Indiana Finance Authority
State Revolving Fund Loan Program

ACEC Environmental Business & Funding Sources Conference
September 15, 2016

Camille Meiners, PE
State Revolving Fund Section Chief
Indiana Finance Authority

State Revolving Fund
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Indianapolis, Indiana 46204
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317-234-3661
Program Overview/Update
- Current Projects
- Existing Requirements

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

Flood Control Revolving Fund

Questions
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%

- **Additional Interest Rate Reduction**
  
  Infrastructure Climate Resiliency/Extreme Weather
  Green/Sustainable Projects
  Non-point Source Projects

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

  $ 5 Million in Clean Water planned in SFY 2017
  $ 4 Million in Drinking Water planned in SFY 2017
  $ 35.4 Million in Clean Water 2010-2016
  $ 23.4 Million in Drinking Water 2010-2016
The SRF State Fiscal Year 2017 Project Priority Lists (Q1) identify $1.3 billion in infrastructure needs.

<table>
<thead>
<tr>
<th>Identified Needs</th>
<th>SFY 2016 Funding Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drinking Water</td>
<td></td>
</tr>
<tr>
<td>$75,200,172</td>
<td>$35 Million</td>
</tr>
</tbody>
</table>

Clean Water

- $1,094,687,337 Large Systems
- $146,706,106 Small Systems
- $250 Million
- $50 Million

To view the Project Priority Lists: [http://www.in.gov/ifa/srf/2373.htm](http://www.in.gov/ifa/srf/2373.htm)
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Program Results as of June 30, 2016

- 483 Clean Water loans closed
- 228 Drinking Water loans closed
- Over 300 Communities served
- Over $4.0 Billion in loan closings
- Over $3.6 Billion disbursed to communities
- Over past 4 years, $240 Million interest savings
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Clean Water
Loans Closed
SFY 1992-2016
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Drinking Water
Loans Closed
SFY 1999-2016
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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)
  – Began with the Consolidated Appropriations Act, 2014 which was signed into Law January 17, 2014
  – Attachments I & J
  – Certifications
    • Project Name
    • What it is/What it is for
    • City and State
    • Signature
American Iron & Steel (AIS)
- Inspections
- Online Information: http://www.in.gov/ifa/srf/2376.htm
- Contact Amy Henninger
  - 317-232-6566
  - ahenning@ifa.in.gov
Signed into law June 10\textsuperscript{th}, 2014
• Impacts CLEAN WATER (WW) projects ONLY
• Revised WW guidance – Oct. 2015
• SRF Link: \url{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)

• Any application on or after October 1, 2014

• ALL WASTEWATER PROJECTS

• Address in Chapter 7

• Eligible Expense

• Fact Sheet, Guidance, Certifications, Example

http://www.in.gov/ifa/srf/2924.htm
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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 Example:
Asset Inventory, Condition and Performance

<table>
<thead>
<tr>
<th>Asset</th>
<th>Condition Rating</th>
<th>Probability of Failure (PoF)</th>
<th>Consequence of Failure (CoF)</th>
<th>Criticality¹ (PoF x CoF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VFDs</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>9 – Important, not Critical</td>
</tr>
<tr>
<td>Plug Valves</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>9 - Important, not Critical</td>
</tr>
<tr>
<td>Check Valves</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>9 - Important, not Critical</td>
</tr>
<tr>
<td>Electrical, MCCs</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>8 – Not Critical</td>
</tr>
<tr>
<td>Air Valves²</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6 – Not Critical</td>
</tr>
<tr>
<td>Multi-Rake Screen No. 1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 – Not Critical</td>
</tr>
<tr>
<td>Multi-Rake Screen No. 2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 – Not Critical</td>
</tr>
<tr>
<td>Screenings Conveyor No. 1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 – Not Critical</td>
</tr>
<tr>
<td>Screenings Conveyor No. 2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 – Not Critical</td>
</tr>
<tr>
<td>Screenings Compactor</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 - Not Critical</td>
</tr>
<tr>
<td>Odor Control System</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6 - Not Critical</td>
</tr>
<tr>
<td>HVAC System</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4 - Not Critical</td>
</tr>
<tr>
<td>Gas Monitoring System</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4 - Not Critical</td>
</tr>
<tr>
<td>Back-up Generator and Automatic Transfer Switch</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4 - Not Critical</td>
</tr>
<tr>
<td>Controls (LCP with HMI, PLC and SCADA system)²</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>4 – Not Critical</td>
</tr>
<tr>
<td>Flow Meter²</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1 - Not Critical</td>
</tr>
</tbody>
</table>

