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**Funding and Financing Sources  
for Small Community Water and  
Wastewater Systems**

Thursday, November 21, 2019  
1:00 - 2:30 PM ET

The Water Environment Federation logo is located in the bottom right corner of the slide. It features the same white stylized 'W' icon and text as seen in the first image.

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## How to Participate Today

The screenshot shows the GoToWebinar interface. At the top, there's a 'File View Help' menu. Below it, the 'Audio' section is visible, with 'Computer audio' selected. A 'MUTED' indicator is present. Below the audio settings, there's a 'Talking: Liz Davis' section. A 'Questions' pane is highlighted with a red box, containing a text input field with the placeholder '[Enter a question for staff]' and a 'Send' button. A red arrow points from the text on the right to this pane.

- Audio Modes
  - Listen using Mic & Speakers
  - Or, select "Use Telephone" and dial the conference (please remember long distance phone charges apply).
- Submit your questions using the Questions pane.
- A recording will be available for replay shortly after this webcast.

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## Today's Moderator

**Uma Vempati**  
*Associate Principal*

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## Impetus for W/WW Infrastructure Projects



Aging Infrastructure



Industrial Development  
+ Population Growth



Stringent Regulations



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## Capital Projects

Challenges of smaller communities

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Limited  
Capital Dollars

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Heavy  
Reliance on  
Federal  
Funding

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Opposition to  
New Charges +  
Rate Increases

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Lack of  
Capacity +  
Size to  
Participate in  
Bond Market



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## Federal Funding Sources

Source	Program	Comments
US EPA	Clean Water SRF + Drinking Water SRF	Loans to communities of all sized - W/WW Infrastructure
USDA	Water + Waste Disposal Program	Communities with populations less than 10,000 - W/WW Infrastructure
US HUD	Community Development Block Grant	Grants to be used for broad range of activities including W/WW Infrastructure
US DOC	Public Works + Economic Development Program	Grants to small and disadvantage communities - To alleviate unemployment
US COE	Water + Wastewater Project Assistance	Assistance to W/WW Infrastructure projects - Locations authorized by Congress
US Department of Treasury	Tax-Exempt Bonds	
Bureau of Reclamation	Assistance on Water Supply Projects Under Rural Water Supply Program	
Indian Health Service	Water + Wastewater Projects in Tribal Lands	



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## Webinar Agenda

### Conventional Funding

Joseph Dorava, *USDA*

### Opportunistic Funding Strategies

Steve Watson, *ISG*

### Creating Opportunities and Funding Projects

Bryce Davis, *City of Eagle Grove, IA*



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**United States Department of Agriculture**  
*Infrastructure Funding Programs*  
Joe Dorava, Engineer, WI USDA Rural Development

**USDA** Rural Development  
U.S. DEPARTMENT OF AGRICULTURE

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**Clean water and sanitation help  
for rural communities**



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## Water and Waste Disposal Programs (WEP) Impact 2009-June 2019

- **2,159** counties served in all 50 states and 1 territory
- **25,020,042** rural residents received new or improved water and waste disposal service
- **9,266,682** households and businesses benefited by improved service
- **Average** annual household income of population served = **\$37,421**
- Rural communities served:
  - 84% 5,000 or less
  - 70% 2,500 or less
  - 56% 1,500 or less
  - 45% 1,000 or less

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## WEP Customers Nationwide



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Water and Environmental Programs

## Water and Waste Disposal Loans and Grants

- Improve infrastructure
- Support public health and safety or
- Promote economic development.



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Water and Environmental Programs

## Water and Waste Disposal Loans and Grants



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## Water and Environmental Programs

### Water and Waste Disposal Loans and Grants

- Long-term, low-interest loans
- If funds are available, grants may be combined with a loan



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## Water and Environmental Programs

### Water and Waste Disposal Loans and Grants

- Legal and engineering fees
- Land acquisition, water and land rights, permits and equipment



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## Water and Environmental Programs

### Water and Waste Disposal Loans and Grants

- Start-up operations and maintenance
- Purchasing existing facilities to improve service or prevent loss of service

