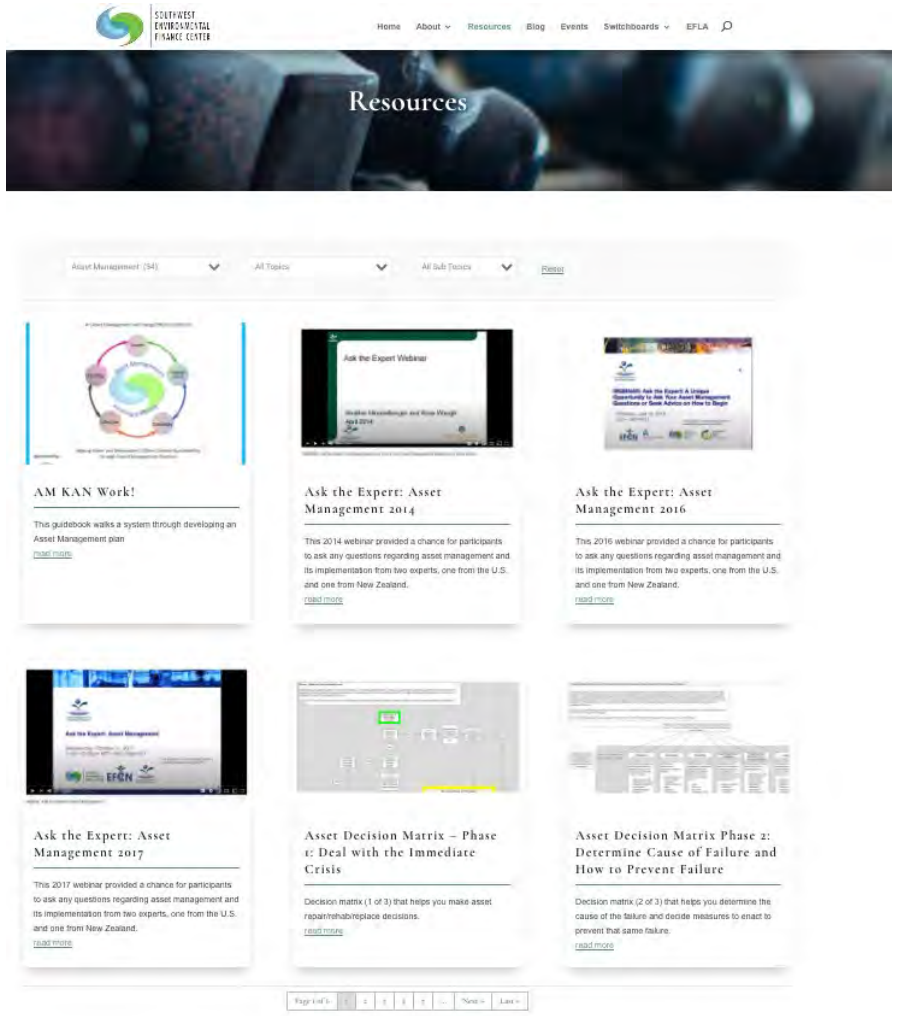
Where Else Can You Start?????

