



A Community's Guide to the Ohio Water Pollution Control Loan Fund



Division of Environmental and Financial Assistance
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Introduction

In 1987, Congress replaced the Construction Grants program with the State Revolving Fund. Rather than provide direct grants to communities, the federal government provides each state with a series of grants, then each state contributes a 20 percent state match. These combined monies are used to capitalize a perpetual source of funds to finance water pollution control activities at below-market interest rates. To enact the State Revolving Fund program, the Ohio legislature created the Ohio Water Pollution Control Loan Fund (WPCLF). The Division of Environmental and Financial Assistance (DEFA), within the Ohio Environmental Protection Agency (Ohio EPA), manages the WPCLF program. The Ohio Water Development Authority (OWDA) acts as the financial manager for the fund.

To familiarize you with our program, we have developed this community guide. The guide is designed to give you an overall view of WPCLF program requirements, and guide you through the steps as we proceed through the WPCLF process together. At the end of each section, we have included a checklist to assure that important, but not always readily apparent, tasks are completed at the right time and in the right order.

To be considered for WPCLF financing, your proposed activity must result in a water quality benefit. Projects eligible for WPCLF financing include such activities as construction of wastewater treatment plants and sewers, as well as activities associated with nonpoint source water pollution, such as agricultural runoff control, landfill closures, contaminated industrial property (brownfield) remediation, stream bank restoration and wellhead protection. Although this guide is focused on the general process for funding of publicly-owned treatment works, the process for funding of nonpoint source activities is similar. If you are considering a nonpoint source activity, please contact DEFA as early as possible.

The WPCLF offers a variety of financing options at below-market interest rates to assist communities in meeting their specific needs. These include long-term loans (up to 20 years) at the standard, below-market rate, loans for planning and design, and a minimum interest rate loan for communities of high economic need. In addition, the WPCLF offers interest rate discounts for special activities such as sustainable growth plan implementation, class B to class A sludge conversion, septage receiving and treatment, Water Resource Restoration Sponsor Program (WRRSP) projects and Green Infrastructure implementation.

In addition to offering low-interest financing for the planning, design and construction of water pollution control projects, DEFA also offers technical assistance for the wide variety of activities discussed in this community guide. DEFA staff members have experience and expertise in the fields of planning, project design, environmental science, natural resources, civil and environmental engineering, finance and public administration. We can therefore assist you through each step of the process, as needed, from your initial planning to project completion.

The planning, design, construction and operation of a wastewater project is not as formidable a task as it may sometimes seem. We trust that this guide will serve you well, and we encourage you to take advantage of the experience and expertise of DEFA staff. Our goal is to make your journey as easy and straightforward as it can be.



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Generally, communities get involved with water pollution control projects for one of two reasons. Either they have a problem that must be fixed to comply with water quality laws, or the community wants to make improvements for its own benefit. The first step is for you to have a firm idea of what you are trying to accomplish. To save time and money, decide where you are now and where you want to be when the work's all done.

Getting Started

How do I get involved with the WPCLF?

If you have a water pollution control project, problem or need, and wonder if the WPCLF can help you, the first step is to call us at (614) 644-2798.

Hiring an Engineering Firm

A community must have the technical expertise and managerial capability needed to plan, design and build the proposed project. If you do not have an engineering staff, or choose not to use your staff, your other option is to hire an engineering firm to assist you. The selection of an engineer can be the most important phase of a project. The quality of the finished product, whether an analysis of a sewer system, a design of a wastewater treatment plant, or the construction of a new interceptor sewer, can greatly depend on the engineering firm selected for the job.

You may sign one contract with the engineering firm to assist you through planning, design and construction supervision. If you choose, you may contract with a different engineering firm at the beginning of each phase.

Nomination to the Project Priority List

DEFA will call for Project Priority List (PPL) nomination forms each year in the late summer, typically August. This form is required for funding consideration and used to let us know that you may be interested in the WPCLF program, so you should complete and submit the PPL nomination form to DEFA before the submission deadline each year.

Although it is not the same as the actual loan application, your community cannot be awarded a loan until the project is listed on the PPL and subsequent Intended Project List (IPL), which are both included in our annual WPCLF Program Management Plan.

Completion and submittal of the PPL nomination form in no way obligates you to participate in the WPCLF loan program. The PPL nomination form requests that your community provide the best information currently available about the project. Generally, this is information that the community already has available. If unknown, information such as costs can be estimated when completing the form. Communities that are considering nominating projects are encouraged to contact us with questions well in advance of the nomination deadline.



Generally, communities get involved with water pollution control projects because they have a problem that must be fixed to comply with water quality laws or the community wants to make improvements for its own benefit.

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When we receive your PPL nomination form, we use the information provided to assign a score to your project so it can be ranked on the PPL. Currently, most financial assistance is awarded based on a project's readiness to proceed rather than its PPL ranking. We will do everything we can to have money available when you need it, regardless of where your project may actually be ranked on the priority list. However; should demand for WPCLF money exceed the amount available, we will award loans to the highest ranked project that is ready to proceed.

Following project ranking on the PPL, DEFA will contact nominees to discuss their projects and possibly schedule a general informational meeting. These meetings can be as formal or informal as you want, ranging from a general discussion to a presentation at a Village Council meeting. At the initial meeting, DEFA representatives will discuss the WPCLF program and important information you need to start the loan review and approval process. This meeting provides a good opportunity for you to ask questions and discuss what you want to accomplish.

If you choose, we can talk about the specifics of your project at the general informational meeting. In the same meeting, or subsequent meetings, we can start to identify the scope of your planning effort, identify what preliminary work you have already completed, and outline the steps for what to do next.

Interest Rate Determination

The standard, below-market interest rate is established at the beginning of each month and will apply to projects whose standard rate loan agreements are executed by their borrowers during that month. The longest term currently available is 30 years for combined sewer overflow projects that exceed \$20 million and have a design life of 30 years or more, or 20 years for all other construction projects. Short-term loans (up to five years) for planning and design are also available. Small communities or communities with high economic need may qualify for additional reductions to the standard rate. Please see Appendix C for a summary of interest rate options.

Financial Concerns

By now, you have probably started thinking about the money you will need to complete your project. Because project cost estimates will change through planning, design, and construction, it is important to begin tracking your costs early, and continue to monitor them as your project takes shape. At your request, we will help you coordinate with other funding agencies and evaluate your available finances.

Moving Ahead

You have taken a positive first step by contacting us, and we will be available to guide you and provide assistance when needed from now until your project is built and operating. The next step in the process is for you to begin planning specifically what you need to do to successfully complete your project and meet your goals. The next section discusses planning your project in more detail.

Check Your Progress

Things that should be done by the end of getting started:

- Determine where you are now and where you want to be when the work is complete.
- Contact DEFA and hold a general information meeting with DEFA representatives.
- Submit a Project Priority List nomination form before the annual submission deadline.



Getting Started

Planning Your Project

Effective project planning should help you define your current situation, identify alternatives, mitigate environmental impacts, ensure cost-effectiveness, select the overall best solution, identify specific steps for implementation, explain the project to your community and help secure WPCLF financing. Keep in mind that the future success of your project depends on the thoroughness of your work during this step.

Determine Your Existing Situation

A clear idea of the existing situation and problem will help you decide which alternatives should be considered. You need to determine factors such as service area, population projections and flow projections. What type of facilities currently exist? What condition are they in? What is the quality of water resources in your project area?

Why are you doing this?