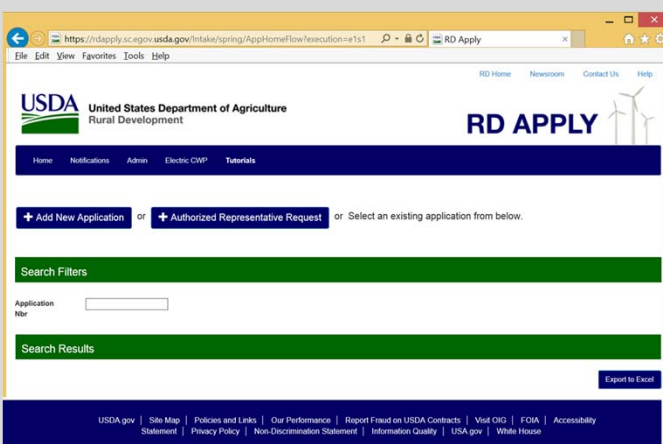


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## Water and Environmental Programs

### RD Apply

- Safe and secure
- Convenient and available 24/7
- Faster processing with less paper

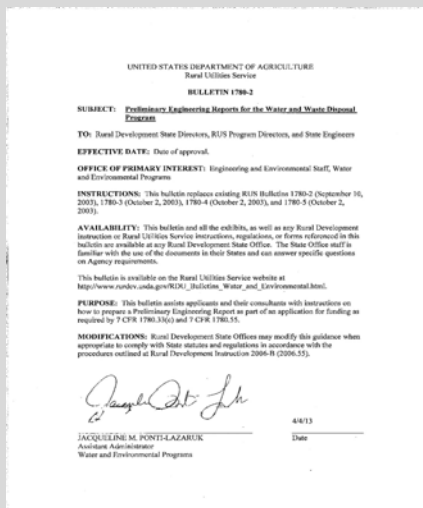


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## Water and Environmental Programs

### Application Content

- Technical Feasibility (PER)
- Environmental (ER)
- Applicant's Financial Capacity (Balance Sheet)

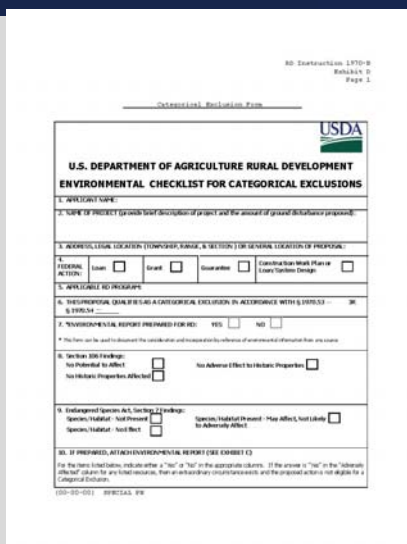


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## Water and Environmental Programs

### Environmental

- 1970 Regulations



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## Water and Environmental Programs

### Financial Capacity

- Balance Sheet/Debt Ratios
- Utility Rates as Percentage of Mean Household Income

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Contact your local USDA Rural Development office for more information.

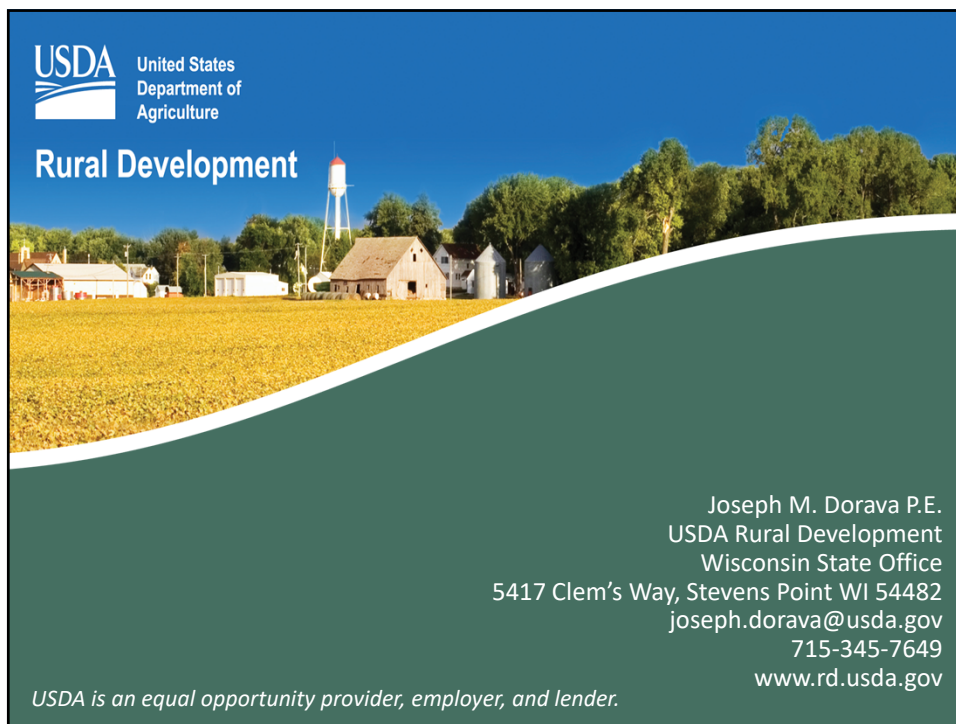
<https://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd>

