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.

Kelly Ward, Division Director, FCAP, (804) 864-7201, or
Keith Kornegay, Project Team Leader, (540) 463-0420, or
Howard Eckstein, Project Officer, (804) 864-7507, or
Tamara Anderson, Project Manager, (804) 370-2439

Submission Options

1) Submit a digital copy of the application and all required attachments by close of business on the application deadline – **May 5, 2023**:

   DWSRF.applications@vdh.virginia.gov

   Format the email subject as follows: FY24 Construction Application – City/County – Project Name

2) Submit one complete and signed hard copy application and one copy of all required attachments to the address below by close of business on the application deadline – **May 5, 2023**:

   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 prior to submitting an application. 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.c., Total Project Cost:  Should equal the total of lines 1.a. and 1.b. and should agree to Section G – Line 15. Provide supporting documentation as Attachment J1.

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 I. B. Scope of Work:  The scope of work should be as detailed as possible while still being concise.  For Instance, if 8 fire hydrants, 2 PRVs, and 289 service meter replacements will be included in a waterline replacement project, please include that detail.  If this level of detail is unknown at the time of the application, it may suffice to simply state “and associated appurtenances.”

Line II. D., 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).  Provide supporting documentation as J2.  Contact us for additional details on conducting a site-specific survey.

Line II. E., Environmental Justice:  The White House Council on Environmental Quality (CEQ) Climate and Economic Justice Screening Tool (CEJST) will be utilized to help analyze the Environmental Justice benefits of a project.  https://screeningtool.geoplatform.gov/en/#10.4/37.0902/-77.9552.  If utilizing this tool, attach printouts of Disadvantaged area to application.

SECTION D – 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 DWSRF 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. Provide supporting documentation as Attachment J3.

Line 2., Regionalization: Non-complying waterworks means a VDH permitted waterworks that is documented to not be in compliance with VDH Waterworks Regulations.

SECTION E – SCHEDULE & READINESS TO PROCEED

Line 1.a.: This section only applies if new service area customers are being obtained. Provide supporting documentation as Attachment J4.

Line 1.b.: Provide documentation that a Funding Application Discussion has been conducted as Attachment J5.

Line 1.c.: Provide an anticipated schedule for this project. If your project scores high enough to receive funding, you will need to provide a completed Construction Project Schedule by the Initial Meeting. The construction schedule can be found on our website. https://www.vdh.virginia.gov/content/uploads/sites/14/2019/01/B.1-Construction-Project-Schedule.xlsx.

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 F – STATISTICAL DATA REQUIRED FOR TECHNICAL, MANAGERIAL, & FINANCIAL (TMF) REVIEW

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

Line 2.a., 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. 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. Provide supporting documentation as Attachment J6.

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. Provide supporting documentation as Attachment J7.

Line 3., Individual Water Meters: Evaluate individual water meter locations. This applies to commercial as well as resident customers.

Line 4., Rates: Provide supporting documentation as Attachment J8.
**Line 5., Water Users:** Enter the number of currently existing residential connections, as well as the number of residential connections the project will introduce upon completion. A list of the Ten (10) largest users of the water system and estimated monthly consumption per user should be included as Attachment J9.


**Line 7., Target User Rates:** Target User Rates are based on 1% percent of (Median Household Income) MHI.

**Line 8., Evaluate Current Rate Structure:** Current Rate Structure is 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.

**Line 9. 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 current outstanding debt.

**Line 10. a.- g., Estimated OM & R 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 11.a., Net O,M & R (for existing water facilities):** Do not include depreciation expense.

**Line 11.e., O,M & R for Proposed Facilities:** The amount entered on this line should agree to Line 10.h.

**Line 13., Cash Flow Analysis for the Proposed Project (Operating Budget):** We require that this information be prepared using the VDH Cash Flow Template file. [https://www.vdh.virginia.gov/content/uploads/sites/14/2022/03/Project-Cash-Flow-Template_2021-1_v2020.03.09.xlsx](https://www.vdh.virginia.gov/content/uploads/sites/14/2022/03/Project-Cash-Flow-Template_2021-1_v2020.03.09.xlsx). Provide supporting documentation as Attachment J12.

**Line 14:** Documents requested in this section are required as part of the DWSRF program to determine TMF capacity. Please provide supporting documentation as Attachment J13, Attachment J14, and Attachment J15.

**SECTION G – PROJECT BUDGET INFORMATION**

Identify all construction 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., Administrative and Legal Expenses: must be limited to $10,000 or less each, unless justification is provided. Any amount over this limit will be funded by the owner.

Line 12., 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 13., Other: Any applicant who wishes to include an additional request of $15,000 towards an Asset Management Plan, Waterworks Business Operations Plan, or other item approved by VDH may enter the amount on this line item.

Line 14., 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 15., 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 H – SUSTAINABILITY

Line 1., Asset Management Plan: All applicants must submit documentation that demonstrates an Asset Management Plan has been submitted to VDH-ODW, and accepted by the appropriate Staff, in order to qualify for credit. If an AMP has been accepted by VDH-ODW, documentation that the proposed project is included is required. Provide supporting documentation as Attachment J16.

Line 2., Green Project Reserve (GPR) Business Case: All applicants must submit a completed business case for Green Project Reserve (GPR) with their application in order to qualify for credit. A waterworks must show that its proposed DWSRF-funded project has significant (not incidental) green benefits. The project must provide green infrastructure, promote water and/or power efficiency, or provide other innovative environmental benefits. This information must be reported as the TOTAL AMOUNT OF PROJECT COSTS WHICH QUALIFY AS GPR. Only include the costs that the DWSRF will be funding. For example, if the project is asking for $100,000 for a 100% meter replacement project, then report $100,000.

More information on the GPR is available on: http://water.epa.gov/infrastructure/infrafin/cwdwsrf_index.cfm

SECTION K – REQUIRED ATTACHMENTS

Provide all necessary attachments and label your attachments with corresponding numbers (i.e., J1, J2, etc.). Most applicants use a binder with tabs labeled appropriately when submitting a hard copy.

- Items may be submitted in PDF format on a thumb drive if submitting a hard copy.

- Items J10 and J12 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.