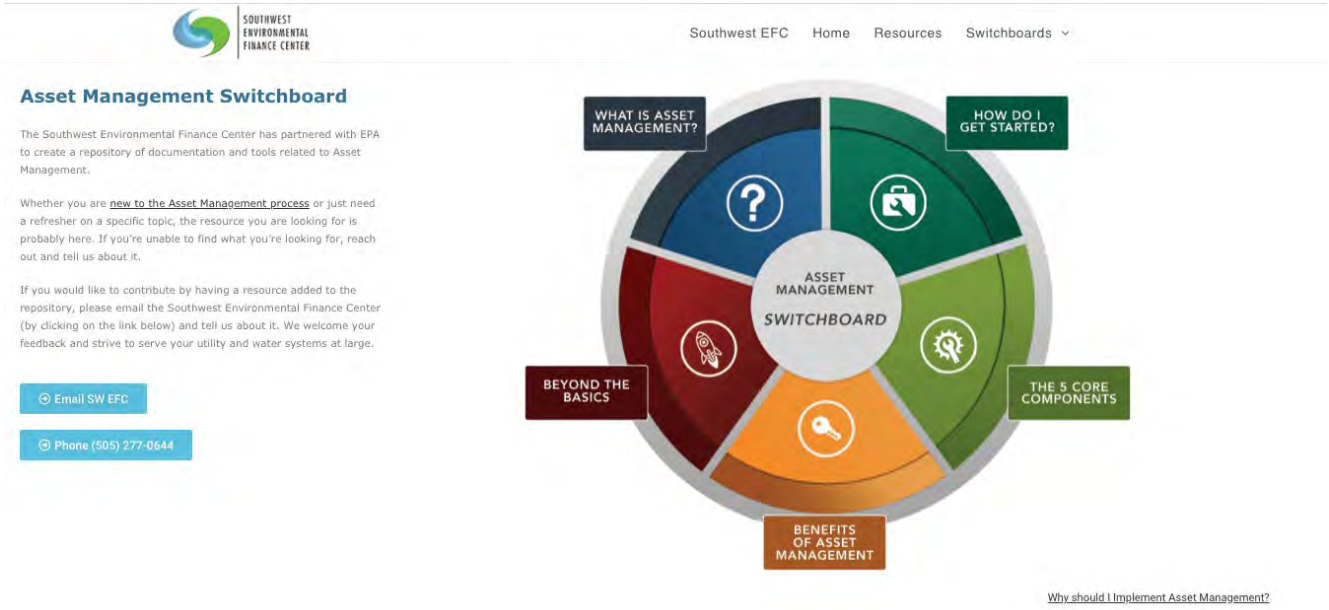
Using Data to Improve Decision-Making

Turning the information the utility has into data that can be used to make better decisions

When you’re ready to begin there are resources to help

Free resources are out there as well





https://swefcamswitchboard.unm.edu/am/

https://swefc.unm.edu/home/resources/

Asset Management vs. Fiscal Sustainability Plans

VS.

Office of Financial Assistance Guideline and Policy	EFFECTIVE DATE **February 25, 2019**	PAGE Page 1 of 5
SUBJECT: Fiscal sustainability plan required for CWSRF & DWSRF loan recipients		

This guideline and policy is created to describe the Office of Financial Assistance (OFA) requirements for a fiscal sustainability plan (FSP).

Background:

On June 10, 2014, President Obama signed into law the Water Resources Reform and Development Act of 2014. Among its provisions are amendments to Titles I, II, V, and VI of the Federal Water Pollution Control Act (FWPCA). The act is codified in Title 33 of the United States Code. As amended, the FWPCA now includes section 603(d)(1)(E), which states:

> *(E) for a treatment works proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c)(1), the recipient of a loan shall—*
> *(i) develop and implement a fiscal sustainability plan that includes—*
> *(I) an inventory of critical assets that are a part of the treatment works;*
> *(II) an evaluation of the condition and performance of inventoried assets or asset groupings;*
> *(III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and*
> *(IV) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or*
> *(ii) certify that the recipient has developed and implemented a plan that meets the requirements under clause (i);*

Under this new law, a recipient that receives funding from the Clean Water State Revolving Fund (CWSRF) must develop and implement a FSP or certify that it has already developed and implemented such a plan. This only applies for projects that involve the repair, replacement, or expansion of a publicly-owned treatment works (33 U.S.C. §1383 (d)(1)(e)).

FSPs are not required for:

- New treatment works (unless they are physically replacing an existing treatment works or expanding the treatment capacity of an existing system)
- Projects involving an upgrade that does not involve repair/replacement or expand the treatment capacity (e.g., adding advanced treatment).