Or go to: [www.rd.usda.gov](http://www.rd.usda.gov)

Or call 1 (800) 670-6553 (toll free)

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**USDA** United States  
Department of  
Agriculture

## Rural Development

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Wisconsin State Office  
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joseph.dorava@usda.gov  
715-345-7649  
www.rd.usda.gov

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# Meet Steve Watson



**Steve Watson**  
*Development Strategist, ISG*

Former Business Development  
Director at South Dakota  
Governor's Office of Economic  
Development



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# Opportunistic Funding Strategies




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“Give me six hours  
to chop down a tree  
and I will spend the first four  
sharpening the axe.”

Abraham Lincoln

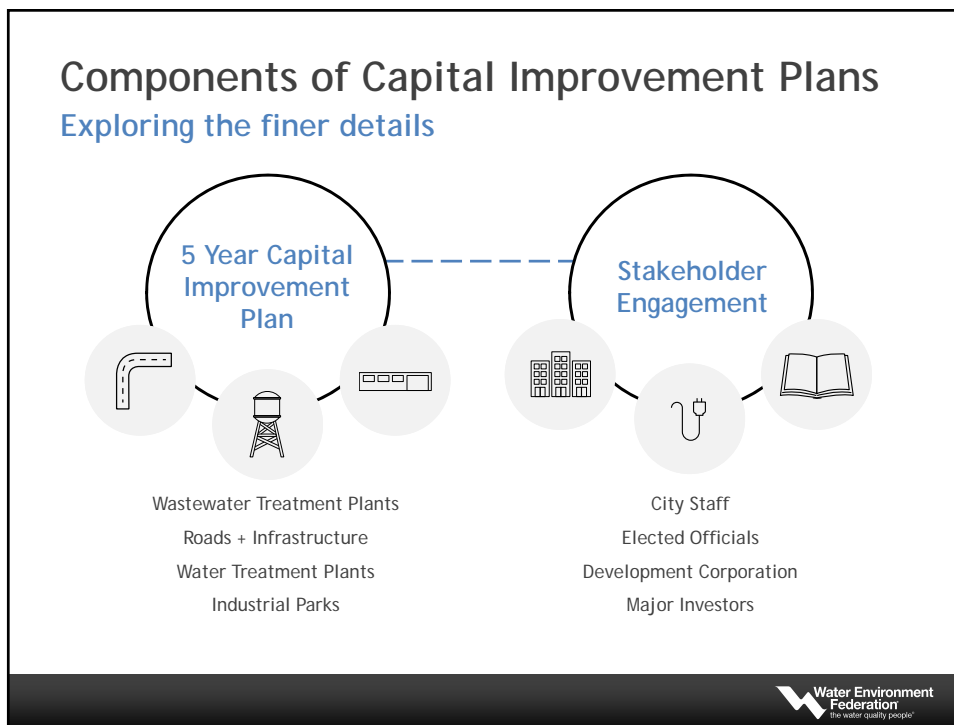


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## Assessing Funding Options

### Common Practice

- Raise Taxes/Fees
- Long-Term Borrowing

### Ideal Practice

- Increase Revenue By Adding Users
- Grants



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# Leveraging Opportunity



Private Investment  
 Job Creation/Retention (Primary Jobs)

Money for Public Improvements

- EDA (Economic Development Administration)
- State ED Funds
- TIF (Tax Increment Financing)



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## Case Study #1

### Food Processor (Expansion)

- \$220 million Investment
- 125 new FTEs (3 years)

