

# The Watershed

*The Latest Happenings in Indiana's State Revolving Fund Loan Program*

*Spring 2011*

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Thank you for taking a look at our Spring 2011 Newsletter. The enclosed articles will update you about current SRF activities, programmatic requirements, and highlight several of our successful projects. As the ground thaws and construction schedules resume, we look forward to visiting with our borrowers and reviewing the progress made on their projects.

As always, the SRF Loan Program staff is eager to help interested communities in the financing of their important infrastructure improvements. If you are interested in closing a SRF loan, please contact Bill Harkins, SRF Program Director, at [wharkins@ifa.in.gov](mailto:wharkins@ifa.in.gov) or 317-234-4862.

Sincerely,  
Jim McGoff,  
Director of Environmental Programs

## SRF Interest Rates

Drinking Water SRF Interest Rates	User Rates(Over \$45)	User Rates(\$25 to \$45)	User Rates(Under \$25)
Tier III (MHI*: under \$33,669)	2.62%	2.87%	3.37%
Tier II (MHI: \$33,670 to \$41,566)	2.87%	3.12%	3.62%
Tier I (MHI: over \$41,567)	3.12%	3.37%	3.87%
Wastewater SRF Interest Rates	User Rates(Over \$50)	User Rates(\$30 to \$50)	User Rates(Under \$30)
Tier III (MHI*: under \$33,669)	2.62%	2.87%	3.37%
Tier II (MHI: \$33,670 to \$41,566)	2.87%	3.12%	3.62%
Tier I (MHI: over \$41,567)	3.12%	3.37%	3.87%

### How do I complete my ARRA Loan?

Projects financed by SRF loans which included ARRA funds must be substantially complete with 24 months of loan closing. Upon substantial completion of each PER-approved project, a borrower is responsible to provide SRF with the following documentation:

1. the Certificate of Substantial Completion as issued by the project engineer;
2. a completed ARRA Inspection Checklist verifying that Buy American, Davis-Bacon, and Green Project Reserve requirements have been met; and
3. a signed Borrower Self-Certification Letter.

If the loan has no remaining funds, once items 1-3 are received, the loan will be retired.

### What To Do With Remaining Loan Funds

In the event that your loan has remaining unused funds, all SRF borrowers (ARRA and non-ARRA) may choose one of the following options:

- Amend the preliminary engineering report (PER) to include additional projects.
  - Submit a PER amendment (consisting of need for project, cost estimates, and environmental impacts).
  - Receive PER approval.
  - Complete the project.
  - Spend all unspent funds within 24 months of loan closing date.
  - Close-out the loan.
- Do no more projects, closing out the loan and returning un-used loan proceeds to SRF.

Should a borrower elect to close-out the loan, SRF will issue a new amortization schedule to the community based on the new loan amount. The borrower must also sign and return a Loan Completion Certificate to SRF.

### Tips for Paying Agent Agreements

1.) Remember to follow your monthly transfer schedules. Send the amounts to the Bank of New York Mellon Trust Company (BONY) monthly and send in the exact amount listed in the transfer schedule. This will help prevent having a shortfall in your bond and interest account or your debt service reserve account when your principal and/or interest payment is due.

2.) Double check the amount that needs to be transferred because amounts tend to change on January 1 and during various times throughout the year.

3.) It helps to send in a brief letter or note with your monthly payments that describes what accounts in which the money needs to be deposited. For example, if a community writes one check in the amount of \$100,000 and \$50,000 should be deposited into their Bond and Interest Account and \$50,000 into their debt service reserve account then write a brief note to inform the Bank of this.

4.) If you need an updated monthly transfer schedule, do not have a monthly transfer schedule, or do not understand your transfer schedule, please call your utility's financial advisor or Matt Martin with the SRF Loan Program at 317-234-1278.

5.) If you are a new Clerk Treasurer and do not have a copy of your Deposit Agreement that was signed with the Bank of New York Mellon Trust Company when your utility's SRF Loan was closed, then call the SRF Loan Program's General Counsel, Debbie Wright at 317-234-4863.