Before you can identify alternatives, it helps to clearly identify the purpose for starting this project. Is there an environmental problem you need to solve, or are you anticipating the future needs of your community? To help you identify your existing situation and direct you toward appropriate alternatives, you should consider things such as the condition of your existing sewers and wastewater treatment plant (if you have a centralized wastewater system) and whether they are meeting current Ohio EPA requirements, the population and future growth of your community, and potential effects on the environment resulting from future development that may result from your project, such as the loss of natural habitat or effects on nearby stream corridors.



To help you identify your existing situation and direct you toward appropriate alternatives, you should consider things such as the condition of your existing sewers and wastewater treatment plant (if you have a centralized wastewater system) and whether they are meeting current Ohio EPA requirements.

Sanitary Sewage Flows

An important factor to consider is how much sanitary sewage there is now and how much there will be in the future. The type of sewer and treatment plant improvements you should consider depends on the location, land availability, stream availability, how much sanitary sewage there is to collect and transport through sewers to the wastewater treatment plant, as well as how much sewage there is to treat. If the purpose of your project is to construct sewers for an unsewered community, sewage flow can be estimated from water use records and/or population size and your proposed facilities may be designed based on these estimates.

However, if you have an existing sewer system, it is important to determine the actual sewage flows and predict how much sewage flow you will have in the future. In addition, all sewer systems have places where excess water — from leaks and cracks in the sewer (infiltration), basement sump pump discharges, or storm drains (inflow) — gets into the sewer system. This extra water can increase the amount of sanitary sewage that must be treated at the wastewater treatment plant or lead to sewage backing up into basements. As part of your planning process, we will expect you to identify how much of this excess water is in your system, and to assess whether it is cheaper to remove the sources (the leaks and direct connections), or to transport the clear water to the wastewater treatment plant.

NPDES Permit Limits

Are you thinking about expanding your wastewater treatment plant or building a new wastewater treatment plant? If so, a revised or new National Pollutant Discharge Elimination System (NPDES) permit will be necessary. This permit sets the level of treatment your wastewater treatment plant must accomplish to meet the water quality standards established for the stream receiving the discharge. Determining the permit limits can sometimes be a lengthy process, in some cases requiring Ohio EPA to conduct extensive sampling of the receiving stream. As soon as you know the size of your proposed facilities, you should submit a request for new discharge permit limits to Ohio EPA's Division of Surface Water. We can do this for you, or you can contact the Ohio EPA district office in your area.

Analyze Your Alternatives

Once the existing situation is clearly identified, there will probably be several solutions available. Which solution is the best one? An alternatives analysis will compare the different solutions and help you select the most cost-effective, sustainable and environmentally sound alternative.

Your engineer should do a present worth analysis to compare the total costs over the next 20 years of different alternatives. In order to determine these total costs, the analysis will combine the initial construction cost and 20-year operation, maintenance and replacement costs to calculate a total cost for each alternative. This allows you to determine the least costly alternative for your project.

You may think the best alternative is the least expensive one. However, nonmonetary factors can also play a role in your decision. Nonmonetary factors include short-term effects to environmental features and long-term effects (such as new development) due to the project; equipment reliability questions; and concerns about ease of operation. You should also consider ways to lessen the short- and long-term effects of implementing each alternative, such as use of appropriate mitigative measures during construction and land use controls on development served by the project. The nonmonetary pros and cons of each alternative should be weighed along with the present worth costs of each to determine the best overall solution for your current situation.



While planning your project, you should also consider ways to lessen the short- and long-term effects of implementing each alternative, such as use of appropriate mitigative measures during construction and land use controls on development served by the project.

Preliminary Costs

Now that you've selected a solution, you should have a good estimate of the total project cost. It may be necessary to find funding sources in addition to the WPCLF to try to lower the cost to the user and make the project implementable. It's never too early to start asking yourself whether you have enough financing lined up and how much the project will cost the average user. User costs can be estimated by adding the cost of abandoning any septic systems, connecting to the new sewer system (if applicable), paying off debt, and paying for the yearly operation and maintenance of the system.

Additional Funding Sources

In order to make your project more affordable, we can provide information and contacts for several other funding sources. The major sources of grant money currently available are the Ohio Public Works Commission (OPWC), Community Development Block Grants (CDBG), United States Department of Agriculture — Rural Development (USDA - RD) and the Appalachian Regional Commission (ARC). These funding sources may have different time schedules than the WPCLF, so it is important to know each source's deadlines to assure that all possible sources of funding are evaluated before you need them.

Public Involvement

It is important to get the public involved and informed early in the planning process. Early participation can improve community acceptance, even when user costs increase. A successful public participation program may include website notifications, informational meetings, public hearings, news releases or flyers. The point is to share all available information concerning the project. Also, a clear explanation of what the problem is and how much it will cost to fix can minimize confusion and controversy. We can help you evaluate what level of public participation may be appropriate for your project.

Planning Approval

When you submit your planning information to us, we will review the potential environmental effects your proposal may have, both in the short-term and the long run, and make sure the planning information is complete and results in the most cost-effective, sustainable and environmentally sound solution. For most



For most projects, the environmental review is a relatively quick process, but it can be longer for projects with potential areas of environmental concern such as the existence of wetlands, archaeological or historical sites, or stream corridor issues within the project area.

projects, this is a relatively quick process. However, it can be longer for projects with potential areas of environmental concern (such as the existence of wetlands, archaeological or historical sites, or stream corridor issues within the project area). If the chosen treatment method is not conventional or the project is complicated by other factors (for example, regionalization issues), then a longer review time may be necessary to ensure that the most cost-effective solution is being recommended.

Upon completion of its environmental review, DEFA will prepare an Environmental Assessment (EA) or, under certain circumstances, a Limited Environmental Review (LER) for the project, which summarizes the environmental, technical and cost information developed during the planning process. The EA documents the significance of your project's effect on the environment and describes any actions necessary to reduce these impacts. These measures will also be incorporated into the detailed plans and specifications of your project. The EA will be made available for public review and comment. After a 30-day comment period, which is not required in the case of an LER, we will make a final decision as to whether the project has the potential for causing significant, adverse environmental effects. If there are no significant environmental effects identified, we will issue a final Finding of No Significant Impact (FONSI) and formally approve for your planning effort.

Moving Ahead

You should now have a well-defined plan of action. While this may not be the most expensive step of the overall loan process, it is the most important. As mentioned before, the future success of what you construct in your community depends on the quality of your work through this planning step. You will now need to put the project you are planning to build on paper and in the form of detail plans and specifications. The next chapter discusses designing your project in more detail.

Check Your Progress

Things that should be done by the end of planning your project:

- Hired an engineering firm to assist you with project planning and submitted your scope of services agreement to DEFA.
- Identified existing problem(s) and future needs to be addressed, including design flows.
- If necessary, requested new or revised discharge permit limits.
- Evaluated an appropriate range of alternatives and selected a cost-effective solution.
- Prepared a preliminary estimate of total project cost and cost per user.
- Identified and contacted potential sources of funding for the project.
- Adequately involved the public.
- Prepared a Facilities Planning Document that includes all the elements identified above.



Designing Your Project

Now that you have decided what you want to build, you need to prepare the construction documents so contractors can submit bids to construct the improvements. Ideally, work should start on these documents after DEFA has issued a final Finding of No Significant Impact and approved your plan. However, most communities start preparing the construction documents sooner. Starting sooner won't create any problems as long as you and DEFA have come to an agreement on the recommendations in your project plan.