NV has merged these together so that the best of both are incorporated

Wrap Up

Identify the Need for the Project

Remember to Think About the Level of Service You Provide to Your Customers

What is the current level of service you are providing?

- Do you know? If not, you should

Will the project you are contemplating help your level of service?

- If the project doesn't improve LOS or enable you to maintain LOS, should you do it?

Use Data to Back Up the Need

Make sure to perform a thorough Alternatives Evaluation

Don’t Forget the Importance of Planning

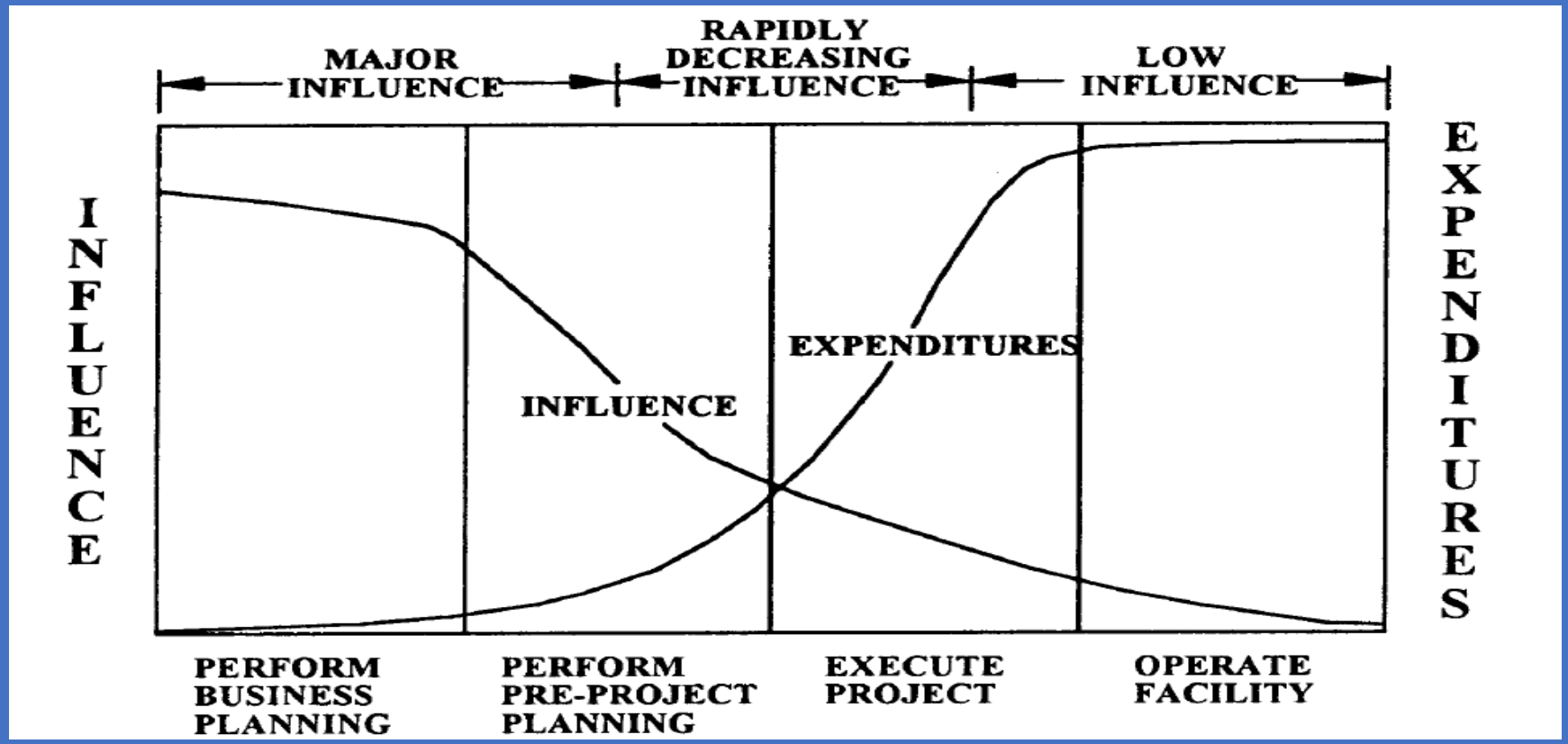


Figure 2. Relationship between influence and expenditures over project lifetime[2]

