Small Water Facilities Funding
Application Instructions

Note: The Small Water Facilities Funding application is for projects that do not exceed $250,000 or are not eligible for State Revolving Fund program funds.

Application Cover Page (page 1)

Applicant. Name, mailing address and phone number of the entity sponsoring the project.

Proposed Funding Package. Include the amount and type of funds requested, the amount of local funds being provided, including direct public or private contributions, loans, federal funds, and water development district grants. Multi-year or phased projects should enter only the costs associated with activities for which assistance is being requested.

Project Title/Description. Provide a one line title for the project and a brief narrative describing the project. Be specific, providing the feet or miles of pipe, treatment process being utilized, capacity of the storage tanks, and so forth. Include the current monthly water or wastewater rate. If the rate is not a flat rate, compute the monthly rate at 5,000 gallons for municipalities or sanitary districts and at 7,000 gallons for all other water systems. Additionally, indicate whether a reserve fund has been established for the water or wastewater utility.

Certification. An official of the sponsoring entity, who has been authorized by resolution of the governing body to submit the application, must read and sign the application.

Professional Contacts (page 2)

Application Prepared By: Identify the entity, the individual that helped prepare the application, and the other contact information requested in case questions arise about the application.

Consulting Engineering Firm: Identify the engineering firm retained by the sponsor, the engineer’s name, and the other contact information requested in case questions arise about the application.

Legal Counsel’s Firm: Identify the law firm retained by the sponsor, the attorney’s name, and the other contact information requested in case questions arise about the application.

Budget Sheet (page 3)

Note: Multi-year projects should enter only budget costs associated with activities for which financial assistance is being requested.
Line 1.A - Amount needed for personal services related to loan management and clerical duties.

Line 1.B - Amount needed for travel including vehicle rental.

Line 1.C - All legal fees associated with this project including bond counsel fees.

Line 1.D - Amount needed for other administration expenses, including an independent financial audit, publishing, meetings, and any other expenses expected for project administration, including planning district contracts.

Line 2 - Amounts directly associated with the acquisition of land, existing structures, and related rights-of-way.

Line 3.A - Fees for engineering bidding and design services.

Line 3.B - Fees for engineering construction inspection and audit of construction and related programs.

Line 3.C - Amounts for other technical services, such as surveys, O&M manual preparation, tests, and borings not included in Line 3.A or 3.B.

Line 4 - Amounts for the actual construction of, addition to, or restoration of a facility. Also include in this category the amounts of project improvements, such as roads, access restrictions, new trenches, landscaping, and run-off control measures.

Line 5 - Amount needed for purchase or rent equipment required for the project.

Line 6 - Amount of contracts (excluding legal, engineering, and construction) associated with the project, including sampling and laboratory services.

Lines 7 & 8 Identify amounts for items not specifically mentioned above.

Line 9 - Sum of Lines 1 through 8.

Line 10 - Estimated amount for contingencies. Contingencies may not exceed 10% of the amount on Line 9.

Line 11 - Sum of Lines 9 and 10.

Line 12 - Funding percentage of total project costs.

**Proposed Method of Financing (page 4)**

Indicate the source of the secured/unsecured share of funding. If funds have been secured, indicate the amount in the "secured" column. If funds are unsecured at time of application, indicate the amount of the unsecured funds
and the date funds are anticipated to be secured in the "unsecured" column. Include any remarks regarding funding in a separate narrative.

**Other Funds to be Borrowed (page 4)**

Provide the amount, rate, and term of other funds to be borrowed to help finance the project. Include the amount of the annual debt service and security pledged towards loan repayment. For “other,” explain the source of funds along with the above mentioned items. Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.

**General Information (page 5)**

The following information will be used to evaluate the applicant's capacity to provide local funds for the project and the continuing operation, maintenance, and replacement of the system.

- Fiscal Year - The month and date your fiscal year begins.
- Population Served - Fill in population data. Estimate current year if necessary.
- Watershed/lake restoration projects may proceed to the Program Narrative Statement.