The construction documents consist of three parts:

- Detailed plans that provide a detailed picture of exactly what you want to build and where you want to build it.
- Specifications that describe and explain what you want to build.
- Contract documents that describe the process you will use to seek bids and all the legally binding requirements on the construction contractor(s) and the community.

Preparing the Detail Plans, Specifications, and Contract Documents

Preparation of complete and accurate construction documents is extremely important. Contractors will bid on and build exactly what they think the contract documents say. Any ambiguities and/or errors in the construction documents may lead to confusion and result in delays, disputes and cost overruns. Therefore, it is important to hire a competent engineering firm to prepare documents that thoroughly and accurately describe everything that you expect the contractor to do.

WPCLF Issues That Affect Detail Plans and Specifications

The WPCLF program has some requirements that you may not normally include as part of a wastewater facility design. When you are ready to start the actual design of your project, you should be aware that because this is an environmental program, DEFA will want to make sure that the construction documents include appropriate environmental standards and safeguards. These standards ensure that the construction of the project does not result in significant or avoidable impacts to the environment. There are also some social policy standards that must be included, such as making sure the contractor makes an effort to subcontract some of the work to companies owned by minorities and women, and pays the workers the prevailing wages for your area. Please see Appendix A for a complete list of environmental standards and social policy authorities. DEFA can provide samples of appropriate language for you to include in the contract documents.



A review of your detail plans by Ohio EPA and issuance of a Permit-to-Install (PTI) is necessary whether or not you are getting a WPCLF loan.

Plan Review and Permit-to-Install

A review of your detail plans by Ohio EPA and issuance of a Permit-to-Install (PTI) is necessary whether or not you are getting a WPCLF loan. If you are getting a WPCLF loan, you should submit the detail plans and a PTI application to DEFA for review as early as possible, but no later than 170 days prior to the month in which you plan receive a loan award. We will review the documents for the following:

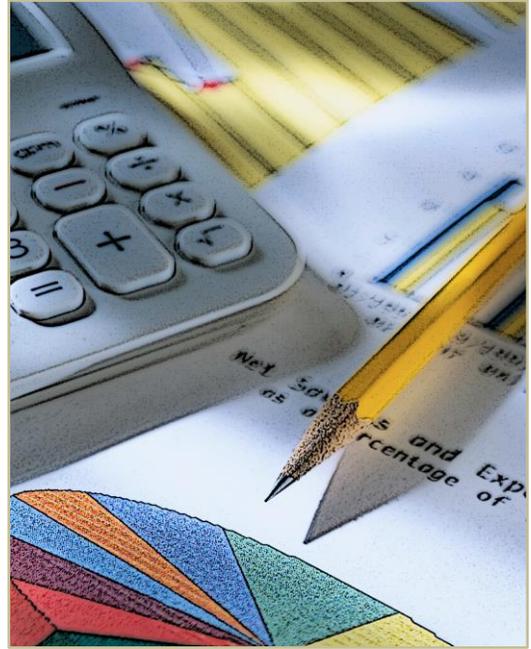
- conformance with technical requirements to make sure the project will be constructed according to accepted engineering standards which, in Ohio, are referred to as the *Ten State Standards*;
- consistency with your approved planning effort to make sure the project that you planned is the project you will build;
- inclusion of appropriate environmental protection and mitigation measures;
- conformance with social policy standards and other WPCLF program requirements; and
- conformance with Ohio Revised Code procurement requirements. {This is simply an advisory activity; issuance of a PTI does not mean that DEFA is making any formal determination on the legality of your procurement process.}

Once the review is complete and everything is as it should be, Ohio EPA will issue a PTI for your project. The PTI is valid for 18 months. You will receive a copy of the PTI, a report prepared by DEFA detailing the proposed construction, and a copy of the plans stamped "SEWERAGE APPROVED."

Concurrent Activities

As you proceed through the project design process, there are other tasks you should be completing. It is important to do these things during the design phase rather than waiting until the design is complete. All of these items have to be completed before you receive a WPCLF loan:

- You should identify and start acquiring any land and/or easements you will need to construct the project. This can be a time-consuming process. The sooner you start, the less likely you will have project delays or extra costs. Please note that land acquisition is only eligible for funding if it is an integral part of the treatment system, such as land that will be used for spray irrigation of wastewater.
- You should confirm your sources of construction financing. This is especially important if you have more than one source. If a funding source (especially a grant) falls through, it could have serious effects on the project's cost to your users. These funding sources may have different time schedules than the WPCLF, so it is important to know each source's deadlines to ensure that funding from all sources is secured before you need it. Additional resources are listed in Appendix D.
- If you don't already have one in place, you should draft a proportional User Charge System (UCS) which consists of a Use Ordinance, Rate Ordinance and Rate Structure. The UCS describes how to charge users of the project so you can generate enough money to operate and maintain the project after construction is complete. A Use Ordinance regulates the use of sewers and protects the integrity of the treatment works, a Rate Ordinance contains the legal foundation for the system of rates by allowing the community to collect revenues for the operation and maintenance of a wastewater system and the Rate Structure as part of the rate ordinance establishes rates charged to users and the method used to calculate rates. See Receiving Your Loan for more details.
- You should draft service agreements with any other community whose treatment works you may be sharing. In other words, if your sewer system connects to someone else's treatment plant, or your treatment plant treats sewage from outside your jurisdiction, you must have a contract with them to provide service and to establish how that service is paid. This is discussed in more detail in Receiving Your Loan.
- You should decide what your dedicated source of repayment will be for your WPCLF loan as well as for any other funding source used. It is very important to determine how your community will be paying its share of the costs as early as possible to avoid unpleasant surprises at the last minute. You must dedicate a specific source or sources of revenue, such as user fees or assessments, to repay the WPCLF loan, as well as any other loans you may obtain.
- You should talk with your engineer about developing a draft Operation and Maintenance program, along with the plans and specifications. It is very important for both you and DEFA to be sure that you know how to operate and maintain the facility once it is built. Before we approve the loan, we



It is very important to determine how your community will be paying its share of the costs as early as possible. You must dedicate a specific source or sources of revenue to repay any loans you may obtain.

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will work with you and your wastewater treatment plant operator to develop such a plan for proper operation of your new facilities. This is discussed in more detail in *Receiving Your Loan*.

While it may seem otherwise, the design phase of a project is not overly complicated. Some tasks are highly technical and will require the assistance of a competent engineering firm. Other tasks deal with the administrative and programmatic necessities of designing and building your project. The resources and expertise of DEFA are available to assist you with the design phase work outlined above.

Moving Ahead

While the planning and design stages may seem to take a long time, from here on out the process will start moving very quickly. Now that you have approved construction documents, it's time to find someone to build the project. Now is also the time to finalize all of the financing. The next section discusses receiving your loan in more detail.

Check Your Progress

Things that should be done by the end of designing your project:

- Hired an engineering firm to help design your project and submitted engineering agreement to DEFA.
- Identified any specific land and/or easements you will need.
- Identified a dedicated source of repayment for any financing you receive.
- Begun drafting a proportional User Charge System if none exists.
- Begun drafting any necessary inter-governmental service agreements.
- Completed and submitted your detail plans and specifications to Ohio EPA (DEFA), drafted contract documents, and paid your PTI application and plan review fee.
- Received the final engineer's construction cost estimate for the project.



Receiving Your Loan

Project planning and design are not the only steps necessary to receive a loan. As with any financial matters, there are certain administrative and fiscal requirements that you will need to meet before you can receive a loan. This section will discuss these programmatic requirements and the related steps that you should take to ensure that your loan is ready when you need it.

