

FUNDING SMALL SYSTEMS

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Small wastewater systems in the State of Ohio have not been forgotten by the funding agencies. Since 1968, when the Ohio Water Development Authority (OWDA) was established, the OWDA and the Ohio Environmental Protection Agency (OEPA) have funded over 830 wastewater projects to over 350 small systems totaling over \$735,000,000. This dedication to small systems still continues today. Ohio funding programs dedicated to small systems include OWDA's Community Assistance program, the Ohio Public Works Commission (OPWC) Small Government program, and the OEPA's Water Pollution Control Loan Fund's (WPCLF) Small Community Interest Rate program.

OWDA Community Assistance Program

Established in 1997, OWDA's Community Assistance Program provides loans with an interest rate of 2% for communities with a population less than 5000 or with fewer than 2000 customers. The 2% loan can be discounted if the applicant is regionalizing or if the applicant is under Findings and Orders from OEPA. To date OWDA has provided loans for over 100 wastewater projects totaling over \$78,300,000.

OPWC Small Government Program

OPWC recently awarded its Program Year 25 projects to 51 small governments. 16 of the 51 projects were related to wastewater, totaling an award amount of \$8,223,804. This total award included both grants and loans. Projects to this program are recommended by each district's Integrating Committee and scored by the staff of OPWC. Projects are awarded by the Small Government Capital Improvement Commission of the Ohio Public Works Commission.

OEPA's WPCLF Small Community Interest Rate Program

Communities with a population less than 5,000 or a project service population of 5,000 or less and that charges the entire debt for the project solely to the project service population can qualify for OEPA's WPCLF Small Community Interest Rate Program. The interest rate for this program is 0.50% less than the interest rate for the standard WPCLF loan program. Communities with a service population less than 2,500 and a medium household income of \$45,000 or less can qualify for 0% interest rate.

Federal funding agencies also offer financing to small systems. These include the USDA Rural Development, Ohio Department of Development (CDBG Water and Sanitary Sewer program), Appalachian Regional Commission (ARC), U.S. Army Corps of Engineers, and USEPA (State and Tribal Assistance Grant program).

KEY COMPONENTS TO A SUCCESSFUL FINANCING PACKAGE

Wastewater projects can be complicated and a challenge to fund, especially in small systems. The cost for small systems is generally higher per resident because there are fewer residents to pay the bill. This makes finding all available funding critical to reduce the cost users must pay each month for the project. Communities that have funded successful wastewater projects have three things in common:

- ◆ Early and constant communication with state and local agencies;

- ◆ Contact with funding sources as soon as the project needs are identified; and
- ◆ Coordinated long-term public involvement.

After your community has identified the need for a project, it is important to contact state and local agencies to begin to build a consensus of the need for the project. Some important agencies to contact at the state level include the OEPA Division of Environmental and Financial Assistance and the Ohio Rural Community Assistance Program. Both of these agencies can help you navigate all of the funding programs available for your project. Some important agencies to contact at the local level include your County Commissioners, your local community's regional planning commission and Appalachian local development district office, and your local health department. These agencies can help you build local support for the project, look at options for regionalization of services to reduce user cost, and help you evaluate funding options. You should also contact your representatives at the state and federal level. Let them know about your project and needs. These individuals can also help you secure funding for your project.

The local community will be responsible for repaying project loans. Since there are several funding options, it is important to create a funding package that will meet your project and community's needs. You must consider application deadlines, loan requirements, and loan terms when making decisions. The more you know, the better chance you have of saving your community money. Local and state government agencies will typically only be able to discuss the funding programs available from their agency. It is important that your design engineer has a funding specialist who has worked with all of the funding programs to maximize the amount of grants and minimize the amount of project loans. Outside the box funding can include public private partnerships to create jobs. Job creation can provide additional grant funding for projects. Funding specialists can also be able to tailor your funding applications to maximize the amount of grant funds and lower interest loans. Each funding agency has different requirements. Applications can be tailored to meet the scoring requirements of the individual agency.

Public involvement throughout a project will give the community ownership of the project. An informed public can become a great ally, and communities that understand their public's needs are more likely to gain acceptance of the project and support for new or increased user fees to pay for the project. You should consider forming a project team that considers members of your community and state and local government agencies. The team can help you establish an action plan and identify ways to save money by providing services, such as organizing public meetings. The team can also help you build trust with the public, educate the community on the project, identify key stakeholders such as landowners, business owners, clergy, and educators, and encourage attendance at the public meetings.

The continued reduction in the availability of grant funding at the federal and state level has required small communities to fund their projects with user fees. This continues to reduce the viability for successful, affordable projects. Communities need to look for ways to build consensus and support for their projects to increase this funding. This requires communities to work together with state and

local agencies, and to find engineers with experience in funding projects for small communities.

RECENT SUCCESS STORIES

Amesville obtains 64% of the total project cost from grants

Over a six year period, the Village of Amesville, located in Athens County with a population of 147, completed a wastewater collection and treatment system to replace failing septic systems. By acquiring grant funds in the amount of \$910,000, for a total project cost of \$1,415,000, the village was able to maintain monthly user rates to below \$40 per household. The village also selected a decentralized system to minimize the monthly operation and maintenance cost.

