

# Appendix G

## Direct Financial Assistance for the Repair/Replacement of Failing Household Sewage Treatment Systems

The WPCLF is providing financial assistance in the form of principal forgiveness subsidies to counties and local health districts so that they can assist low to moderate income homeowners with the repair or replacement of failing household sewage treatment systems (HSTS) along with connections to existing centralized sanitary sewer systems. The principal forgiveness subsidies do not require a repayment of principal nor any payment of interest.

The principal forgiveness subsidies provided under this HSTS assistance program are subject to different terms and conditions than the principal forgiveness offered under other portions of the WPCLF.. HSTS projects will be considered for principal forgiveness according to the terms and conditions of this Appendix only.

### What Funding is Available?

For PY 2017, approximately \$13,200,000 is available statewide for the eligible costs of HSTS repairs or replacements.

### How will the funds be distributed?

Qualified local government agencies have submitted a 2017 WPCLF HSTS Project Nomination/Application Form that identifies the total dollars requested, the estimated number of systems to be repaired/replaced, the estimated costs per upgrade, a map of the general locations for system repair/replacements, and the local government agency that will be overseeing the program. A local health district is eligible to apply directly for this funding and serve as the local government agency overseeing the program.

A local government agency will receive the requested amount up to \$300,000 if the application is approved.

Ohio EPA will enter into a WPCLF assistance agreement with the local government agency (county or local health district) that establishes:

- How funds will be disbursed to the local government agency,
- Related terms and conditions, and
- Except in the case of a default due to a failure to abide by the terms of the WPCLF assistance agreement, no repayment of the funding assistance is required by the recipient.

Upon receipt of verification and approval by the local health district of the completion of the repair/replacement/connection work, the local government agency will submit a payment request to Ohio EPA for reimbursement of the eligible system repair/replacement costs. See Table H-1 for a list of eligible and ineligible costs. For PY 2017, up to 50% of the individual county's allotment may be used for the abandonment of failed HSTS systems and connections to existing centralized sanitary sewer systems.

Recipients of this funding will have 18 months from the time of entering into the WPCLF assistance agreement to expend their funds.

WPCLF funds in an amount equaling 50%, 85%, or 100% of the eligible HSTS repair/replacement/connection costs will be disbursed by the Ohio Water Development Authority (OWDA) to the local government agency, which will then be responsible for submitting payment directly to the HSTS contractors. Payment requests will be processed by Ohio EPA on a first come/first served basis as long as funds are available.

Eligible?	Typical Expenses
NO	Abandonment of drinking water well
YES	Administrative costs
NO	Annual Contractor permit fees
YES	Connecting a home with a failing HSTS to sewers
YES	Connections and reconnections outside a home
YES	Correction of indoor plumbing issues <sup>1</sup>
YES	Demolition and abandonment of failing HSTS
YES	Design costs
YES	Health District plan review/permit fee
NO	Installation of an HSTS at a new home
YES	Installation of an HSTS at an existing home that never had a system installed
NO	Insurance costs
YES	NPDES permit fees <sup>2</sup>
NO	Operation and Maintenance permit fee
NO	Performance or payment bonds costs
YES	Site and soil survey
NO	Tax

1 Costs associated with correction of indoor plumbing issues are eligible in particular instances. Eligible indoor plumbing corrections must be necessary in order for an on-site system to receive health district approval and must be itemized on the health district's inspection report. Contractors must submit an itemized bid to the local government agency for these specific items. The local government agency must include the itemized bid with all other contract documents submitted to Ohio EPA for review and approval following bid opening and prior to contract execution. The itemized invoice from the contractor listing the indoor plumbing work must be included with a payment request.

2 NPDES permit fees are eligible for reimbursement only for the first occurrence after the disbursement of these funds.

### **What local government agencies are eligible to receive the funding?**

Counties and local health districts are eligible to receive the WPCLF HSTS assistance. The local government agency may elect to have a local program office such as a Community Housing Improvement Program (CHIP) agency, Community Action, or county regional planning commission administer the applications of homeowners, prepare contracts and payment requests, and distribute the HSTS funds.

The local government agency must pass a resolution authorizing an individual to enter into a WPCLF assistance agreement.

The local government agency must agree to perform all the HSTS repair and/or replacement actions that it funds pursuant to a contract between itself and an HSTS contractor. Only construction performed under contracts between the local government agency and its HSTS contractors will be eligible for reimbursement. Each contract must be submitted and approved by Ohio EPA prior to the execution of that contract. Improvements performed under contracts between HSTS contractors and individual homeowners are not eligible for assistance under this program.