Loan Application

Completion of a loan application serves as your formal request for financing from the WPCLF. We use the loan application process to ensure that your project meets all program requirements and qualifies for our funding. The completed application identifies the loan amount requested, the term of the loan and the interest rate. Please see Appendix C for a full description of the terms and rates available. Contact us for loan application documents and more information about the loan application procedures.

Easements and Land Acquisition

You may need to acquire private property, including easements, for your project. The actions that you need to take in acquiring land should be fair and equitable to both the people selling the land and to the taxpayers. The procedures required by the Uniform Relocation Act help to ensure this. Generally, land acquisition is not a problem, but all work to acquire easements and obtain land, if needed, should be started as soon in the loan application process as possible. This early start could prevent your project from being delayed due to litigation or other land owner opposition. Please note that land purchases and easements have limited funding eligibility through the WPCLF.

User Charge System

The costs of operating, maintaining and repairing (OM&R) the facility (such as salaries, utilities, chemicals, etc.) should be distributed to the users in a proportional manner (that is, allocated among all classes of users). All other costs including debt service, capital improvements and other costs must be separate from OM&R. The format of your UCS must be approved prior to receiving a loan.

Service Agreements

If your sewer system connects to someone else's treatment plant, or your treatment plant treats sewage from outside your jurisdiction, you must have an agreement with these outside entities to receive/provide service. This agreement may be between your community and another, or even between you and individual homeowners or corporations. The agreement should address issues such as the purpose for the agreement, the parties involved, the boundaries of the areas to be served, and the duration of the agreement. Please feel free to contact DEFA for assistance with preparing a service agreement.

Operation and Maintenance Program

An Operation and Maintenance (O&M) Program is vital to the successful operation of your project, and is meant to ensure that your facility will be operated and maintained properly for the life of the loan, facilities and beyond. The goal of the WPCLF O&M program is to tailor the required information to meet your specific community's needs. Your O&M program will be designed to give your community the tools needed (training, manuals and administrative support) to consistently meet NPDES permit limits and to ensure that your facility is operated cost-effectively. Each community that receives a WPCLF loan must enact an O&M Program for the funded project.

Your O&M program may consist of items such as an O&M manual, standard operating procedure manuals, videotaped training and operation lessons, or other classroom training. We will work with you to determine the best O&M program for your employees and facility. Meetings held during the loan application process will help you develop a plan to implement your O&M program during construction.

Bidding Process

The first step in the bidding process is to advertise. Generally, bid advertisements are published in local papers and trade magazines at least 90 days before the estimated start of construction. The 90-day time period provides 30 days for actual advertisement for bids plus another 60 days for you to evaluate the bids received, select a contractor, and finalize your financing. Advertising requirements may vary for your community, so please check with your community's solicitor if you have any questions.

After you have received and evaluated bids for your project, and before you award the contract, you'll need to submit your bidding process documentation to us, so we can verify that all applicable state procurement and federal laws pertaining to construction contracting have been followed. DEF A's review of the documentation will also determine the eligibility of the as-bid construction costs for loan reimbursement.

OWDA Requirements

The Ohio Water Development Authority (OWDA) acts as the WPCLF banker and co- signs the loan agreement, so OWDA will need certain documents before your loan can be approved. A checklist of the required documents is included in the loan application package. Contact DEFA if you have any questions about these documents.

Also, OWDA charges a fee of 0.35 percent of your total loan amount as an application fee. The fee must be paid before you receive your loan and cannot be included in the loan.

Loan Agreement

After all the documentation is submitted and approved, we will draft a loan agreement that spells out the terms and conditions of your WPCLF loan. The loan agreement includes items such as the length of the loan, the applicable interest rate, repayment dates and amounts, and other appropriate exhibits that help to further clarify the terms and conditions of the loan. Please note that the repayment dates cannot be amended once the loan agreement has been signed. Your community officials, the Ohio EPA director, and the OWDA executive director will sign the loan agreement to verify and document that you accept the terms of the loan.

Loan Award

Near the time that you expect to receive your loan, we will meet with you to go over our respective responsibilities as outlined in your loan agreement and discuss any questions you may have. The last action in the approval process for your loan will occur at an OWDA board meeting. The OWDA board meeting is held on the last Thursday of every month, except November and December, for which a combined meeting is held in mid- December to avoid conflict with holidays. Approval of the proposed loan award for your project will occur during one of these OWDA meetings. After the board meeting, and once Ohio EPA and OWDA have actually signed the loan documents, you will receive a Certificate of Availability of Funds, which will signify that WPCLF funds are available for your project.

Moving Ahead

You are one step closer to completing your project. The next step is for you to initiate construction. Although you have received approval for your loan award, our involvement does not end here. We will be available for you throughout construction to answer any questions you have and help your project go smoothly. The next section discusses building your project in more detail.

Check Your Progress

Things that should be done by the end of receiving your loan:

- Completed and submitted your loan application package, including OWDA information.
- Completed land or easement acquisition.
- Completed development of a User Charge System and received approval from DEFA.
- Completed development of and signed any service agreements needed for service outside your jurisdiction.
- Developed the plan for your Operation and Maintenance program to be implemented during construction.
- Signed a contract with your engineering firm for construction phase services and initial operational assistance. Submitted the estimated labor of phase services to DEFA for review and approval.
- Advertised, opened, and reviewed construction bids and submitted bid documentation to DEFA.

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- Received, signed, and returned your WPCLF loan agreement to DEFA.
- Received the Certificate of Availability of Funds from OWDA.
- Awarded the construction contract(s).



Building Your Project

Now that your loan has been awarded, you are ready to proceed with construction. After all the hard work has been done to get to this point, it is important to remember that, while it is assumed that the facilities will be built correctly, construction rarely proceeds exactly as planned during design, so changes are to be expected. However, changes can add up to increased costs, so it is also important for you to monitor progress during construction and not leave everything in the hands of your engineering firm.

Preconstruction Meetings

To get your project off to a good start, your engineer will usually set up a preconstruction meeting. At this meeting, your engineer will discuss everyone's respective roles during construction, a schedule for regular progress meetings, any special provisions in the contract documents or specifications, how change orders will be handled, and how to coordinate with the treatment plant operator if work is being done at an existing wastewater treatment plant. Please make sure your Ohio EPA —DEFA project team is invited to participate at this meeting.

Construction Progress Visits

During construction, DEFA staff will visit your construction site to observe the work being performed. During these progress visits, we will review the construction status, get an update on the construction schedule, discuss the status of any project changes, check to see if the standards designed to prevent environmental impacts are being implemented as required, and make sure that an adequate level of inspection is being provided by the engineering firm. Normally, these visits are planned to coincide with scheduled meetings that include you, your engineering firm, and your contractor. We can also coordinate these site visits with your Ohio EPA district office representative, so that person can attend the construction site visit at the same time, if they desire.



During construction, DEFA staff will visit the site to observe the work being performed and check to see if the standards designed to prevent environmental impacts are being implemented as required.

If there are any concerns following the visit, we will follow up with you and your engineering firm to discuss these issues, and will also help you find solutions and develop a schedule for correction. These site visits are an excellent opportunity for you to ask questions and receive assistance from us during construction.

Operation and Maintenance Program Follow-up

Before you received your loan, we worked with you to develop a plan for your O&M program. Now that construction has started, it is time to implement the plan. We will have meetings during construction, as scheduled in the plan, to help you with implementation. By including us in these meetings, we can contribute technical assistance if you need it, help identify minor problems before they become major ones, and help you to keep the O&M program implementation on track during the busy construction period.

