**VIRGINIA DEPARTMENT OF HEALTH**

**OFFICE OF DRINKING WATER**

**FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)**

**INSTRUCTIONS FOR COMPLETION OF**

**APPLICATION FOR THE LEAD ELIMINATION ASSISTANCE PROGRAM (LEAP)**

The following instructions are intended to supplement instructions and explanatory information incorporated into the PROGRAM DESIGN MANUAL and the LEAP 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.

 Kelly Ward, Division Director, FCAP, 804/864-7201

Keith Kornegay, Project Team Leader, 540/463-0420,

 Howard Eckstein, Project Officer, 804/864-7507, or

 May Fornari, LEAP Manager, 804/584-8412

Submit two complete and signed hard copy applications and two copies of all required attachments to the address below by close of business on the application deadline (typically early May):

Virginia Department of Health

Office of Drinking Water

109 Governor Street, 6th Floor

Richmond, VA 23219

Note: Year-Round Submittals are accepted, however VDH expects to evaluate all projects received by the application deadline together.

**Applicants are advised to schedule the required Funding Application Discussion with the appropriate ODW Field Office 30 days prior to the deadline. You will need a detailed project description and cost estimate to discuss during this meeting. Please indicate if this project has been addressed in any previous Preliminary Engineering Report (PER).**

Answer all of the pre-requirement and pre-application questions on page one. These questions will assist you in determining your eligibility under the program prior to completing the application form.

# SECTION A – PROPOSED FINANCING

Line 1.a., VDH Funding Assistance Needed: Only include SRF eligible items. (See Section V. - ELIGIBLE COSTS/ELIGIBLE PROJECTS of the SRF Program Design Manual.) Please round to the nearest thousand dollar amount. The actual/final funding amount will be determined after the project is bid.

Line 1.b., Other Funds Available: Please indicate if other funding will be used for the public side of the service line. If any other funding exists for LSL related work include it in this section. Please also indicate if you have submitted a separate Construction Application for additional funding.

Line 1.c., Total Project Cost: Should equal the total of lines 1.a. and 1.b. and should agree to Section G – Line 15.

# SECTION B– PROJECT, ORGANIZATIONAL, AND CONTACT INFORMATION

Line 1., Project Name: Record the project title for which you are applying for funding. It should be sufficiently descriptive to identify it clearly and avoid confusion with any other current or future projects (e.g. “*Main Street WL Replacement & Extension Project (Phase I*)”. The name should not include the name of the owner/applicant. The project name will be used to identify the project to the public during our public comment period.

Line 3.a., Name of Applicant: Record the legal owner’s name of the waterworks applying for funding. If this is a regional application, only enter the legal name of the lead applicant.

Line 3.c., Contact Person: Provide the name of person who can provide additional information about the application and their contact info.

Line 3.f., Federal UEI Number: Effective April 4, 2022, the Federal DUNS Number will be replaced by the UEI Number. A Unique Entity Identifier (UEI) is defined by the US GSA (General Services Administration) as “a number or other identifier used to uniquely identify a specific entity.” The UEI will be used by SAM.gov and other government award and financial systems. The Federal government requires that all applicants for Federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a UEI number. For more information on UEI numbers, please visit <https://www.fsd.gov/gsafsd_sp> and click on the green “Help on UEI Transition” button. Additional UEI resources are available on our website at <https://www.vdh.virginia.gov/drinking-water/fcap/drinking-water-funding-program/> under “Other Fact Sheets/Forms.” Note: Applicants must be in good standing with the federal government. Applicants who have been debarred or suspended are not eligible for funding.

Line 4. Engineering Consultant: Provide the name of consulting engineer if one has been procured. You will not be eligible for reimbursement of engineering services if the engineering consultant has not been procured in accordance with our program requirements.

# SECTION C – PROPOSED PROJECT DESCRIPTION

Line 1. Brief Summary: The information provided should be as detailed as possible while still being concise. However, if additional space is required, please include it as a separate Attachment. Be sure to provide adequate documentation of LSL history and Action Level Exceedances for Attachment J-4.

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

# SECTION D – SCHEDULE & READINESS TO PROCEED

Line 1., Readiness to proceed: LSL Replacement projects have flexibility in the way that they can be set up. You may choose to use a contractor, use a rebate program, or other approaches. Please select what is best based on your needs. The information provided should be as detailed as possible while still being concise. However, if additional space is required, please include it as a separate Attachment.

*To establish a realistic timeline, please be aware of the time required to complete the following activities: to procure goods and services in accordance with the Virginia Public Procurement Act and to review and comment on required documentation. The anticipated time required for the review and approval of the Preliminary Engineering Report is a maximum of 45 days if approved by VDH on the first submittal; the Plans and Specifications is a maximum of 60 days if approved by VDH on the first submittal; and the Environmental Review normally requires about 90 days to complete.*

### **SECTION E – STATISTICAL DATA REQUIRED FOR TMF REVIEW**

Enter the latest user information. This can be current data or information that matches the latest audits or records.

#### Line 2. Water Usage and Losses: VDH expects waterworks to proactively reduce excessive water losses in their systems as part of reliability. VDH reserves the right to require waterworks owners to address significant water losses as part of or prior to their proposed project.

Line 2.a., Please provide the current monthly average number of gallons used per residential connection. Use total annual gallons billed for in–town residential customers divided by 12 months and divided by the total number of in-town residential customer connections.

Line 2.b., Please provide any documentation, surveys, studies, or spreadsheets which substantiate the water loss percentage of the entire system. If the project is within a single hydraulic area of the system, provide documentation for that area as well.

Line 5. Determine the Average Monthly Residential Water User Rate per connection. We require that this information be prepared using the VDH **Average Monthly Residential Water User Rate Analysis** file.