### **How will local government agencies be selected to receive these funds?**

Ohio EPA will receive nomination/application forms, and will enter into WPCLF assistance agreements with eligible local government agencies. Local government agencies must demonstrate their legal, managerial, and financial capability, and agree, to:

- Use effective and efficient means to solicit eligible local homeowner applications;
- Evaluate and select local applicants, and confirm homeowner income;
- Work with local health districts and/or contractors on all aspects of systems permitting and installation;
- Certify and document that all funding conditions, and HSTS installation/permitting requirements will be met;
- Use generally accepted accounting practices to document the disbursement of payments to contractors; and
- Prepare and file all project documentation required as conditions for the award of assistance.

### **How will homeowners receive the financial assistance?**

The eligible local government agency will enter into a WPCLF assistance agreement with the Ohio EPA wherein it agrees to administer the distribution of principal forgiveness funds to qualifying homeowners according to the terms of the agreement, this Guidance, and the operation of the 2017 Program Management Plan.

The local government agency/local health district will solicit and identify local homeowners that have failing HSTS in need of repair or replacement, and that meet the income eligibility criteria.

The local health district will certify that the HSTS is failing and will work with the homeowner, a site and soil evaluator, designer and HSTS installer as needed to determine a cost effective solution that meets

state and local rules to resolve the failure – either repair of the existing system, partial system replacement, total system replacement, or connection to existing sanitary sewer system.

The local government agency/local health district will select a HSTS appropriate for the property.

Upon verification of the successful and approved installation by the local health district, the local government agency will submit documentation and a payment request for the eligible system cost to Ohio EPA, Division of Environmental and Financial Assistance.

Ohio EPA will instruct OWDA to disburse payments to the local government agency. The local government agency will then be responsible for payment to the HSTS system installer, and any other contractors involved in the installation.

**What are the eligibility criteria for homeowners to receive funding?**

Homeowners may qualify for one of three tiers of funding, depending upon the size of their households, and their aggregate household incomes.

Homeowners whose household is composed of four persons or less, and whose incomes are at or below 100% of the U.S. Department of Health and Human Services 2016 Poverty Guidelines (\$24,300) will receive 100% of the eligible repair/replacement cost for the HSTS. The poverty guidelines are available at: <https://aspe.hhs.gov/poverty-guidelines>.

Homeowners whose household is composed of five or more persons, and whose aggregate household incomes are at or below the U.S. Department of Health and Human Services 2015 Poverty Guidelines shown in the following Table will receive 100% of the eligible repair/replacement cost for the HSTS.

**Principal Forgiveness for Households at or below 100% of the 2015 U.S. Dept. of Health & Human Services Poverty Guidelines**

Persons in Household	Poverty guideline
1 – 4	\$24,300
5	\$28,440
6	\$32,580
7	\$36,730
8	\$40,890
For families with more than 8 persons, add \$4,160 for each additional person.	

Homeowners whose households contain four or fewer persons and whose aggregate household incomes are between 100% and 200% of the Poverty Guidelines (\$24,300-\$48,600) will receive 85% of the amount for the eligible repair/replacement costs.

Homeowners whose households are documented to include five or more persons, and whose aggregate household incomes exceed the maximum amounts shown in Table H-2 for the corresponding number of persons, may receive 85% of the eligible repair/replacement costs as principal forgiveness if their aggregate household incomes are less than the amounts shown in the following Table.

**Principal Forgiveness for Households  
between 100% and 200% of the 2015 U.S.  
Dept. of Health & Human Services Poverty  
Guidelines**

Persons in Household	Poverty guideline
1 – 4	\$48,600
5	\$56,880
6	\$65,160
7	\$73,460
8	\$81,780
For families with more than 8 persons, add \$4,160 for each additional person.	

Homeowners whose households contain four or fewer persons and whose aggregate household incomes are between 200% and 300% of the Poverty Guidelines (\$48,600-\$72,900) will receive 50% of the amount for the eligible repair/replacement costs.

Homeowners whose households are documented to include five or more persons, and whose aggregate household incomes exceed the maximum amounts shown in the following Table for the corresponding number of persons, may receive 50% of the eligible repair/replacement costs as principal forgiveness if their aggregate household incomes are less than the amounts shown in Table H-4 below. Homeowners whose aggregate annual household incomes exceed \$122,670 are not eligible for HSTS Program principal forgiveness assistance.

**Principal Forgiveness for Households  
between 200% and 300% of the 2015 U.S.  
Dept. of Health & Human Services Poverty  
Guidelines**

Persons in Household	Poverty guideline
1 – 4	\$72,900
5	\$85,320
6	\$97,740
7	\$110,190
8	\$122,670

The local government agency has conducted a documented verification of the homeowner’s household size and income using established processes for similar grant programs. The local health district must document that the HSTS serving the home where the owner resides is failing or has failed. The homeowner(s) receiving the assistance has provided documentation that they are the titled owner(s) of the property where the sewage system will be improved.