Project Changes

Changes to your original project design are likely to occur during construction. These changes may result for any number of reasons, such as an error or omission in the original detail plans and specifications, or site conditions that were not anticipated during design. Many of these things are to be expected in a complex construction project. All of these changes will require review and approval from Ohio EPA via change order.

Construction Change Orders

A change order is the legal document that is used to change the terms of your contract with the contractor after the construction contracts have been signed. We review all change orders for your project to determine if the proposed change is technically and environmentally acceptable, and if the work included in the change order is eligible for funding through the WPCLF. If the change order satisfies these two criteria, we will approve and fund the work from the contingency line item of your loan. If the change order satisfies only the technical and environmental review, but is not eligible for funding, the work can be completed, but another source of funding will have to be used. If the change order is not technically or environmentally acceptable, then another course of action will need to be agreed upon.

Engineering Agreement Changes

Depending on the type of change to your engineering agreement, the change may be in the form of an agreement letter or a completely revised contract. If there is any change in cost or a change in the substance of the contract, the revisions need to be sent to DEFA for review. Again, the change is reviewed to determine whether it is acceptable, and if the work included is eligible for funding. Increases in cost are funded from the contingency line item of your loan.

Supplemental Loans

All loans may include a five percent contingency line amount of total project costs to cover unanticipated increases to a project costs. If this amount is exceeded, you can apply for a WPCLF supplemental loan for additional funds. A supplemental loan acts as a modification of your original loan agreement to cover the increases. Please be aware of the amount remaining in this contingency line item and notify us as soon as you think you may need a supplemental loan.

Performance Certification

After you complete construction, you (or your official community representative) must notify us in writing when you initiate operation of your new facilities. After this date, you have the responsibility to monitor the operation of your new facilities for one full year. This year is intended to give you time to learn about and operate the new facilities, as well as identifying and working out any problems that arise after you start operating. After this one-year period is over, you must certify whether or not your project operates as intended during planning and design, and that your User Charge System is generating enough money to cover expenses. DEFA refers to this requirement as the Performance Certification.

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Your certification will indicate whether or not the facilities are operating as intended. If your project is not operating as intended, you need to indicate what you are doing to correct the problem and provide a schedule of when corrections will be completed.

Determining the Final Loan Amount

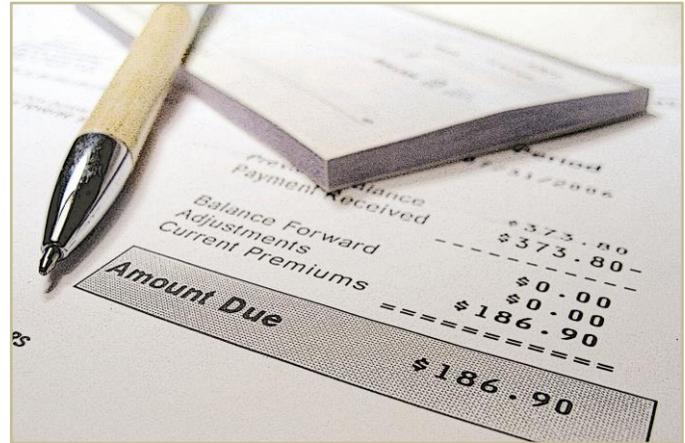
Even though your initial loan award was based on actual bid amounts, the cost of the project will probably change throughout construction. As the construction amount changes, the total loan amount will change, along with the total repayments to the WPCLF fund over the life of the loan.

Final Contract Costs

After final equipment and construction costs have been established, all change orders have been submitted to us for review, and all engineering services during construction and after initiation of operation have been completed, you are ready to confirm your final loan amount. If there are any shortfalls in other sources of funding included in your project, the WPCLF loan may be adjusted to cover them.

Capitalized Interest

Now is also the time for you to decide how you will pay off the capitalized interest portion of your loan. Capitalized interest accrues from the time the loan is disbursed until six months before the first payment is due, and can be paid up front or rolled into the loan. If you are paying up front, you must do so prior to your first semi-annual payment to OWDA.



By this time you may have some users that have already paid their assessment in full. If this is the case, you will have a one-time opportunity to decrease the capital amount of your loan with the assessments collected. This is the only circumstance under which the capital amount of the loan can be reduced.

Using Assessments to Reduce Loan Capital

If you charged assessments as part of, or the sole means of, paying for the project, by this time you may have some users that have already paid their assessment in full. If this is the case, you will have a one-time opportunity to decrease the capital amount of your loan with the assessments collected. This is the only circumstance under which the capital amount of the loan can be reduced.

Payments

By the time all these final costs have been calculated, you probably will have made your first payment on the loan. After an initial adjustment, all your semi-annual payments will be equal, and your repayments to OWDA will be due on January 1 and July 1 each year for the term of your loan.

Financial Management over the Life of the Loan

Your WPCLF loan agreement requires you to maintain the approved User Charge System for the life of the loan. Conducting an annual review of the User Charge System will let you see if your wastewater service charges are still adequate. The service charges should generate enough revenue to operate, maintain, and replace equipment or other parts of your system, to support a capital improvements program if your community has one, and to repay the WPCLF loan.

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Also, you will receive a request from OWDA for a report on the income of your wastewater treatment system. The request will come with your July semi-annual bill, to be submitted with your July payment.

Moving Ahead

Congratulations! Your project is finally complete, but now you have new wastewater treatment facilities to maintain and operate. Although your project is done from a construction standpoint, Ohio EPA is always here as a resource for your questions and problems, be they operational questions, questions about your rate system and finances, or something else.

Check Your Progress

Things that should be done by the end of building your project:

- Monitored progress of construction contractor and required mid-course corrections as necessary.
- Instituted your Operation and Maintenance Program.
- Enacted your approved User Charge System.
- Notified DEFA when your project initiated operation.
- Operated and evaluated your project for a one-year period.
- Certified to Ohio EPA that your project is operating as intended, and if not, that you are taking the necessary steps to correct any problems.
- Finalized project costs and determined your final loan amount and semi-annual payment.
- Things that you should be working on by the end of building your project:
 - Collecting revenues.
 - Repaying your WPCLF loan.
 - Operating and maintaining your new facilities.



Nonpoint Source Projects — a Brief User's Guide

Most of this manual deals with traditional project types (new or upgraded wastewater treatment plants, new collection systems, sewer system rehabilitation, etc.) that have been funded through the WPCLF. However, the WPCLF can also fund other types of nonpoint source projects that lead to important water quality benefits.

Planning, design, and construction loans and below-market interest rates are available for these nonpoint source projects just as they are for treatment works projects. The mechanics of how the loans are awarded are generally similar to the traditional WPCLF projects.

It is important to remember while reading this section that the eligible nonpoint source uses of the WPCLF have expanded over time and not necessarily limited to what is described below. If you have any question about whether or not your project may qualify for WPCLF funding, contact us at (614) 644-2798 for more information.

Agricultural Nonpoint Source Projects

Agricultural nonpoint source projects are intended to stop or prevent nonpoint source pollution originating on agricultural land from entering streams and affecting water quality. Examples of agricultural nonpoint source pollution include sediment, fertilizer or animal waste. Nonpoint source projects make use of ways to reduce or eliminate sources of nonpoint pollution. Activities that have been funded by the WPCLF include animal waste facilities collection and treatment facilities, conservation tillage equipment, grassed waterways, livestock exclusion fencing and precision fertilizer application equipment.