### Relatable Support

- \$969,000 EDA Grant - upgrade City's water treatment plant, new well field and associated water lines
- \$15,500,000 TIF - various project costs including utility infrastructure, electrical substation, and wastewater treatment plant

Community Population: 467



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## Case Study #2

### Ag Processor (Start Up)

- \$60 million investment
- 35 New Jobs

### Relatable Support

- \$500,000 Local Infrastructure Improvement Grant - public improvements
- \$2.5 million TIF - street, water and sewer lines, and electrical improvements

Community Population: 1,800



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## Case Study #3

### Light Manufacturer (New Business)

- \$15 million investment
- 20 new FTEs
- Opportunity Zone

### Relatable Support

- \$500,000 EDA Public Works Grant - water and sewer system improvements
- Prospective TIF - water tower
- Prospective CDBG
- Prospective Local Infrastructure Grant



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A plan developed in collaboration with the City and local stakeholders from the onset, will help communities capitalize on funding when strategic opportunities arise.




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## Our Next Speaker



**Bryce Davis**  
*City Administrator*

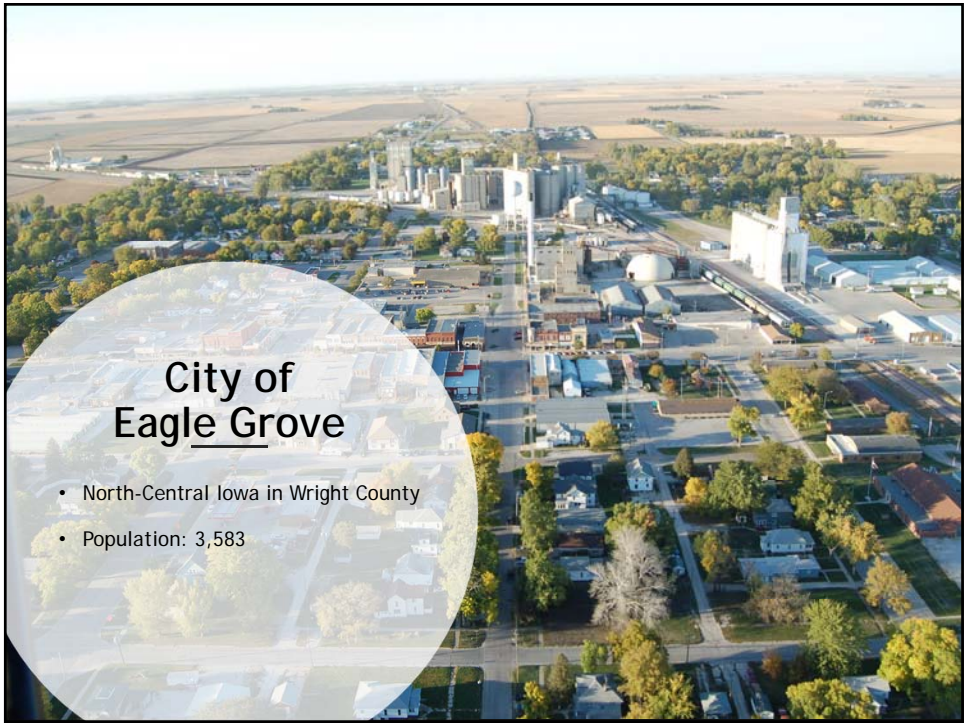
City of Eagle Grove  
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Eagle Grove, Iowa 50533  
(515) 448-4343  
[b.davis@eaglegroveia.org](mailto:b.davis@eaglegroveia.org)



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# Situation

-  \$8 million in existing WWTP upgrades
-  No nutrient reduction strategy
-  \$32 per month increase in sewer bill (~50% Increase)
-  2.2411 MGD AWW  
0.841 MGD ADW  
4.495 MGD MWW



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## Prestige Foods of Iowa

- \$300 million project
- 922 FTE jobs in Phase 1
- 1.4 MGD Wastewater Needs

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## Partnerships

### Wright County, Iowa

- Development Agreement with the Company
- Funding Contribution Agreement with City of Eagle Grove
  - \$4 million in SRF G.O. Based Funding Assistance

### City of Eagle Grove, Iowa

- Wastewater Service Treatment Agreement with the Company
  - Minimum Use Agreement
  - Debt Certification Agreement
  - Real Property Collateral