## Drinking Water Needs Survey

82 Water Utilities Asked to Help Indiana Increase Funding for Drinking Water Infrastructure Projects

*Indiana, are you ready to increase funds available to drinking water systems?*

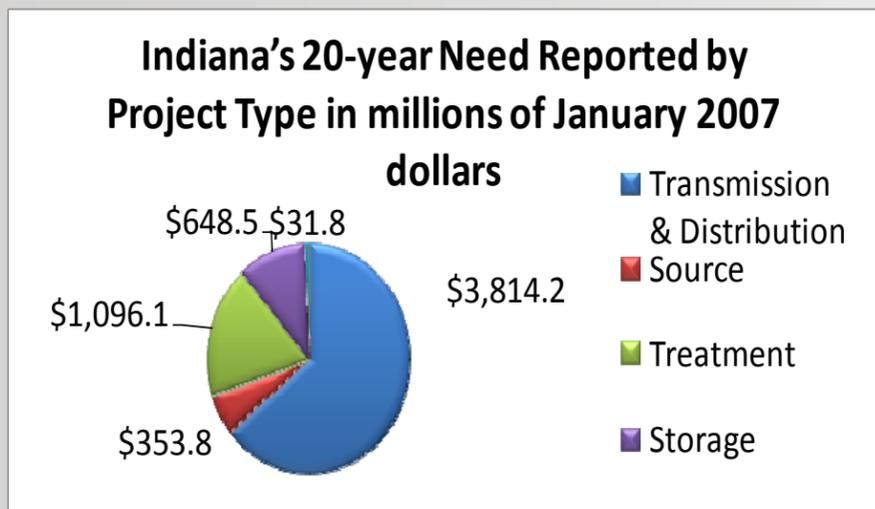
Conducted every four years, the Drinking Water Infrastructure Needs Survey and Assessment ("Needs Survey") asks a sample of drinking water systems to provide information related to 20-year capital improvement needs. The results of the survey directly impact the Indiana Drinking Water State Revolving Fund (DWSRF) Loan Program's national allotment.

The 2011 Drinking Water Needs Survey begins March 2011. The 82 community water systems selected to participate will be asked to provide documentation regarding needs and costs. Copies of Capital Improvement Plans, Master Plans, Preliminary Engineering Reports, Engineer's Estimates, and Bid Tabulations will be very useful.

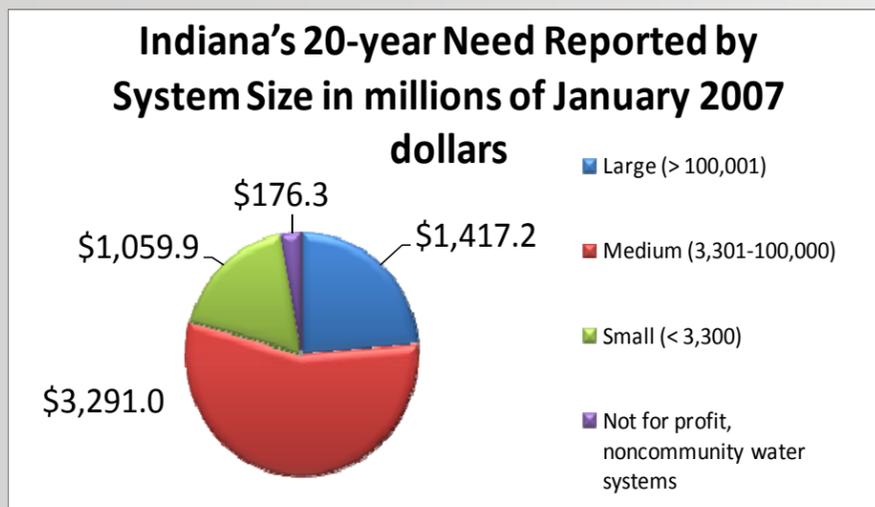
Please Contact: Ben Freeze, Interim DWSRF Program Administrator at 317-234-6835, [bfreeze@ifa.in.gov](mailto:bfreeze@ifa.in.gov) with questions.

### 2007 DW Needs Survey Results

Results of the 2007 Needs Survey revealed that Indiana's greatest drinking water infrastructure needs are transmission and distribution projects. Transmission and distribution infrastructure generally accounts for the majority of a utility's capital value. Small, rural systems can have miles of pipe, and, in large cities, the cost to replace water mains can be very expensive.



The 2007 Needs Survey also revealed that Indiana drinking water systems follow national trends for population, needs, and economies of scale. Large systems can take advantage of economies of scale, so they tend to serve more people at a lower cost. Unfortunately, small systems do not get the benefits of economies of scale; they tend to serve small populations, but at a higher cost. Medium sized systems represented Indiana's largest portion of need, which is more proportional to population served.