Nonpoint source pollution projects are usually developed on a watershed basis. A watershed management plan is prepared to serve as the basis for proposed improvements. These projects are usually managed and monitored either by a watershed committee or by local soil and water conservation districts. WPCLF funding can occur through direct loans (like those discussed in the previous sections) or by linked deposit loans. Linked deposit loans are actually made by a commercial bank that is able to offer an interest rate discount based on a below market investment made from the WPCLF. Contact us for more information on the linked deposit program or other agricultural nonpoint source pollution control questions.

Landfill Projects

WPCLF-eligible landfill projects usually involve the closure of a landfill to benefit water quality by stopping or preventing landfill leachate from entering a stream or ground water. The WPCLF has funded the planning, design and closure of several landfills. Sometimes, the WPCLF loan can be used in lieu of a trust account for the closure activities. Landfill closure plans can be used as the basis for the project. We coordinate with Ohio EPA's Division of Materials and Waste Management (DMWM) when reviewing and funding these projects.

Brownfields

Brownfields are industrial sites that generally have been abandoned because they are contaminated with hazardous waste (a more technical definition is available from Ohio EPA's Voluntary Action Program). WPCLF funding can be used for the site investigation, design, or actual remediation. Funding for remediation is limited to activities that address water quality. We will coordinate these projects with Ohio EPA's Division of Environmental Response and Revitalization (DERR).

Stream Corridor Protection Projects

Stream corridor protection projects are intended to restore or preserve the vegetation and physical habitat alongside a stream. These riparian areas are important because they filter out sediment, create habitat for many animal species, and furnish much needed shade and food for aquatic organisms.

These types of projects are developed to address a long segment of a stream or river, and are not intended to address problems associated with one or two properties. WPCLF funding, provided through direct loans or linked deposits, can be used for tree plantings, willow-posting, other forms of stream bank restoration, conservation easements or permanent purchases of land.



WPCLF funding, provided through direct loans or linked deposits, can be used for tree plantings, willow-posting, other forms of stream bank restoration, conservation easements or permanent purchases of land.

Storm Water Control Projects

Storm water control projects may involve a variety of water quality-related activities, such as the reduction of storm water pollutants or prevention of excessive storm water flows from entering a stream. This can be accomplished by creating sediment ponds or grassed waterways, treating storm water in wetlands, and by other innovative means. A storm water control plan would serve as the basis for the project. WPCLF financing could be provided either through direct loans or linked deposits. It is important to remember that these projects must realize a water quality benefit to be eligible for WPCLF funding. Routine storm sewer replacement, new storm sewers built solely for runoff control, and other activities related primarily to flooding issues are not eligible.

Water Resource Restoration Sponsor Program

A major WPCLF program initiative, begun in 2000, is the Water Resource Restoration Sponsor Program (WRRSP). This very popular and highly competitive program relies on WPCLF sponsor projects to provide funds – that are not repaid – for restoration and permanent protection of high quality water resources throughout Ohio. Because of the sometimes complex and often time-sensitive nature of this program, we urge anyone interested in learning more about it to visit our website, epa.ohio.gov/defa.

For More Information

As previously mentioned, the eligible nonpoint source uses of the WPCLF are continually expanding, and are not necessarily limited to the above. If you have a project that will benefit water quality, we will try to find a way to work with you to provide WPCLF funding. If you have any questions about whether or not your project may qualify for funding, contact us for more information.

Conclusion

The WPCLF has offered financial, technical and administrative assistance since 1989. Its success is a direct result of the input from and participation of communities, city officials, engineering firms and other federal, state and local agencies. The WPCLF has assisted many communities statewide in achieving improved water quality. With continued cooperation from all parties involved, DEFA will be able to continue providing these services to future customers as well.

Because this guide was designed for you, the community, we ask that you contact our office with any comments or suggestions for future improvements of both this manual and the WPCLF program. Please direct all comments, suggestions or questions to (614) 644-2798.

Appendix A — Laws and Rules That Affect Communities in the WPCLF

From this summary, you can see that there is a wide range of federal and state requirements that apply to the Ohio Water Pollution Control Loan Fund. While these laws and rules apply to every project, how a given requirement relates to a specific project varies greatly. Many of these laws and rules you may never see or hear about, since Ohio EPA staff may determine ahead of time that the requirements have been satisfied. Others may take more effort on your part to satisfy.

State Laws and Rules

[Ohio Revised Code Section 6111.036 Water Pollution Control Loan Fund](#)

In response to passage of the 1987 Clean Water Act amendments and the opportunity it provided to create a state revolving fund, Ohio EPA developed its own state-level program. The enabling legislation that created the Ohio Water Pollution Control Loan Fund was enacted on May 26, 1989. This legislation, found at ORC Section 6111.036, created the WPCLF to provide financial assistance for the construction of publicly-owned treatment works, implementation of nonpoint source pollution management programs, and development and implementation of estuary conservation and management programs.

Federal Laws, Executive Orders, and Regulations — Environmental Authorities

[The Clean Water Act \(as amended by the Water Quality Act of 1987, Public Law 100-4\)](#)

The 1987 amendments to the Clean Water Act include Title VI, which created a program for U.S. EPA to give capitalization grants to states for the establishment of revolving loan funds to solve water quality problems. The Act also includes other provisions that apply to WPCLF projects, including Title II, which covers specific provisions for planning, design, and funding eligibility of WPCLF projects, Title III, which includes water quality guidelines and nonpoint source management programs, Title IV, which covers NPDES permits, and Title V, which includes general provisions such as insuring minimum prevailing wages are paid in accordance with the Davis-Bacon Act.

[40 CFR Part 35 Subpart K — State Water Pollution Control Revolving Funds](#)

These federal regulations supplement the Clean Water Act Title VI by codifying all major program requirements applicable to SRF programs.

[Archeological and Historic Preservation Act \(Public Law 86-523, as amended\)](#)

[National Historic Preservation Act \(Public Law 89-665, as amended\)](#)

These Acts require the WPCLF to incorporate historic preservation into the decision-making process for projects to be financed with funds directly made available by federal capitalization grants. The effects of WPCLF projects on prehistoric and historic resources must be evaluated and avoided or mitigated. Consultation with the Ohio Historic Preservation Office and the Advisory Council on Historic Preservation is generally required for projects that may affect properties listed on, or eligible for, the National Register of Historic Places.

[Clean Air Act \(Public Law 84-159, as amended\)](#)

Under the Clean Air Act, states are required to develop implementation plans. This law requires Ohio EPA to assure compliance with the Ohio's State Implementation Plan for WPCLF projects. Specifically, no department, agency, or instrumentality of the Federal Government shall (1) engage in, (2) support in any way or provide financial assistance for, (3) license or permit, or (4) approve any activity that does not conform to a State Implementation Plan.

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[Coastal Zone Management Act \(Public Law 92-583, as amended\)](#)

The Coastal Zone Management Act requires the WPCLF to identify projects that may affect Lake Erie or the lakeshore area and develop those projects in a manner consistent with the Ohio Coastal Zone Management Program.

[Davis Bacon Act \(Public Law 71-798, as amended\)](#)

The Davis Bacon Act requires that all contractors and subcontractors performing construction, alteration and repair (including painting and decorating) work in excess of \$2,000 pay their laborers and mechanics wages at rates not less than those prevailing on similar projects within the area as Determined by the US Secretary of Labor. Contract documents must include language for this requirement and loan recipients will be required to conduct wage interviews and monitor payroll for compliance.

