North Carolina Clean Water SRF Program Overview

Division of Water Infrastructure Website: http://portal.ncdenr.org/web/wq/ifs/fap/apps

I. FUNDING

A) Application

- Deadlines are currently September 1st, and March 1st of each year.
- Please ensure you are filling out the current application
- Notice of Intend to Fund (NOIF) letters are mailed after DWI evaluation and State Water Infrastructure Authority approval. Recipients of NOIF letters are placed on a schedule for completing the rest of the steps to start construction.
- The following forms, constitute a complete application package:
  - Common Application (5 pages)
  - Complete signed DENR Appendix with appropriate boxes checked
  - Resolution with Certification of Recording Officer(sample included with Appendix)
  - Water and Sewer Rate Form (Included with Appendix)
  - Priority Point sheet with supporting documentation for the SRF program.
  - Form LGC 108A (Download all LGC forms separately from the DENR website)
  - Form LGC 108 C (Wastewater Projects) or LGC 108D or 108E (Stormwater Projects)
- Terms:
  - Interest rates for loans are set on March 31st of each year at ½ the 20-year municipal bond buyers index.
  - The interest rate in effect for a particular application deadline is the standard rate projects receiving NOIF letters will be eligible to receive.
  - The LGC sets the loan term with a maximum term of 20 years. Applications are reviewed by the LGC after the Engineering Report is approved. Applicants may want to contact the LGC earlier than this to ensure they are able to meet LGC approval requirements. This approval is required to ensure that the unit of government has the ability to repay borrowed funds. Currently the LGC is not allowed to review applications for $1,000,000 or more unless a letter to the Joint Legislative Committee on Local Government and the Fiscal Research Division has been provided.

B) Loan Offer

- After approval of the Loan Application by the LGC, a formal Loan Offer is prepared which includes the loan terms and conditions.
- Two copies of the Loan Offer are mailed to recipients. Return the following to DWI:
  - One signed copy (keep the other copy) of the Loan Offer
  - Resolution accepting the loan offer
  - Federal ID form
  - 4700-4 form.

- In the event of bids that exceed the project budget, a loan increase for up to 10% but not over $500,000 dollars can be authorized without additional approval of the LGC. Amounts above these require a modified application to be approved by the LGC.
- The SRF 2% Closing Fee is not invoiced until after the Authority to Award letter is issued (paragraph II A below). It is noted in the Loan Offer to provide an estimate. Actual closing costs will be based on as bid construction amounts.

II. CONTRACTING , CONSTRUCTION AND DISBURSEMENTS

A) Authority to Award (ATA)

The contracts may be advertised as soon as plans & specifications are approved and permits are issued. NC General Statutes require the project to be advertised for 7 days, however DWI requires projects to be advertised for 30 days. For the initial advertisement period, three bids must be received in order for an award to be made. The Plans & Specifications approval letter has the Project Bid Information form attached. It and the other information described in it must be submitted to and approved by this office **before contracts can be awarded**. This information is:

- Project Bid Information Form, signed by authorized representative
- Bid tabulation, sealed by the consulting engineer
- Proposals of the successful bidders
- Tentative award resolution from loan recipient subject to DWI approval
- Engineer's recommendation
- Proof of Advertisement
- Debarment Certification (Prime, subs and consultants)
- MBE/WBE requirements. (Detailed guidance on the website)

B) Requirements for first disbursement of SRF funds

- Approval of Construction Contracts which entails the following:
  - Contract must be fully executed
  - Notice to Proceed must be executed by owner and contractor
  - Bonds must be dated on or after contract date
  - Original power of attorney must be dated on or after bonds
  - Insurance must be current
  - All documents must be bound with the specifications
  - Davis-Bacon Documents must be present in the specifications
- Capital Project Ordinance submitted
- 4700 Form
- Site Certificates by Owner and Title Counsel
- Engineering Contracts if payment is sought.
- Closing Fee must have been received
- Promissory note executed and returned (this is requested from the LGC upon receipt of the executed construction contract and is for the amount noted in the ATA letter)

C) Inspections

Coordinate the Preconstruction Conference with the Inspector assigned to project. Inspections ensure conformance with approved plans & specs, ensure eligibility of changes to the project, monitor safe construction practices and environmental compliance and conformance with programmatic conditions.