Line 6. Target User Rates are based on 1% percent of (Median Household Income) MHI.

Line 7. Current Rate Structure are evaluated by comparing Item 6 and Item 7. Waterworks are expected to meet or exceed the target rate criteria at or before the time of project completion. VDH reserves the right to require a rate revision plan and implementation schedule acceptable to VDH.

Having adequate financial resources is crucial to maintaining a successful and sustainable waterworks. Furthermore, EPA mandates that all borrowers receiving program assistance must demonstrate full financial capacity in order to receive funds. In addition, rate increases/adjustments may be required to meet debt obligations or pass a VRA credit review.

##### SECTION F – CONSTRUCTION PROJECT BUDGET INFORMATION

Identify all project budget items in this section. Include all those funded by the owner or others and those proposed for VDH funding. The project budget should be adjusted to next year’s dollars or for when construction is to actually begin. Only include costs directly related to the construction of the project. If the cost item does not apply enter “N/A”. Identify all items to be funded by the owner by including the note; “*owner funded*” next to the item. Owner funded items may not need to meet VDH Program requirements.

All costs reimbursed by VDH are subject to VDH review, approval, and modification. A more detailed cost estimate with supporting documentation may be required and the final funding amount will be set at loan closing.

Line 1., LSL Replacement: Based on the number of service lines planned to be replaced and the amount it costs to replace each line. VDH intends to provide up to $5,000 for each service line replaced on the homeowner’s side of the meter.

Line 2., LSL Administrative Fees: Out of the $5,000 amount, up to $500 may be eligible as an admin fee. The $500 admin fee may be used towards:

* **Administrative work** - May be used to reimburse the Recipient's own staff for work, materials, or equipment related to administering the LSLR program. Examples of work may include marketing, compiling disbursement requests, etc. Force account may be considered eligible on a case-by-case basis. Please contact us to discuss.
* **Investigative work** - May be used towards methods of excavation or sampling in determining whether or not a lead service line is present.
* **Personal Protective Equipment (PPE)** - May be used towards PPE such as test kits, cleaning solutions, wipes, etc. Ultimately, it is up to the locality/waterworks to determine if (a) they intend to provide the supplies or (b) inform contractors have them purchase supplies for themselves and any subcontractors. A [recent NIOSH study](https://www.cdc.gov/niosh/hhe/reports/pdfs/2019-0192-3377.pdf) found that several workers on LSLR jobs had elevated blood lead levels. In addition, lead particles were found on their work equipment and clothing, so workers were potentially exposing their families to lead as well.

Line 3., LSL Inventory: Include costs related to identifying and verifying LSLs as well as costs for methods and technology that will be used to collect and maintain data to build an LSL inventory.

Line 3., Other: If applicable, use the total project budget amount from separate Construction Application.

Line 5., Construction Contingencies: This amount is to cover additional SRF eligible construction costs that could not be foreseen prior to construction (e.g. rock, approved change orders). During the planning process only, you may calculate contingency amounts up to 10% of the estimated construction costs. **Please note: the contingency amount that will be included in the final budget will not exceed 5% of the construction costs.** Any amounts over this limit will be funded by the owner.

Line 7., Loan Closing Fee: VDH reserves the right to apply a closing fee of $6,000 for all applicable loan offers to defray the cost of this service. The $6,000 may be included in the principal of the loan. If VDH determines a loan closing fee does not apply it will be eliminated from the final budget.

Line 8., Total: Round to the nearest thousand. The amount entered on this line should agree to Section A – Line 1.c. This number will be used for planning purposes and will be revised prior to loan closing.

##### SECTION G – FINANCIAL DATA

Line 1.a., Net O,M & R (for existing water facilities): Do not include depreciation expense.

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

Line 3, Six-Year Cash Flow Analysis for the Proposed Project (Operating Budget): We require that this information be prepared using the VDH **Cash Flow Template** file.

##### SECTION H – LEAD SERVICE LINE (LSL) REPLACEMENT PLAN

The lead service line replacement plan must be sufficiently detailed to ensure a system is able to comply with the lead service line replacement requirements in the LCRR. The plan must include a description of the following elements:

1. A strategy for determining the composition of lead status unknown service lines in its inventory;
2. A procedure for conducting full lead service line replacement;
3. A strategy for informing customers before a full or partial lead service line replacement;
4. For systems that serve more than 10,000 persons, a lead service line replacement goal rate recommended by the system in the event of a lead trigger level exceedance;
5. A procedure for customers to flush service lines and premise plumbing of particulate lead;
6. A lead service line replacement prioritization strategy based on factors including but not limited to the targeting of known lead service lines and lead service line replacement for disadvantaged consumers and populations most sensitive to the effects of lead; and
7. A funding strategy for conducting lead service line replacements, which considers ways to accommodate customers that are unable to pay to replace the portion they own.

Additional information on LSL Replacement Plans is available at:

# <https://www.vdh.virginia.gov/content/uploads/sites/14/2022/01/LSL-Replacement-FAQs-rev-1-12-22.pdf>

Please note that if a separate Construction Application is submitted, an Asset Management Plan (AMP) may also be required and would need to be included in the project budget.

# SECTION J – REQUIRED ATTACHMENTS

## Provide all necessary attachments and label your attachments with corresponding numbers (i.e. J-1, J-2, etc.). Most applicants use a binder with tabs labeled appropriately.

## Items 7, 12, 14 and 17 may be submitted in PDF format on a thumb drive provided 2 copies are submitted.

## Items 15 and 16 may also be included in spreadsheet format on the thumb drives. Please make note on the application that the information is included in the attached digital material.