[Endangered Species Act \(Public Law 93-205, as amended\)](#)

This law was enacted in 1973 to protect all federally-listed threatened and endangered species from the risks posed by development and economic growth. Together with the National Marine Fisheries Service in the U.S. Department of Commerce, the U.S. Department of Interior's Fish and Wildlife Service prepares and maintains a list of these plant and animal species. The WPCLF is required to assure that activities being funded are not likely to jeopardize listed or proposed species for listing, or the critical habitat on which they depend.

[Farmland Protection Policy Act \(Public Law 97-98\)](#)

The purpose of the Farmland Protection Policy Act is to minimize the extent to which federal programs contribute to the unnecessary and irreversible conversion of farmland to non-agricultural uses, and to assure that federal programs are administered in a manner that, to the extent practicable, will be compatible with state, local, and private programs and policies to protect farmland.

[Fish and Wildlife Coordination Act \(Public Law 85-624, as amended\)](#)

The Fish and Wildlife Coordination Act requires the WPCLF to consult with the U.S. Fish and Wildlife Service and state wildlife officials during the planning of any project that will control or modify a body of water. This concept of control or modification has been interpreted to mean that any harmful effects on fish and wildlife and their habitats from a "water resource development" project are to be mitigated.

[Floodplain Management \(Executive Orders 11988\)](#)

The objective of these Executive Orders is to encourage avoidance of siting structures in the floodplain. If avoidance is not possible, actions must be taken to minimize potential flood losses and adverse impacts on the floodplain. The policy is applicable to all federal agencies and actions that: (1) acquire, manage, or dispose of federal lands and facilities; (2) undertake, finance, or assist construction; or (3) conduct activities and programs affecting land use--including planning.

[Safe Drinking Water Act \(Public Law 93-523, as amended\)](#)

The Safe Drinking Water Act has the purpose of assuring water supply systems will meet certain minimum national standards to protect public health. The Act helps assure safe drinking water supplies by, among other things, protecting especially valuable aquifers, including aquifers that provide the sole source of drinking water for communities, and other drinking water sources. The Act restricts underground injection of waste, which includes subsurface discharges from septic tanks or cesspools. The Safe Drinking Water Act also helps protect ground water resources from impacts due to sources such as leaking sewage lagoons.

[Protection of Wetlands \(Executive Order 11990\)](#)

This Executive Order requires the WPCLF to carefully consider the effects on wetlands resulting from the discharge of their responsibilities and refrain from damaging or altering wetlands when there is a feasible alternative.

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[Wild and Scenic Rivers Act \(Public Law 90-542, as amended\)](#)

The Wild and Scenic Rivers Act prohibits the WPCLF from providing assistance for the construction of any water resources projects that would adversely affect wild and scenic rivers. The National Park Service (NPS) must be notified at least 60 days in advance of the planned action. No proposal can proceed without the consent of the NPS.

Social Policy Authorities

[Title VI of the Civil Rights Act of 1964 \(Public Law 88-352\), Section 13 of the Federal Water Pollution Control Act Amendments of 1972 \(Public Law 92-500\), Section 504 of the Rehabilitation Act of 1973 \(Public Law 93-112\), The Age Discrimination Act of 1975 \(Public Law 94-135\)](#)

These four laws prohibit discrimination in the provision of services or benefits on the basis of race, color, national origin, sex, handicap or age in programs or activities receiving federal financial assistance.

[Equal Employment Opportunity \(Executive Order 11246, as amended\)](#)

This Executive Order requires WPCLF loan recipients to include non-discrimination and "affirmative action" provisions in all contracts. The provisions commit the contractor or subcontractor to maintain a policy of nondiscrimination in the treatment of employees, to make this policy known to employees, and to recruit, hire and train employees without regard to race, color, sex, religion and national origin.

[Disadvantaged Business Enterprises \(DBE\) Utilization](#)

DBE is an all-inclusive term that includes Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Small Business Enterprises (SBE), Small Business in Rural Areas (SBRA), HUBZone Small Business, Labor Surplus Area Firms (LSAF), and other entities defined as socially and/or economically disadvantaged. As a condition of receiving funding from the WPCLF, funding recipients must comply with DBE program requirements.

[Procurement Prohibitions \(Executive Order 11738, Section 306 of the Clean Air Act and Section 508 of the Clean Water Act\) - Executive Order 11738 was issued to coordinate enforcement of Section 306 of the Clean Air Act and Section 508 of the Clean Water Act.](#)

These sections prohibit WPCLF recipients from procuring goods or services from facilities that have been convicted of violations of either the Clean Air Act or the Clean Water Act. 40 CFR Part 15 provides, in part, for the listing of violating facilities.

[Debarment and Suspension \(Executive Order 12549\)](#)

Under Executive Order 12549, an individual or organization debarred or excluded from participation in federal assistance programs may not receive any assistance award under the WPCLF program. The Order applies to contracts greater than \$25,000. Each WPCLF community and any prospective contractor and subcontractors must complete EPA Form 5700-49 - Debarment Certification.

[Demonstration Cities and Metropolitan Development Act \(Public Law 89-754, as amended\)](#)

The Demonstration Cities and Metropolitan Development Act instructs federal agencies to consult with local officials to assure smoother coordination of their various assistance programs and to assure that projects funded under federal programs are consistent with local planning requirements. The Office of Management and Budget Circular A-95 was developed to provide a process for using state and area-wide clearinghouses to review and comment on projects that would affect local development plans. All WPCLF projects must undergo the A-95, or State Clearinghouse, review.

[Uniform Relocation Assistance and Real Property Acquisition Act \(Public Law 91- 646, as amended\)](#)

The Uniform Relocation Assistance and Real Property Acquisition Policies Act provides a process for fair and equitable treatment of persons whose property will be acquired or who will be displaced because of projects funded, in whole or in part, with federal assistance.

Appendix B — Example Legislation

The following provides samples of wording to be used in legislative actions required to authorize funding from the WPCLF. These samples are provided for your information only and must be adjusted to suit the particular circumstances of your project and the government structure for your community.

Legislation Authorizing Applicant to Enter Into a Contract - Example

AN ORDINANCE AUTHORIZING _____ TO ENTER INTO A CONTRACT WITH ACME CONTRACTORS, 1234 MAIN STREET, COLUMBUS, OHIO 43215, FOR THE CONSTRUCTION OF SANITARY SEWERS ON MAPLE STREET

WHEREAS, the City Council has made the determination that the construction of sanitary sewers on Maple Street is necessary, and WHEREAS, advertisements for bids for said construction have been made in accordance with the provisions of the Amended Charter for the City, and WHEREAS, said bids were publicly opened and read aloud on January 1, 1995, and WHEREAS, bids proposing to construct the sanitary sewers have been received, and WHEREAS, the Council has determined to accept the bids submitted by Acme Contractors.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF EXAMPLE, COUNTY OF EXAMPLE, AND STATE OF OHIO:

SECTION ONE:

THAT the City Manager be and hereby is authorized to enter into a contract with Acme Contractors, 1234 Main Street, Columbus, Ohio 43215, for \$500,000, as the lowest and best bidder for the construction of sanitary sewers pursuant to and in keeping with the proposal submitted by Acme Contractors dated December 30, 1994 and publicly opened and read on January 1, 1995.

SECTION TWO:

THAT the funds necessary for the construction of said sanitary sewers shall be taken from the Wastewater Treatment Plant Capital Improvements Fund.