**What is the process and timeframe for funds distribution?**

A local government agency with an approved program application will be placed on the Water Pollution Control Loan Fund draft Intended Projects List. Upon approval of the Intended Projects List as listed in the final 2017 Program Management Plan, the Ohio EPA will make the principal forgiveness funds available to the local government agency via a WPCLF assistance agreement. As payment requests that document costs incurred for individual HSTS improvements are submitted by the local government agency, the Ohio EPA will review the submissions and will direct the disbursement of approved amounts to the local government agency. Local health districts may include administrative costs not to exceed 3% of total eligible project costs for HSTS repair, HSTS replacement, or sewer connection construction projects. Administrative costs will be reimbursed as part of the typical invoicing process; we will not issue an up-front, lump sum for administrative costs. The eligible administrative costs can only be associated with actual staff time. Costs for equipment, travel, overhead, or any other indirect costs are not eligible. The county is responsible for retaining all necessary documentation that these requirements are satisfied.

Payment requests will not be approved by Ohio EPA unless they include final inspection certifications from the local health district.

**How will homeowners be made aware of the availability of these funds?**

The local government agency that applies for the assistance will be responsible for conducting effective advertising and outreach to unsewered area homeowners, and for coordinating with local health departments to identify and inform homeowners with failing HSTS.

### **Where will local homeowners apply for these funds?**

A homeowner will apply to the local government agency that has entered into the WPCLF assistance agreement with Ohio EPA to receive WPCLF funds for this project.

### **Who will determine if the HSTS is failing?**

The local health district where the system is located will evaluate the sewage system and document whether it meets the criteria for system failure established in the Ohio Revised Code, Ohio Administrative Code, and by the Ohio Department of Health

### **What criteria will local government agencies use to verify homeowner income?**

Local government agencies must use methods accepted by federal government programs to verify income, and each homeowner(s) must demonstrate that their household income levels do not exceed the applicable program eligibility criteria.

### **What are some of the responsibilities of the local government agency?**

1. Enter into a WPCLF assistance agreement with Ohio EPA and administer the funds it receives according to the terms of the agreement.
2. Review applicants; determine eligibility using local, accepted income verification criteria; select applicants and issue awards.
3. Oversee the implementation of the agreements between the local government agency, the system owner, and the contractors hired for HSTS installation. These agreements must detail the terms and conditions for receipt and management of the principal forgiveness funds, including but not limited to:
  - a. obtain permission to enter property, conducting all site and soil evaluation work as needed;
  - b. participation in the design and HSTS selection process;
  - c. obtain all permits or permit coverage as required;
  - d. installation of the selected HSTS;
  - e. document payment of the homeowner's 15% cost share or 50% cost share for those homeowners qualifying for the 85% principal subsidy and 50% principal subsidy, respectively;
  - f. obtain an operation permit as locally required; and
  - g. obtain any maintenance or service contracts required by the local health department for the installed HSTS.
4. Maintain name, address and contact information of homeowners receiving assistance, along with records of the HSTS installation costs.
5. Obtain verification from the local health district that the HSTS of the applicant is failing and repair or replacement or connection to an existing sanitary sewer system is needed.

6. Obtain copy of the final inspection certification from the local health district showing that the completed HSTS installation work has been approved.
7. Ensure that the homeowner has obtained a service agreement for maintenance of the HSTS by a qualified service provider, if required based on the type of HSTS installation.
8. Submit WPCLF HSTS payment request forms to Ohio EPA DEFA for payment of the HSTS installation work, including any soil evaluation or system design work. The payment requests must include the invoices from the installation contractors and/or the firms performing soil evaluation and system design work, and the final inspection certification from the local health district (payment requests which are for only soil evaluation and system design work are not required to include the final inspection certification). Local health districts may include administrative costs not to exceed 3% of total eligible project costs for HSTS repair, HSTS replacement, or sewer connection construction projects.
9. Process payment to the contractor(s) performing the repair or replacement of the HSTS.
10. Ensure that in the case of a replacement discharging HSTS, the applicant works with the local health district to obtain an Ohio EPA General National Pollutant Discharge Elimination System (NPDES) permit prior to system installation.
11. Ensure that documentation related to the HSTS repair/replacement program is retained for a minimum of five years and in accordance with Ohio public records law. Documentation to be retained includes, but is not limited to, all documentation referenced in the *HSTS Owner Responsibilities/Requirements* question, below.

**What are some of the responsibilities/requirements of the HSTS owner?**

1. Own a failing on-site or discharging HSTS.
2. Make application to the local government agency that has a WPCLF assistance agreement with Ohio EPA for the HSTS funding.
3. For those homeowners receiving 85% or 50% principal forgiveness, document the expenditure of 15% or 50%, respectively, of the cost of the project by direct cash payment, loans or grants from other local, state or federal programs or charitable organizations.