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## Construction

- \$32.02 million on 22 acres of land
- 4.4 MGD AWW
- 2.6 MGD ADW
- 6.6 MGD MWW
- Expanded EQ Basin
- Expanded Lime Sludge Lagoon
- Nutrient Reduction and UV Disinfectant Strategies



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## Capital Stack


- City:** \$28.02 million SRF Revenue-based 30-year Loan
- County:** \$4 million SRF General Obligation 10-Year Loan
- Company:** \$40.3 million 30-Year Guaranteed Payments



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## Rate Adjustments

-  Average \$11 per month increase in sewer bills
-  3% C.O.L.A every year for users
-  5-Year Max Rate Limit for new Industrial users served by Lift Station

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## Future Opportunities

-  Agri-Business Connections: \$264,000 increase per year (6.8% Increase)
-  2% Increase in Number of Active Meters
-  Future Expansion of Commercial Opportunities

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# Collection System Upgrades

5,020 LF of CIPP lining

Sanitary Sewer Main Spot Repair

15 Manhole Replacements

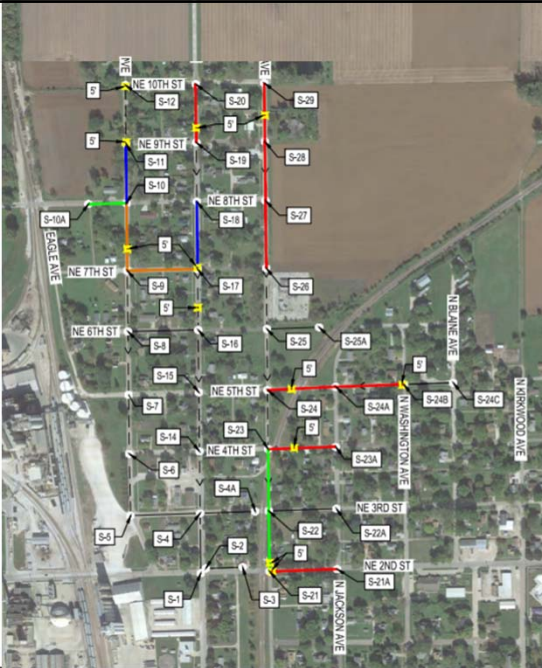
3 Manhole Repair


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Total Estimated Project Cost: \$852,000

Capital Stack:

- SRF Loan: \$502,000
- Community Development Block Grant: \$350,000

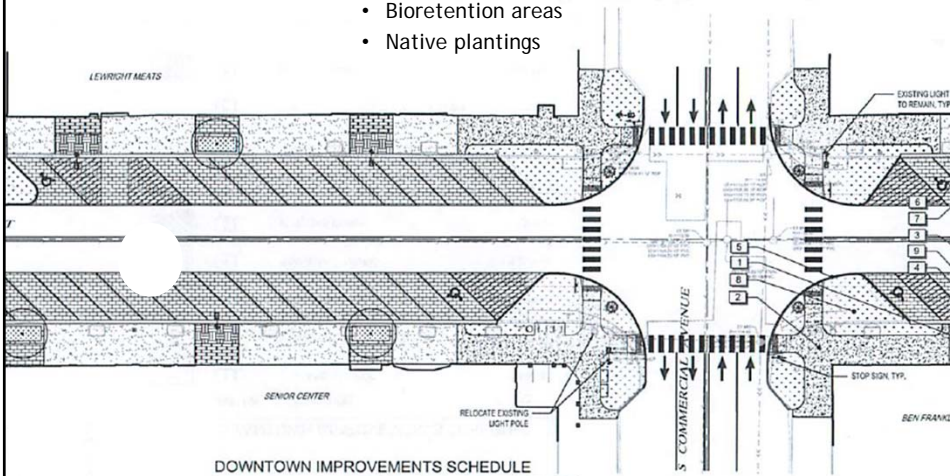



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# Downtown Revitalization

- Permeable pavers
- Tree trenches
- Bioretention areas
- Native plantings



DOWNTOWN IMPROVEMENTS SCHEDULE

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## Downtown Revitalization

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Capital Stack:

Total Project Costs: \$2,100,000

Sponsored Project Funds: \$1,500,000 (Secured)

CDBG Opportunities & Threats: \$600,000 (Applied)

Water Quality Initiative Grant: \$100,000 (In-Progress)

Local Participation: \$73,000 (Secured)

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