Legislation Authorizing Applicant to Enter into a WPCLF Agreement - Example

Resolution No. _____

A RESOLUTION AUTHORIZING _____ TO APPLY FOR, ACCEPT, AND ENTER INTO A WATER POLLUTION CONTROL LOAN FUND AGREEMENT ON BEHALF OF THE **CITY/COUNTY/VILLAGE** OF _____ FOR PLANNING, DESIGN AND/OR CONSTRUCTION OF WASTEWATER FACILITIES; AND DESIGNATING A DEDICATED REPAYMENT SOURCE FOR THE LOAN:

Whereas, the **City/County/Village** of _____ seek to upgrade its existing wastewater facilities; and

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Whereas, the **City/County/Village** of _____ intends to apply for Water Pollution Control Loan Fund (WPCLF) for the planning, design and or construction of the wastewater facilities; and

Whereas, the Ohio Water Pollution Control Loan Fund requires the government authority to pass legislation for application of a loan and the execution of an agreement as well as designating a dedicated repayment source; now therefore,

BE IT RESOLVED by the Council of the **City/County/Village** of _____, Ohio:

SECTION 1. That _____ be and is hereby authorized to apply for a WPCLF loan, sign all documents for and enter into a Water Pollution Control Loan Fund with the Ohio Environmental Protection Agency and the Ohio Water Development Authority for planning, design and/or construction of wastewater facilities on behalf of the **City/County/Village** of _____, Ohio.

SECTION 2. That the dedicated source of repayment will be _____.

SECTION 3. That is resolution shall take effect and be in force from and after the earliest period allowed by law.

Passed: _____ after _____ reading. Vote: Yeas _____ Nays _____

Approved: _____

President of Council or Board of Commissioners

Attest: _____
Clerk

Mayor

Offered by: _____

Seconded by: _____

**NOTE: MODIFY THIS FORM AS NEEDED TO REFLECT YOUR COMMUNITY.
(Attach a copy of the meeting minutes hereto)**

Appendix C — Loan Options Summary

The WPCLF offers a variety of loan types, interest rates and loan terms, depending on the type of the project and the specific needs of the community. DEFA will work closely with you to design the best combination of terms and rates to achieve our mutual goals.

A. Loan Types

Planning Loans

These loans are available to applicants for the purpose of completing the facilities planning that is appropriate to address their specific needs and is required for obtaining WPCLF design or construction loans. A pre-planning meeting between DEFA and the applicant will help establish the scope of the planning loan. Planning loans are available for up to five-year terms at the interest rate that applies to each applicant's financial parameters (see below).

Design Loans

These loans are available to applicants who have WPCLF approved/approvable planning documents and wish to complete detailed design work in order to proceed with construction. A pre-design meeting with DEFA can help an applicant to identify and complete appropriate tasks during the design phase, such as developing a user charge, construction mitigation measures, project schedules and financing plans, etc. Design loans are available for up to five-year terms at the interest rate that applies to each applicant's financial parameters (see below).

Construction Loans

These loans are available to applicants who have a WPCLF-approved facilities plan, have completed detailed design work (including a permit-to-install, if needed), and are ready to implement their projects. Construction loans are generally available for up to 20-year terms at the interest rate that applies to each applicant's financial parameters (see below).

B. Rates and Terms

Standard Interest Rate

The standard interest rate will be established monthly based on an average of the Bond Buyer 20 General Obligation Bond Index less 125 basis points (1.25 percent). The average is determined using the GO Bond rates from the eight Fridays ending with the second Friday of the previous month.

Small Community Interest Rate

The small community rate is based upon population size (5,000 or less) and is established using the standard interest rate, minus an additional 50 basis points.

High Economic Need Rate

A reduced interest rate is offered, regardless of the repayment period, to communities that qualify as a community of high economic need. Generally, qualification is based upon an analysis of median household income, percent of population below the poverty level and percent of population over age 65. Depending upon population size, this rate may be 1.0 percent or 0.0 percent.

Standard Terms

Most WPCLF construction loans have a term of up to 20 years, depending upon the nature of the proposed facilities. For planning and design loans, the standard term is up to five years, although these loans are often rolled into the total cost of a long-term construction loan.

A Community's Guide to the Ohio Water Pollution Control Loan Fund

[30-year terms](#)

Recently, the WPCLF began offering extended-term financing – up to 30 years – for a limited number of projects, primarily combined sewer overflow related projects with a design life of 30 years or greater that exceed \$20 million. In the future, 30-year financing may be extended to other types of WPCLF projects with long design lives.

C. Interest Rate Discounts

Under certain circumstances, communities can reduce our below-market rates even more. A community's project may qualify for one, or more, of the following discounts. The discounts will be subtracted from whichever rate the project would normally receive.

[Septage Handling](#)

This discount is intended to:

- 1) increase the availability of proper septage receiving and treatment facilities so septage receives appropriate treatment prior to disposal, and
- 2) make septage receiving and treatment facilities widely available across the state, to minimize the hauling costs of septage pumpers/haulers and consequently the costs to the approximately one million citizens of Ohio using home sewage treatment systems for wastewater treatment and disposal.

An interest rate discount will be offered to projects that propose to construct new septage facilities or expand or upgrade existing septage facilities. The discount will consist of reducing the applicant's loan interest rate to a percentage that reflects a savings to the applicant equal to the as-bid principal and interest costs of the septage facilities.

[Conversion from Class B to Class A Sludge](#)

The purpose of the discount is to encourage municipalities to convert from the production of Class B sludge to Class A sludge, or to Exceptional Quality (EQ) sludge. Applicants with no existing sludge production facilities who construct new EQ or Class A sludge facilities, or applicants with existing Class B sludge production facilities who convert to EQ or Class A sludge facilities will receive an up to 0.2 percent discount from their loan interest rates.

[Green Project Reserve](#)

Projects that include a green component of at least \$250,000, and the green component is 25 percent or more of the project construction cost, will receive a 0.1 percent discount on the entire loan amount. This discount will be available only to WPCLF eligible construction loans with a 20-year term, or CSO projects that qualify for a 30-year term that include green components. The discount will be available to all four federally identified Green Project Reserve categories, including: 1) Green Infrastructure; 2) Water Efficiency; 3) Energy Efficiency; and 4) Environmentally Innovative.

[WRRSP Sponsorship](#)

A WPCLF loan applicant who is sponsoring a Water Resource Restoration Sponsor Program (WRRSP) project will receive a discount to its WPCLF loan interest rate based upon the ratio of the WRRSP assistance amount to the amount of the WPCLF loan principal, up to a maximum of 0.1 percent.

Appendix D — Additional Resources

Alternative Storm Water Infrastructure Loan Program	(800) 848-1300
Appalachian Regional Commission (ARC)	(202) 884-7700
Community Development Block Grant (CDBG) Water & Sanitary Sewer Program — Ohio Development Services Agency	(614) 469-6743
Drinking Water Assistance Fund (DWAFF) Water Supply Revolving Loan Account (WSRLA)	(614) 644-2752
Economic Development Administration- Public Works Program	(800) 686-2603
Ohio Capital Asset Financing Program (Ohio CAF)	(888) 792-0039
Ohio Development Services Agency (ODSA)	(614) 466-2285
Ohio Water and Sewer Rotary Commission	(614) 466-2285
Ohio Public Works Commission (OPWC)	(614) 466-0880
Ohio Water Development Authority (OWDA)	(614) 466-5822
Tax Increment Financing (TIF)	(800) 848-1300
The Small Communities Environmental Infrastructure Group (SCEIG)	(614) 466-5822
Rural Community Assistance Partnership (RCAP)	(800) 321-7227
United States Department of Agriculture - Rural Development (USDA-RD) — Water and Waste Disposal Program	(800) 670-6553