If a cost is directly attributable and necessary for the HSTS improvements being installed, but is not eligible for principal forgiveness participation, the cost may be included as part of the 15% or 50% homeowner contribution to the project.

4. Obtain any required permits from the local health district in the case of a replacement discharging HSTS, the homeowner shall work with the local health district as needed to obtain an Ohio EPA General NPDES permit.
5. Provide permission to the local government agency and the HSTS contractor for installation of a replacement HSTS or repair of an existing HSTS.



6. Obtain an operation permit as required by the local health district, and obtain a service contract for maintenance of the system, if required based on the type of system installation.

#### **What are some of the responsibilities of the Local Health Districts?**

1. When not acting as the primary local government agency, assist the local government agency with identifying failing systems and providing information to the system owners on the availability of these funds.
2. Issue a certification of failure of the homeowner's system, based upon an evaluation of existing, known data and/or site inspections.
3. Review the site and soil evaluation, proposed system design, and issue a permit for installation as appropriate.
4. Conduct reviews of proposed system designs, site inspections, and final inspections as necessary to ensure a system installation is compliant with local, state rules and permits, and the requirements of the WPCLF assistance agreement.
5. Ensure that each system improvement funded by the WPCLF is designed to maintain compliance with ORC Chapter 3718 and OAC Chapter 3701-29.
6. Certify to the local government agency that the system repair/replacement has been completed, that the proposed design and installation complies with all applicable local, state rules and federal requirements, and the terms of the WPCLF assistance agreement.
7. Issue an operation permit to the system owner and ensure, if applicable, that an appropriate maintenance contract is established between the system owner and a service provider with a maintenance schedule appropriate for the system installation and/or the manufacturer's requirements.
8. Implement an inspection program requiring operation and maintenance for HSTS (if not in existence already) to track these systems and ensure that regular system maintenance is conducted (the local health district may establish fee(s) for this purpose).
9. Conduct enforcement as necessary to ensure compliance during installation and for the life of the system.

#### **What is the role of the Ohio Department of Health (ODH)?**

ODH will provide technical support as needed with system evaluations, designs, permitting, and inspection. ODH will also assist and coordinate with Ohio EPA as needed with administration of the program.

#### **What are some of the responsibilities of the Ohio EPA?**

Ohio EPA will receive the WPCLF HSTS nomination/application forms from the local government agencies, and will enter into WPCLF assistance agreements with qualified local government agencies. Ohio EPA will also coordinate and review contractual and reporting requirements for the funds, review

payment requests and supporting documentation, and authorize the disbursement of funds to the local government agencies.

### **What is the overall process?**

1. Local government agencies submit nomination/application forms to Ohio EPA for funding through the WPCLF HSTS Principal Forgiveness Program.
2. The 2017 WPCLF Intended Projects List is finalized with the total amount of HSTS funding set aside for each local government agency.
3. The local government agency passes a resolution authorizing a representative to enter into the WPCLF assistance agreement for the HSTS funding.
4. The local government agency identifies specific homeowners who are eligible for the HSTS funding.
5. The local government agency agrees to use the bid and construction contract template documents provided by Ohio EPA DEFA or submits a proposed contract and bid document template(s) for installers, designers, and/or soil analysts to Ohio EPA for approval. The approved contract is then used for all future contracts under this program or until such time that the program contract requirements change. (Please see HSTS Contract Guidance).
6. The local government agency signs and enters into the WPCLF assistance agreement with Ohio EPA.
7. After the WPCLF assistance agreement has been signed by all parties and OWDA has set up an account to encumber the funds, the local government agency advertises (formally or informally) for bids from contractors. Bid advertisement should include all the requirements for this program so that contractors can make an accurate bid.
8. The local government agency receives and opens bids. Once the successful bidder is chosen, the local government agency sends the HSTS Contract Document packet, including a completed HSTS Contract Cover Sheet, the materials outlined on the cover sheet and the successful bidder's complete bid, to Ohio EPA DEFA for review.
9. Upon Ohio EPA's approval of the HSTS Contract Document packet, the local government agency may execute the contract. The final signed contract is then sent to Ohio EPA DEFA for filing.
10. If any changes occur to the contract (monetary or non-monetary), a change order will need to be submitted to the Ohio EPA. Changes will need to be approved prior to disbursement of funds. (Please see HSTS Contract Guidance).
11. Once the local health district inspects and approves the installation of the HSTS or the repair work, the local government agency can submit a payment request to Ohio EPA. Local health districts may include administrative costs not to exceed 3% of total eligible project costs for HSTS repair, HSTS replacement, or sewer connection construction projects.