The village received a \$600,000 Community Development Block Grant, \$60,000 OPWC Small Governments grant, and a \$250,000 Appalachia Regional Commission grant. The village received a \$450,000 OEPA WPCLF loan at an interest rate of 0% for 20 years and a \$90,000 OPWC Small Governments loan at an interest rate of 0% for 20 years.,

The success of obtaining over 64% grant funds was attributed to working with the decentralized wastewater workgroup and the financial workgroup of the Small Community Environmental Infrastructure group (SCEIG). The SCEIG is a group of state and federal agencies and non-profit organizations to provide non-technical information, advice, and education to build the capacity of existing small, rural communities.

Blanchester receives ARRA funds to construct EQ basin



The Village of Blanchester, located in Clinton County with a population of 4243, recently completed the construction of a 1-million gallon storm water equalization basin, a wet weather pump station, and appurtenances at its wastewater treatment plant. The basin and pump station are part of Phase I of their 2007 master plan.

The Village utilized three funding sources and was the recipient of federal grant funds through the American Recovery and Reinvestment Act (ARRA). For planning and design, OEPA

awarded the village a 0% loan through their WPCLF loan program. For construction, the OPWC awarded the Village a \$400,000 grant and an \$800,000 loan at an interest rate of 0% for 30 years.

Originally, OEPA awarded the Village a loan for \$959,717 at an interest rate of 0% for 20-years. But due to the readiness to proceed, the Village was awarded ARRA funds in the amount of \$909,791.35. Many communities in Ohio were able to take advantage of the one-time ARRA program. Thru the ARRA program, Ohio EPA was awarded \$280 million for both water and wastewater projects.

Harrisville receives 0% planning loan from OWDA and principal forgiveness from OEPA

The Village of Harrisville, located in Harrison County with a population of 235, has failing on-lot septic tanks. In October 2009, OWDA awarded the village a planning and design loan in the amount of \$200,500 at an interest rate of 0%. During a short period in 2008 and 2009, OWDA awarded planning loans with an interest rate of 0% to unsewered communities. The purpose of the program was to encourage communities to begin projects to take advantage of possible grant funding through the American Recovery and Reinvestment Act of 2009. OWDA awarded over 30 loans totaling \$6.5 million to un-sewered communities. To date 4 projects have been constructed and 12 others are on the current Intended Project List of OEPA's WPCLF program.

Harrisville's has been nominated for 75% principal forgiveness from the WPCLF program. The village will also seek funding from ARC, OPWC, and CDBG for their \$2.7 million decentralized wastewater collection and treatment project.

Harrisville, along with 5 other un-sewered communities, will be receiving principal forgiveness from the WPCLF loan program. OEPA included principal forgiveness for the first time since the WPCLF loan program was established. At this time the future of principal forgiveness as part of the WPCLF program is unknown. The anticipated federal funding level of the Clean Water State Revolving Loan Fund will be lower for fiscal year 2012 than fiscal year 2011. This being the case, the possibility of Ohio EPA to continue to provide principal forgiveness at the same funding level is slim.

THE FUTURE

In the last few years small communities in Ohio have benefited from new grant dollars through the ARRA and the WPCLF principal forgiveness programs. While we do not predict any additional grant funds through a federal stimulus program, time will tell if OEPA decides to continue with the principal forgiveness program.

According to Steve Grossman, Executive Director of OWDA, *"For now small systems will need to focus on cost savings measures by considering consolidation with other systems. Funders will need to coordinate project approvals to award the reduced amount of available grant funds to the systems in the most financial need."*

RESOURCES FOR FINANCING SMALL SYSTEMS

Ohio Rural Community Assistance Program (www.glrcap.org/ohio)

Small Communities Environmental Infrastructure Group (www.sceig.org)

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Appalachian Ohio Local Development Districts

Buckeye Hills – Hocking Valley Regional Development District (www.buckeyehills.org) serving the counties of Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry and Washington

Ohio Mid-Eastern Governments Association (www.omegadistrict.org) serving the counties of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas

Ohio Valley Regional Development Commission (www.ovrdc.org) serving the counties of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto and Vinton

Regional Planning Commissions

Toledo Metropolitan Area of Council of Governments (www.tmacog.org) serving the counties of Fulton, Lucas, Ottawa, Sandusky, and Wood

Miami Valley Regional Planning Commission (www.mvrpc.org) serving the counties of Greene, Miami, and Montgomery

Bel-O-Mar Regional Council (www.belomar.org) serving Belmont County.

Brooke-Hancock-Jefferson Metropolitan Planning Commission (www.bhjmpc.org) serving Jefferson County

Eastgate Regional Council of Governments (www.eastgatecog.org) serving Mahoning and Trumbull County.

Northeast Ohio Areawide Coordinating Agency (www.noaca.org) serving the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina.

Northeast Ohio Four County Regional Planning and Development Organization (330-252-0337) serving the counties of Portage, Stark, Summit, and Wayne.

Ohio-Kentucky-Indiana Regional Council of Governments (www.oki.org) serving the counties of Butler, Clermont, Hamilton, and Warren

Mid-Ohio Regional Planning Commission (www.morpc.org) serving the counties of Delaware, Franklin, Pickaway, and Ross

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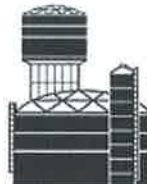
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