**Repayment Information (page 5)**

Identify the specific rate and term of the loan for which the sponsor is applying. If the applicant is a political subdivision, specify the security pledged to repay the loan.

**Documents That Must Be Submitted With The Application (page 5)**

Provide a copy of the most recent audited or unaudited financial statements to include specific accounting for the utility affected by the project. If certain funds are reported in separate documents, include all reports concerning fiscal operations of the entity. If different funds are accounted for by differing fiscal years, make this notation. If the audit for the most recent year is not available, list the reason.

Provide a copy of the current year's budget, if approved by the governing board. Also include amortization schedules for all existing debt secured by proposed revenue pledged.

Provide a copy of the existing or any proposed user charge ordinance or resolution currently governing the utility department.
Provide a copy of the resolution of authorized signatory for the person or persons signing the loan agreement and payment requests. The resolution must also include the maximum loan amount requested and description of proposed project.

Submit a project narrative statement, engineering design, and cost estimates for the project.

For Non-profit entities submit a copy of the organization’s By-laws, Articles of Incorporation, and Certificate of Good Standing from the Secretary of State.

**Utility Debt Information (page 6)**

Utility Debt - Enter the current debt obligations of the applicant. If the applicant is water, wastewater, solid waste, or other “enterprise” type system, which relies on rates and charges for its financial support, only list debt related to that utility. If the applicant is a city, county or special purpose district which relies on general taxing authority for its financial support or is a non-profit organization list the debt related to the general obligations of the city, county, special purpose district, or non-profit organization. Include all debt information requested in the table to assure an appropriate review of the applicant’s finances.

**Utility Cash Flow Information (page 7)**

Complete the Utility Cash Flow table. Obtain prior years information from previous utility audits. The Current Year column should contain information from the system’s current year budget and expenditures. The Future Year column should contain anticipated cash flow information for the utility’s next three full fiscal years of operation.

Provide the total balance for each restricted account or activity. Utilize the explanation section below to describe numbers inputted in the “other” sections and any other pertinent information.

**(page 8)**

Restricted Funds Breakdown: Provide a the balances for each restricted account or activity, identify the activity to be completed with the funding, and specify the method used to restrict the funds (*i.e.* governing board resolution, board motion, by-laws, etc.).

Utility Fees: Check whether the sponsor is an incorporated municipality, sanitary district or other system. Municipalities and Sanitary Districts provide rate information based on 5,000 gallons (670 cubic feet) per month. All Other Systems provide rates based on 7,000 gallons (935 cubic feet) per month.
Fill in the current monthly rate being charged to domestic and business users to include individual households and farmsteads. If fees are billed quarterly, calculate the monthly rate. Include the proposed new monthly rate. Complete the information for the total number of domestic and business hookups which will be served system wide. Provide the current average monthly usage by business, domestic, and other customers and specify either gallons or cubic feet. If there is a special rate being charged for users other than business and domestic hookups, provide information about that rate, the number of customers for which the rate applies, and the user’s average usage.

Indicate whether fees are calculated on the amount used or on a flat rate.

Furnish dates for when the current rate was adopted, when the proposed fee schedule will take effect, and what the rate was prior to the current rate.

Property Tax Information (page 9)

*Note: Fill out this section only if a general obligation bond is being pledged towards repayment of the loan.*

The property tax information will be used to evaluate the applicant’s ability to repay the loan. The purpose of this section is to evaluate a borrower’s tax base and customers in order to assess the condition of the community.

Provide the assessed valuation and full and true valuation for the current and last two years.

Provide the amount levied and collected for the most recent three years for which data is available. Indicate any penalties, interest charged, or late payments.

List the five largest taxpayers within the system’s service area and describe the type of property involved and the assessed valuation.

Sales Tax Information (page 10)

*Note: Fill out this section only if a sales tax is being pledged towards repayment of the loan.*

The sales tax information will be used to evaluate the applicant’s ability to repay the loan. Provide the amount of sales tax collections by month for each of the last fifteen months.

Sales Tax Debt Information (page 11)

*Note: Fill out this section only if a sales tax is being pledged towards repayment of the loan.*
Provide the information requested in the table for each obligation to which sales tax has been pledged towards repayment.