## Clean Water Needs Survey

### Coming in 2012!

The Clean Watersheds Needs Survey (CWNS) is a comprehensive assessment of the capital needs to meet the water quality goals set in the Clean Water Act. Every four years, the states and EPA collect information about:

- Publicly owned wastewater collection and treatment facilities
- Storm water and combined sewer overflows (CSOs) control facilities
- Nonpoint source (NPS) pollution controlled facilities
- Decentralized wastewater management

CWNS will start in 2012, and SRF will keep you posted on major deadlines. Most immediately, we recommend that you begin to document the needs in your community. (Don't forget your failing septic areas, storm water treated outfalls, and nonpoint source projects!)



### Five Clean Water Facts:

- 1.) Indiana demonstrated 10th highest in needs across the country.
- 2.) The 2008 survey increased national needs by \$1,253 Billion over the 2004 Needs Survey.
- 3.) The largest increased area of needs was shown in the Nonpoint Source Category with a 12.75% increase.
- 4.) The area with the biggest cost increase: New Collection Sewers.
- 5.) The area with the lowest cost increase: Combined Sewer Overflows.

## GPR Update

The SRF Loan Program's Green Project Reserve (GPR) Sustainability Incentive has developed into a successful program which encourages prospective borrowers to incorporate green components in their SRF projects. Eligible green projects include green infrastructure components, water or energy efficiency measures, and other environmentally innovative solutions. Based on the type and cost of the GPR component, a community may be eligible for improved ranking on the SRF Project Priority List as well as an interest rate break up to 0.5% on its SRF loan.

Depending on the unique characteristics of each GPR component, a project may be categorically eligible for GPR, as determined by EPA standards. SRF drafts Categorical Exclusion memos which delineate the threshold requirements of eligibility and how each particular component meets these requirements. In the event that more information is needed to justify a project's designation as GPR eligible, a Business Case, drafted by the borrower, may be required. All GPR projects which require a Business Case must have this document submitted to SRF for review prior to loan closing. Per EPA requirements, an approved Business Case must be posted on SRF's website. Please visit the SRF's GPR website to view posted Business Cases: <http://www.in.gov/ifa/srf/2381.htm>.

Preliminary Engineering Reports (PERs) submitted to SRF for review may contain cost estimates of GPR components. Following bid authorization, an SRF participant must include Attachment G (available in the SRF Front-End Certification Addenda on SRF's website) in the appropriate bid packets and require bidders to include a full cost breakdown of each GPR component. A final summary of all construction and engineering-related GPR costs as detailed in Attachment H must be submitted to SRF with post-bid documentation. Receipt of Attachment H is a condition of loan closing.

Please contact Rich Ziemba at 317-234-3661 or [rziemba@ifa.in.gov](mailto:rziemba@ifa.in.gov) if you have questions about GPR eligibility.

## Pre-Construction Meetings: Coordination with SRF Engineers

SRF engineers and Labor Standard Administrators (LSAs) are continuing to attend pre-construction meetings in-person and via teleconference for projects which have closed an SRF-financing. Consulting engineers must provide SRF with sufficient notice of a scheduled pre-construction meeting. SRF may request that a second conference or labor standards meeting is held in the event that notice of the original pre-construction meeting is not provided.

Items to be covered by SRF at pre-construction meetings include:

- GPR Bidding Documents, where applicable
- Davis-Bacon Wage Requirements
- On-site SRF Inspections/Financial Reviews
- Contractor Retainage Agreements

These meetings are good opportunities for SRF to assist communities with project implementation and to receive feedback in order to improve our process.