D) Reimbursements - General Information ($$$)

- Forms can be found online. A sample was included with the Loan Offer
- Reimbursements should be sent to Project Management Branch
- All items must be approved in advance before being reimbursed.
- One copy of the following information is required for reimbursements:
  - Reimbursement request form with original signature.
  - Contractor monthly estimates
  - Engineering invoices
  - Invoices for any other approved costs
  - Eligible land cost reimbursement requires a receipt indicating fair market value has been deposited with the Court, an appraisal indicating fair market value, and a copy of an offer to purchase the land.
- Indicate cumulative totals on the reimbursement form
- As noted in the Loan Offer Assurances, sales taxes will be deducted from loan proceeds at the 90% milestone, if an applicant indicates they intend to seek reimbursement for them from the Department of Revenue

E) 95 % Milestone - Project Closeout and Final Disbursement

General

- The inspector must issue final inspection report signifying that project is complete and all concerns have been satisfied and all change orders must have been submitted.
- All final invoices showing zero retainage must be submitted with a final reimbursement request.

Submit to Pam Whitley

- Engineer's and Owner certifications.
- Signed Closeout Checklist.

III REPAYMENTS

Repayments will be reflected in the final promissory note and will be for the actual funds borrowed. Repayments by the recipient begin on the May 1st or the November 1st that is between 6 months and 12 months after original project completion in the notice to proceed. The May 1st payment includes principal and interest and the November 1st payment is only interest. **Interest begins to accrue from the date of completion on the Notice to Proceed.** (i.e., no interest during the originally planned construction period) For multi-prime contracts the General contract will be used to set this date.

Eligible Expenses

The types of projects that can be funded are loosely defined under Sections 212, 319 and 320 of the Clean Water Act. These can be described as publically owned wastewater treatment and transport systems and stormwater pollution treatment and control projects.

I. Construction Projects

A. Project elements not essential for treating wastewater are not eligible.

B. If preference is given to a brand, it must be bid as a preferred alternate and any cost increase above the base bid is not eligible.

C. The SRF will pay to restore project related items such as road patching, sidewalks and seeding.

II. Engineering and Technical Services

A. Planning and Design Contracts

- Must include task descriptions and these tasks must be associated with the project being built

B. Construction Administration and Inspection

- Construction Inspection is required by the Loan Offer
- Task Description must be included and tasks must be associated with eligible construction work
- Typical tasks include but are not limited to: attending meetings, provide plan copies, review testing, review shop drawings, review payment applications, prepare change orders, coordinate with DWI, as-builts
- Price should be cost plus fixed fee or per diem with a ceiling. This fee schedule should be in the contract.
- Note - Invoices must included hours, rate and task
- Contract must be amended to pay beyond the ceiling. Must be a corresponding change order.

C. Other eligible engineering activities include bidding, O&M manuals, soils reports, hydro-geologic reports, TVing and cleaning of lines etc.

III. Other Eligible Costs

- Legal - Legal fees for contract review and for advertisements etc.
- Real Property-**SRF** pays costs associated with real property acquisition but not the cost of the real property itself unless it is integral to wastewater treatment (e.g. land for spray irrigation). Costs for appraisals shall be limited to $1,000. This is based on typical market rates and may be adjusted from time to time. This limit is deemed high enough to account for MAI status, commercial properties, availability of an appraiser, etc.
- Preparation of applications and permits required by Federal, State or local regulations or procedures.
  Permits imposed by the local unit such as building permits are not eligible.