Engage professionals and work with them collaboratively

Think about how you will fund the project. Will the SRF program be part of the funding program? If so, there are resources to help you with this funding.

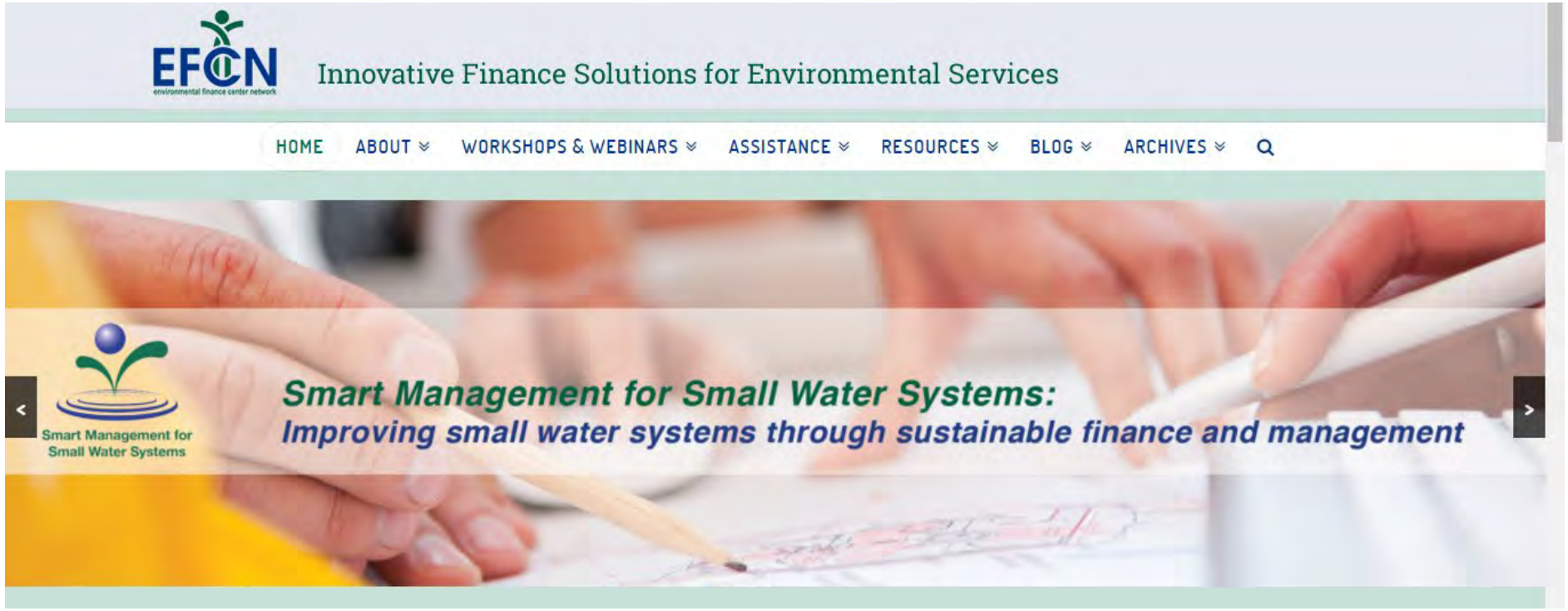
Your own funding (from reserves or rates)

Federal or state loans or grants

Other outside sources (bonds, private banks)