## Top Five PER Tips: Environmental Maps

The State Revolving Fund (SRF) Loan Program helps communities to navigate the environmental review process. Below are some tips that we've learned along the way that may expedite your review:

- 1.) Before preparing a Preliminary Engineering Report (PER), please set up a planning conference call or visit SRF's offices to determine which environmental maps should be included in the PER environmental section.
- 2.) Soils maps, floodplain maps or wetland maps are not always needed for SRF projects.
- 3.) Where available, Interim Report maps showing the project elements are always needed.  
Whether a project is seeking funds from Rural Development (RD), the Office of Community and Rural Affairs (OCRA) or SRF, please show all proposed project elements (lines, lift stations, tanks, treatment plants, etc.) on the environmental maps, including Interim Report maps.
- 4.) Use the Indiana Map (<http://inmap.indiana.edu/index.html>) to create or augment your environmental graphics. Please note that 100-year floodplain maps are not available on that site for all counties, including Allen, Marion, Vanderburgh. Please consult the FEMA maps at the address given in SRF's Environmental graphics guidance or local reliable sources, such the Indianapolis General Map Viewer.
- 5.) Always check the SRF website for the latest guidance on environmental discussion and graphics as these documents are updated several times a year. See the most recently revised guidance documents here: [http://www.in.gov/ifa/srf/files/Environmental\\_Discussion\\_Guidance\\_Feb\\_7\\_2011.pdf](http://www.in.gov/ifa/srf/files/Environmental_Discussion_Guidance_Feb_7_2011.pdf)  
and  
[http://www.in.gov/ifa/srf/files/Environmental\\_Graphics\\_Checklists\\_Guidance\\_Feb\\_7\\_2011.pdf](http://www.in.gov/ifa/srf/files/Environmental_Graphics_Checklists_Guidance_Feb_7_2011.pdf).

## Drinking Water Project Highlight

Two DWSRF projects among several that received American Recovery and Reinvestment Act of 2009 (ARRA) assistance have reached substantial completion-North Manchester and Liberty.

The Town of North Manchester's water treatment plant was over 40 years old. Many of its components were nearing or had exceeded their useful life, and the plant could not be expanded to meet 20-year growth projections. Only part of the plant had backup power and there was no automatic transfer switch. In response, the town constructed a new 1.36 million gallon per day water filtration plant. The new plant includes a masonry building with aeration, filtration, ion exchange water softening, chemical addition, and plant controls. New water mains were installed to connect the new plant with the existing raw water and finished water mains. These improvements allow the utility to continue to provide safe and clean drinking water.



*New filtration vessels at the North Manchester treatment plant provides safe drinking water to the town.*

The Town of Liberty needed to replace an 8-inch cast iron water line installed in 1960. The line was so severely corroded that the town had experienced 17 water line breaks in 2008 alone. In response, the town replaced about 15,000 feet of water main to ensure a continuation of safe and reliable water.



*A new water main in Liberty means the end to breaks caused by corrosion of the old line.*



*New aerator outside of the new treatment building in North Manchester replaces equipment that had met the end of useful life.*



## Clean Water Project Highlight

The City of Anderson presented a project to SRF that many combined sewer overflow (CSO) communities can relate. Namely, the city needed to increase capacity at its wastewater treatment plant (WWTP), and faced enforcement action. The City submitted an application and Preliminary Engineering Report to SRF, together these documents met the City's needs and deadlines.

Several requirements were necessary to satisfy the enforcement action. The City was required to make upgrades to the Dewey Street primary clarifiers, eliminate a CSO bypass, provide stand-by power at the WWTP and provide additional facility space at the Water Pollution Control Plant facility. Highlights of this project include: meeting the time table established by IDEM's office of enforcement; conducting all work on previously disturbed ground which made for a quicker environ-



*Electrical Duct Bank from meter vault to operations building.*



*Installation of Generator #1 at WPC Facility*



*Concrete pour at electrical building south lab.*

## SRF Employee Receives National Recognition

### Indiana SRF Employee Receives National Honor from Water for People

At the February 2010 Indiana Section of the American Water Works Association annual conference, Sarah Hudson, DWSRF Program Administrator, was recognized with a Kenneth J. Miller Founders' Award for her work volunteering with Water for People. An international nonprofit organization, Water for People helps people in developing countries improve quality of life by supporting the development of locally sustainable drinking water resources, sanitation facilities, and hygiene education programs. Hudson has led the committee planning the annual Running for World Water 5k Fun Run and Walk, which has raised over \$60,000 to benefit Water for People. For more information about Water for People, please visit <http://www.waterforpeople.org/>.

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## Indiana State Revolving Fund Loan Programs

### Drinking Water, Wastewater,

The State Revolving Fund (SRF) Loan Programs provide low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure. The SRF Programs, administered by the Indiana Finance Authority, protect both public health and the environment.



Indiana State Revolving Fund Loan Program

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