1. Table is sorted by Criticality, in descending order, whereby items of highest Criticality are listed first.
2. Replaced as part of this project.
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Fiscal Sustainability Plans (FSP)

FSP Example:

“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

Asset Management and Fiscal Planning

<table>
<thead>
<tr>
<th>Replacement, Rehabilitation, and Improvement Expenses Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description                                         Need                          Year Needed</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Add Pump No. 4                                     Increase capacity for future expansion.</td>
</tr>
<tr>
<td>Add VFD for Pump No. 4                             Increase capacity for future expansion.</td>
</tr>
<tr>
<td>Replace Controls (LCP with HMI, PLC and SCADA system) Equipment reaching end of useful life.</td>
</tr>
<tr>
<td>Replace Plug Valves                                 Valves reaching end of useful life.</td>
</tr>
<tr>
<td>Replace Check Valves                                Valves reaching end of useful life.</td>
</tr>
<tr>
<td>Upgrade MCCs and Electrical System                  Equipment reaching end of useful life.</td>
</tr>
</tbody>
</table>

Build into rates? Low-interest loan in the future?
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Fiscal Sustainability Plans (FSP)

NPDES Permits

Paul Novak, Permits Branch Chief
317-234-8938
pnovak@idem.in.gov
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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
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
## Cost & Effectiveness (C/E)

<table>
<thead>
<tr>
<th></th>
<th>New Plant</th>
<th>Rehab Plant</th>
<th>Regionalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction Cost Summary</strong></td>
<td>$677,000</td>
<td>$454,000</td>
<td>$1,313,750</td>
</tr>
<tr>
<td><strong>Collection System Repairs</strong></td>
<td>$25,000</td>
<td>$25,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>$702,000</td>
<td>$479,000</td>
<td>$1,313,750</td>
</tr>
<tr>
<td><strong>Contingencies (10%)</strong></td>
<td>$70,200</td>
<td>$47,900</td>
<td>$131,380</td>
</tr>
<tr>
<td><strong>Non Construction</strong></td>
<td>$193,050</td>
<td>$131,725</td>
<td>$350,500</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>$990,250</td>
<td>$683,625</td>
<td>$1,795,630</td>
</tr>
<tr>
<td><strong>Annual O, M &amp; R</strong></td>
<td>$46,000</td>
<td>$46,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Present Worth Description**
(20 years at 1.2%)

<table>
<thead>
<tr>
<th></th>
<th>New Plant</th>
<th>Rehab Plant</th>
<th>Regionalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Capital Cost</strong></td>
<td>$990,250</td>
<td>$683,625</td>
<td>$1,795,630</td>
</tr>
<tr>
<td><strong>Present Worth O, M &amp; R</strong></td>
<td>$813,616</td>
<td>$813,616</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Present Worth of Monthly Fees</strong></td>
<td>-</td>
<td>-</td>
<td>$187,549</td>
</tr>
<tr>
<td><strong>Total Present Worth</strong></td>
<td>$1,803,866</td>
<td>$1,497,241</td>
<td>$1,983,179</td>
</tr>
<tr>
<td><strong>User Fees - Construction</strong></td>
<td>$202</td>
<td>$139</td>
<td>$366</td>
</tr>
<tr>
<td><strong>User Fees - OM&amp;R</strong></td>
<td>$153</td>
<td>$153</td>
<td>$35</td>
</tr>
<tr>
<td><strong>Total estimated User Fee</strong></td>
<td>$355</td>
<td>$293</td>
<td>$401</td>
</tr>
</tbody>
</table>
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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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**Flood Control Program**

- Transferred to IFA in 2016 from the Department of Natural Resources
- Applications may be submitted at any time.
- **Loan Terms**
  - Maximum borrowing amount is $250,000
  - 2.0% for loan terms between 1 year and 5 years
  - 2.5% for loan terms over 5 years to 10 years
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Flood Control Program

- Flood control projects must provide benefits to their communities and may include one or more of the following endeavors:
  - The removal of obstructions and accumulated debris from channels of streams
  - The clearing and straightening of channels of streams
  - The creating of new and enlarged channels of streams, wherever required
  - The building or repairing of dikes, levees, or other flood protective works
  - The construction of bank protection works for streams
  - The establishment of floodways
  - Conducting all other activities that are permitted by the federal Flood Control Act and federal Clean Water Act
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**Flood Control Program**

Project priority ranking will be based on the need of the Participant for a proposed flood control program as the need is related to the needs of other applicants. Emergency relief from actual or threatened flood damage may be considered regardless of priority rankings.

Contact Shelley Love, SRF Administrator  
317-234-4396, slove@ifa.in.gov

More information at:  www.in.gov/ifa/srf/2957.htm
Questions?

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www.srf.in.gov