(Page 12)

Storm Sewer Projects: Complete this section of the application only if the project includes costs associated with a storm water project.

Indicate if the sponsor has a separate storm water fee. If so, attach a copy of the existing or proposed rate ordinance or resolution and a brief explanation of how the storm water fee is calculated and collected.

Project Narrative Statement (page 12)

The following should be used to structure the narrative. Project narrative statements should be typed on a separate sheet of paper and submitted with the application. This statement will be used to rate the project's impact and readiness to proceed.

A) Project Description – Provide a detailed narrative describing the selected project alternative. Be specific, providing the feet or miles of pipe to be constructed, replaced or repaired; treatment process being utilized; capacity of storage tanks; cubic yards of sediment removal; feet of shoreline stabilization; and so forth. Identify the preferred method of construction or project completion, an itemized break-out of estimated costs, the area to be affected by the project, maps showing locations of services and extent of construction, anticipated operation and maintenance (O&M) cost changes resulting from the project, anticipated rate effects caused by any proposed borrowing or changes to O&M expenses.

B) Eligibility – Identify the type of entity applying for assistance. If the entity is a nonprofit, provide the date of incorporation and a copy of the bylaws or governing rules that make the entity responsible for the anticipated project. Provide rate information to demonstrate that the existing rate or proposed rate will meet the minimum rate requirements of the program. If the rates will not meet the required minimums, provide a letter requesting a waiver from the minimum rate requirement and justification for the waiver.

C) Need/Problem Identification – Provide the required background information to identify the need for the project. If the project is a rehabilitation project, identify when the existing facilities were installed or constructed and explain the past maintenance practices used by the sponsor to maximize the useful life these facilities. If the project is an
expansion project, explain the need for the new service and describe existing conditions and facilities. Also provide information that will assure existing collection, distribution, storage, pumping, and treatment facilities will be able to address the additional flow or demand.

D) Project Design – Provide the engineering design considerations used to develop the cost estimates. Include design criteria used to size the facilities, projected use of the new system to include potential oversizing of lines for future development, effect of new or expansion facilities on the existing infrastructure, and anticipated useful life of existing and anticipated facilities.

E) Required Permits - Identify the status of required permits (i.e., if secured or applied for). Potential required permits may include: Surface Water Quality Permits, New Drinking Water Capacity Certification, Storm Water Permits, County Conditional Use Permits, County of Municipality Construction Permits, etc.

F) Acquisition of necessary lands (purchase or option secured) – Identify the extent to which the easements for the project have been secured. Provide a list or number of landowners that must provide easements before the project may proceed. If landowners have not yet provided easements, identify the status of obtaining the easements and how and when the landowners will be contacted and the final easements obtained. If fee title to land is required to complete the project, provide an update on the status of securing the additional land.

G) Project Schedule – Provide a schedule for the project to include dates for the anticipated completion of the financing package if additional funding is needed to complete the project, design completion (must include time for DENR review and approval), obtaining required permits and authorizations, bid approval, initial construction, final completion, and final project closeout.

H) Future Projects – Identify any projects that have been identified by the sponsor that affect the sponsor’s ability to finance this project. Provide general information about the scope, timing, and estimated cost of anticipated future projects.

**Engineering Design and Cost Estimates (page 12)**

Water/Wastewater Infrastructure Projects: A preliminary engineering report with cost estimates was submitted with the State Water Plan application. The outline to be followed for the preliminary engineering report can be found in State Water Plan Application Instructions. Any significant changes to the preliminary
engineering analysis, updated cost estimates, and other relevant additional information should be submitted with the funding application.

Watershed Projects: A watershed assessment report and preliminary cost estimate was submitted with the State Water Plan application. A detailed Project Implementation Plan (PIP) in the EPA approved format should be submitted with the funding application. The outline to be followed for the PIP can be found in the State Water Plan Application Instructions. Any significant changes to the PIP, updated cost estimates, and other relevant additional information should be submitted with the funding application.