Build Internal Capacity

Help is Possible



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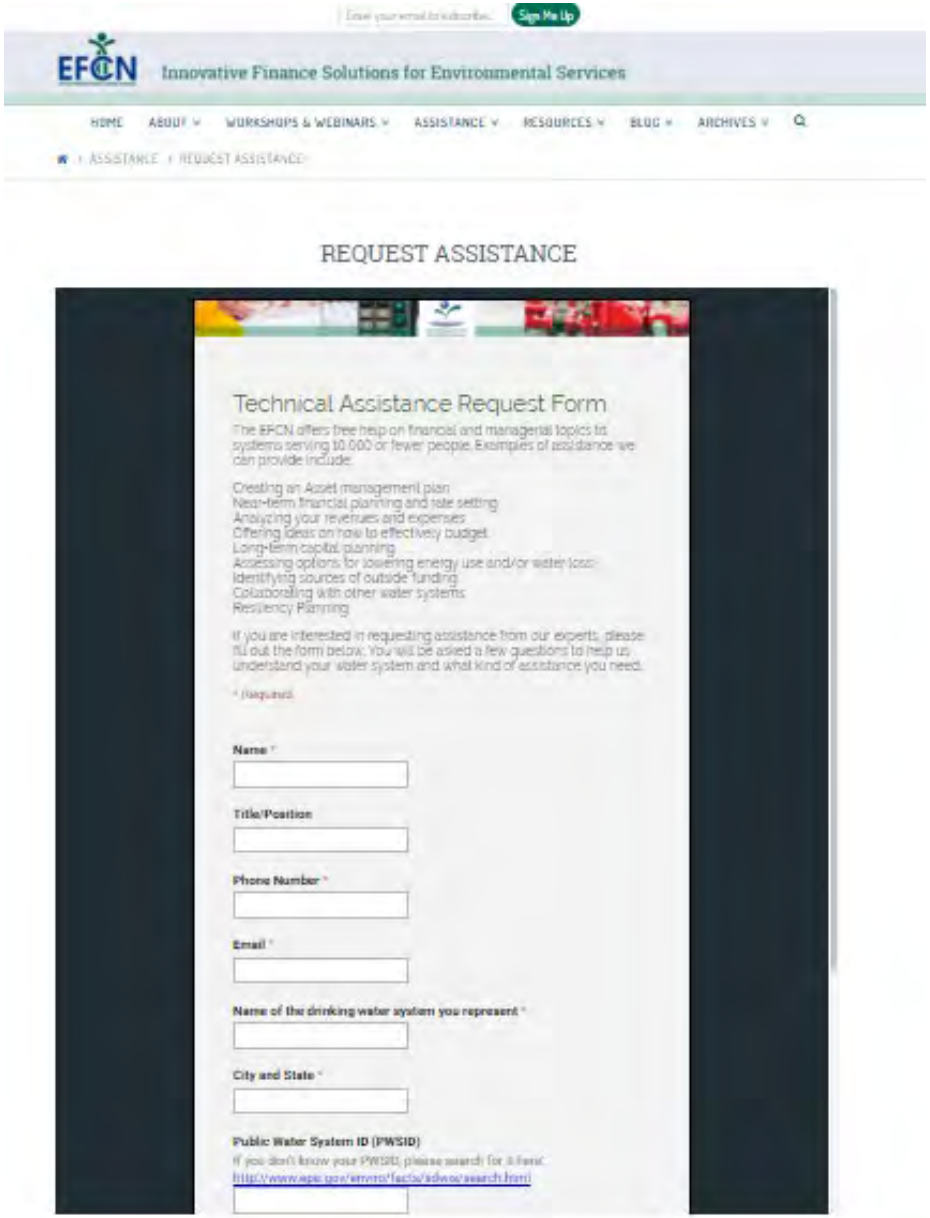

Fill out Request Form for Assistance

CONTACT INFORMATION

SOUTHWEST
ENVIRONMENTAL
FINANCE CENTER

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