

**VIRGINIA DEPARTMENT OF HEALTH
OFFICE OF DRINKING WATER
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)**

**INSTRUCTIONS FOR COMPLETION OF APPLICATION FOR
CONSTRUCTION FUNDS**

The following instructions are intended to supplement instructions and explanatory information incorporated into the PROGRAM DESIGN MANUAL and the APPLICATION FOR CONSTRUCTION FUNDS (Application). If you experience problems in completing the Application after reading through these documents, please do not hesitate to contact the following Program staff for direct assistance.

Steve Pelli, Division Director, FCAP, 804/864-7489
Dale Kitchen, Project Supervisor, 540/463-7136 ext. 122, or
Thomas Slack, Project Officer, 804/864-7507

SECTION B – ORGANIZATIONAL DATA

Line 1.a., Name of Applicant: Record the legal name of the waterworks applying for funding. If this is a regional application, only enter the legal name of the lead applicant.

Line 1.c., Contact Person: Name of person who can provide additional information about the application.

SECTION F – PROPOSED FINANCING

Line 1.a., FCAP Funding Assistance Needed: Should equal Line 1.c. less the total of Other Funds Available on Lines in 1.b.

Line 1.c., Total Project Cost: Should equal the total of lines 1.a. and 1.b. and should also agree to Section E – Line 13.

Line 2.b., If yes, will interest savings be at least 5%: To answer this question you need to calculate the net present value of the interest expense for the debt to be refinanced and compare that calculation to the net present value of the interest expense should the debt be refinanced at 3% and at 4% for a 20 year term. The calculation must reflect at least a 5% savings in interest expense. Supporting documentation must be provided.

Line 4., Outstanding Debt – Parity: Parity means the liens on the current outstanding debt and the new debt have equal standing, i. e., the lien on the new debt is not junior to the lien on the current outstanding debt.

SECTION G – PROJECT ISSUES

Note: To ensure a timely and accurate prioritization of your construction project, it is suggested that you carefully review Section X of the Program Design Manual before you complete this section of the Application.

Line 1., Health Issues: Supporting documentation for your responses should include correspondence from the Virginia Department of Health (VDH) citing the health concerns and compliance issues.

Line 2., Median Household Annual Income (MHI): The MHI for Counties and Cities can be obtained from the U. S. Census Bureau web site <http://www.census.gov/hhes/www/saipe/county.html>. **Contact us for additional details on conducting a site survey.**

Line 3., Regionalization: Non-complying waterworks means a VDH permitted waterworks that is documented to not be in compliance with VDH Waterworks Regulations.

Line 4., Readiness to proceed: For activities included in the New Construction Timeline which have been checked as “No” (meaning not completed), you should take into consideration the time required to procure goods and services in accordance with the Virginia Public Procurement Act, and the time required for the review and approval of the Preliminary Engineering Report (maximum of 45 days if approved by VDH on the first submittal), the Plans and Specifications (maximum of 60 days if approved by VDH on the first submittal) and the Environmental Review (normally requires about 90 days to complete) in order to establish a realistic timeline.

Line 12., Readiness to proceed - Project Implementation and Disbursement Schedule: The amounts entered in the “Quarters” columns are for VDH reimbursements of approved project costs and these costs can not be reimbursed until the loan closing has been completed. Loan closing activities begin at the time the project is advertised for bid and the closing process takes an average of six to eight weeks to complete depending on the borrower’s individual needs. These matters should be taken into consideration in your establishment of quarterly projections. Finally, the total of the quarterly projections should equal the amount indicated in Section B – Proposed Financing, Line 1.a. FCAP Funding Assistance Needed.

SECTION H – STATISTICAL DATA

Line 1., Water Users: The following example is provided to assist you in completing this section of the Application: *“An existing waterworks intends to construct a water line extension to serve an area of poor quality individual home wells. The waterworks currently has 260 total connections comprised of 246 residential connections. The waterworks plans to extend water lines to a new service area and projects 55 new residential connections and 5 new commercial connections with a population of 12 non-resident employees will be added to the existing system. Fifty-three (53) residential and 4 commercial user agreements have been obtained to date.”* Based on this data lines 1.a. through 1.e. should be completed as follows:

Line 1.a., Existing number of total connections: **260** and population **780**.

Note: Equals the population of 1.b. (738) plus others, i. e., non-resident commercial employees (42).

Line 1.b., Existing number of residential connections **246** and population **738**.

Note: If the residential population is not known, multiply the number of residential connections by the average number of persons per household. The Planning District Commission is often a good source of information for average persons per household.

Line 1.c., Projected number of residential connections after project **301** and population **903**.

Line 1.d., Projected total connections of the project **60** and population **192**.

Line 1.e., For new service area – number of user agreements obtained **57**; **53** residential, **4** other.

SECTION I – CONSTRUCTION PROJECT BUDGET INFORMATION

Line 1., Administrative and Legal Expenses: should be limited to \$10,000 or less each, unless justification is provided.

Line 13., Total, : The amount entered on this line should agree to Section B – Line 1.c..

SECTION J – FINANCIAL DATA

Line 1. a.- g., Estimated Cost for Proposed Facilities : Amounts entered on these lines should be for the incremental costs for the proposed facilities and not include depreciation expense.

Line 2.a., Net O,M & R (for existing water facilities) : Do not include depreciation expense.

Line 2.c., O,M & R for Proposed Facilities : The amount entered on this line should agree to Section F – Line 1.g..

Line 4, Six-Year Cash Flow Analysis for the Proposed Project (Operating Budget) : We require that this information be prepared in **our standard format**.